

anybody else in the world. But I don't think that in the banks of this state or this nation that we ought to tie up a potential 10 years in this type of paper in order to make the bank portfolio to represent this type of a loan. I don't think that there is any necessity for it, there is no demand for it except in the banks. Now I'm getting a little bit irritated about banks and buildings and loans, and everybody else because they are all fighting among themselves and they are all trying to get an advantage. I think that they ought to settle down and be realistic and set it up rather than fight about every little thing for example, and jeopardize the entire structure of financial credit in this state. I do not think that we should pass this bill. I move that we indefinitely postpone it.

PRESIDENT: Chair recognizes Senator Nore.

SENATOR NORE: Mr. President, fellow members I wonder if any of you have read the Monday's Wall Street Journal concerning real estate investment trust where about I think about half of them are in financial difficulty. A big percentage of them are bankruptcy and the situation is getting worse each day. I think that it is quite serious when your bank goes in to the real estate trust business. I remember back in the late 1920's and early 30's when we had our bank failures and a lot of it if you go through the records of these old failed banks that when they got into the real estate business is when they really got into trouble. Then when you take this money and put it into real estate, on real estate loans it leaves those that are trying to operate a business it leaves them short of funds. I sort of agree with Senator Carpenter I think that we are getting into a field that probably.....

(end belt #7)

(start belt #8)

that a bank shouldn't be in.

PRESIDENT: Motion is to indefinitely postpone LB680. Senator Barnett do you wish to be heard on the issue?

SENATOR BARNETT: Mr. President, members of the legislature I have got to ask Senator Kelly if he would yield to a question before I decide on that kill motion of Senator Carpenters. Senator Kelly as a lay person talking about this issue at this time, are we saying that by your bill if I want to go to a bank and borrow 15, 20, or 30 thousand or whatever would be the case I can put my real estate up for security. Is this what you are saying in your bill? I know that you can do it with a loan company. Are we talking about now letting the banks having the ability to loan money in this area?

SENATOR KELLY: Senator Barnett, Senator Barnett....the banks can loan money in the real estate area now on first mortgages and they are under the usual rate of 9%. This is in the installment loan center of the bank regulations that would allow the banks to compete with small loan companies in using real estate as collateral for small loans that would raise the interest rate available and the money available to the borrower. This gives him the choice of institutions to borrow this money from.

SENATOR BARNETT: I think that is what I basically asked.