

March 7, 1979

LB 87

give you a chance to look at the bill and then go to the first amendment, if that's okay.

SPEAKER MARVEL: Okay, those are the opening remarks. Does anyone else wish to be heard on the bill? Senator Lamb.

SENATOR LAMB: A question of Senator DeCamp.

SPEAKER MARVEL: Senator DeCamp.

SENATOR DeCAMP: Yes, sir.

SENATOR LAMB: As I understand it, this bill allows for a maximum of ten thousand dollars, whereas the original maximum was three thousand dollars. Is that correct?

SENATOR DeCAMP: That is correct, Senator Lamb, and there will be an amendment dealing with this in some detail. This is the area that Senator Fowler will actually be offering an amendment on shortly.

SENATOR LAMB: And that the interest rate on this ten thousand dollars works out to be about seventeen percent?

SENATOR DeCAMP: I think it's seventeen point something percent...just a little over seventeen, it would average out, but the amount over five thousand is a maximum of fifteen percent, but the lower amounts are slightly higher, so that averages out to about seventeen point...I can get you the exact figure shortly, but little over seventeen percent.

SENATOR LAMB: Do you really think that a person can borrow ten thousand dollars at seventeen percent interest and expect to survive?

SENATOR DeCAMP: Okay, Senator, the question is whether a person can borrow ten thousand dollars at an average of seventeen percent and survive. First of all, that's a judgment between the lender and the borrower. First of all, the borrower has to have a reason and be able to justify that to the lender. Second, the lender has to believe that he's going to get repaid on loaning this money, but let us look at the facts of life. The prime rate's between eleven and twelve percent. The small loan company has to borrow this money one way or another, and so you better figure the prime rate is about the lowest amount they're going to get it at. In addition to that, they have to take twenty percent of the money and put it into escrow, so to speak, where they do not draw interest. It just sits there as security, as protection for the other borrowers in