

LEGISLATIVE BILL 913

Approved by the Governor April 7, 1988

Introduced by Conway, 17; Ashford, 6; R. Johnson, 34;
Abboud, 12

AN ACT relating to loans; to amend section 45-1,104, Reissue Revised Statutes of Nebraska, 1943, and section 8-820, Revised Statutes Supplement, 1986; to change a provision relating to fees and costs on certain loans as prescribed; to change a provision relating to the rejection of federal interest rate limits; to provide operative dates; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 8-820, Revised Statutes Supplement, 1986, be amended to read as follows:

8-820. Subject to the provisions of sections 8-815 to 8-829, any registered bank may contract for and receive, on any personal loan, charges at a rate not exceeding nineteen percent simple interest per year. In the case of loans initiated by credit card or other type of transaction card, the rate may be any amount agreed to by the parties. Any registered bank or bank acquired pursuant to sections 8-1512 and 8-1513 may also charge a commercially reasonable fee fees for service and use of a credit card or other type of transaction card in an amount not to exceed twenty dollars per year, except that for a premium card as determined by the Director of Banking and Finance which has at least a one thousand five hundred dollar credit limit and provides an additional service, any reasonable fee for service and use of such card may be charged on a per transaction and monthly or annual basis. Such charges shall not be construed as interest. Notwithstanding the provisions of this section, in the case of loans not initiated by credit card or other type of transaction card, a bank may charge a minimum fee of up to seven dollars and fifty cents in lieu of interest on small personal loans and reasonable loan service costs as defined in subdivision (2) of section 45-101.02. Such loan service costs shall not be construed as interest.

Sec. 2. That section 45-1,104, Reissue

Revised Statutes of Nebraska, 1943, be amended to read as follows:

45-1,104. The federal limits on interest rates as provided in sections 501(a)(1), 511, and 524 of P.L. 96-221 shall not apply to loans, mortgages, credit sales, and advances made in Nebraska and are hereby rejected by the State of Nebraska pursuant to this section. The Sections 521 to 523 of P.L. 96-221 are not rejected. Subject to the foregoing, the State of Nebraska elects to retain the power to establish or not establish usury limits provided under the Nebraska statutes and the Nebraska Constitution and retains the power to have such limits, if any, apply to any loan, mortgage, credit sale, or advance made in this state after July 17, 1982.

Sec. 3. Sections 1 and 4 of this act shall become operative on March 1, 1989. The other sections of this act shall become operative on their effective date.

Sec. 4. That original section 8-820, Revised Statutes Supplement, 1986, is repealed.

Sec. 5. That original section 45-1,104, Reissue Revised Statutes of Nebraska, 1943, is repealed.

Sec. 6. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.