

January 21, 1976

SENATOR CARSTEN: No I don't believe .... Excuse me, Mr. President. I believe, unless I ask for it to be unbracketed it will just stay there without .... Is that correct?

PRESIDENT: Alright. So this is just bracketed indefinitely. Alright. LB 477, Mr. Clerk.

CLERK: Read title to LB 477. There are pending, Mr. President, amendments from the Committee which have never been acted on ... by Senator Murphy's Banking, Commerce and Insurance Committee. Then there are amendments by Senator Murphy to strike the Committee amendments and make some other corrections. Signed, Senator Murphy.

PRESIDENT: Senator Murphy.

SENATOR MURPHY: I believe the extent of the amendments came about in an effort to coordinate LB 177 dealing with the industrial loan companies and to coordinate Section 8 relating to banks to bring all the interest statements into agreement as they were prior to the time of this bill. The rate on this particular type of loan, the interest and the time, has not been changed since 1963. With the advent of our new usury rate, which means that these people must pay a great deal more for their money, it was felt that they needed to be extended both in time for repayment in amount in order to take into account the change in cost of the items that are normally mortgaged in this type of work. So the Committee amendments provide that the interest rate would be 18% up to \$5,000, and 12% from \$5 to \$10 which is the new limit on the amount that may be loaned. This will concur with the subsequent bill, 177. The period of time was amended to permit a repayment period of 72 months, rather than the prior 60. That's pretty much the extent of the Committee amendments. I would move the Committee amendment and then Senator Swigart will address the bill.

PRESIDENT: Senator George.

SENATOR GEORGE: Mr. President, question of Senator Murphy.

SENATOR MURPHY: Yes sir.

SENATOR GEORGE: Are you talking about a mandatory minimum interest rate of, ... as the Committee amendment now stands, of either 12 or 18 percent? Is that the mandatory minimum interest?

SENATOR MURPHY: No, no. That is the mandatory maximum, Senator. They can negotiate any interest rate they wish, but they may not exceed ....

SENATOR GEORGE: So it is the 12 or 18 percent, respectively, is a maximum not a minimum.

SENATOR MURPHY: Yes, they cannot exceed the 18 on amounts from \$500 to \$5,000. They cannot exceed the 12 percent on amounts from \$5,000 to \$10,000.

SENATOR GEORGE: OK, thank you.