

aren't wanting to make these monthly payments. January 1st every year you come in and you pay us \$1,000 and it will be paid off exactly in 121 months."

SENATOR HIGGINS: At the present time, are they allowed to make balloon loans?

SENATOR DeCAMP: I don't believe so. I say I don't believe so because I am not sure that all the people making loans are aware of that and they might have done some.

SENATOR HIGGINS: My question is I don't think I understand the purpose of the bill because it sounds like they can loan money right now in just about any manner they want except a balloon type loan unless it is just to extend the length of time you loan money on a mobile home. Is that the purpose of the bill, just to give them more time to pay off the loan?

SENATOR DeCAMP: That certainly is one of the main purposes. Remember, there is another law having to do particularly with mobile homes that says they can use 145 months so we are giving the banks that same privilege, right, responsibility, also. A bank then could go to somebody that had sold this other paper, made this other loan, and they could say we will buy that. Now obviously, the bank isn't going to buy it at 145 months if they are allowed only 121 months.

SENATOR HIGGINS: So the purpose of the bill then is to extend it, the length of time of the loan.

SENATOR DeCAMP: The purpose of the bill is to extend the time limit and make that uniform and clear up this issue of equal or unequal installments. One of the effects that I stated, so everybody knows that I am saying it is in there, is that it would allow the concept of balloon payments clearly. It would eliminate all this issue of whether it is or isn't and I claim it is not allowed now and would allow that. Somebody might make you a loan or let me put it this way. You might not be willing to borrow money for 145 months or 121 or whatever number you want to pick where you had to make a monthly payment of \$500 a month. You might be willing to accept the same loan and feel it was satisfactory to you and you could repay it if you knew that you only had to make a \$100 a month, but at the end of the period, you could pay the whole thing off because you might know you could either sell the property, you would have income from somewhere else, for whatever reason, it might be a loan you could accept under one condition and survive and another one you might not accept.