

CLEK: LB 94 offered by Senator Landis. (Title read.) The bill was introduced on January 5, referred to the Banking Committee. The bill was advanced to General File. I do have committee amendments, and in addition, Mr. President, I have an amendment to the committee amendments by Senator Landis.

SPEAKER BARRETT: Senator Landis, please.

SENATOR LANDIS: Thank you. I don't know if you're already tired of this more expository style or not, but let me go on to a second bill here. This is in the small loan industry, or as they like to be called now the consumer finance industry. It is a new name for the small loan companies. There are three changes in this bill and I'm going to go one by one through them. Normally you walk into a small loan company, you ask for a loan, they ask what kind of collateral you have; you get the money and they take a lien on the collateral. Now a lien in this case is a statement of responsibility between two parties in which one party has property that they pledge in return for getting a loan. And if they just execute the lien between the two of them, that is called attachment. And in that case it settles who has the priority between those two in that property. If you take that lien down to the courthouse and you do what is called perfection by filing it so everybody can see it, then that lien makes a priority between not only those two people, but everybody else. And the person who has the lien has the first priority against the property. Now small loans do that to ensure that they are going to get the money back for the loan that they make. At this point it costs about nine bucks to go down and file a lien and then once you pay off the loan and the lien then is exonerated, you go down and you get a release and the release costs two bucks. It costs eleven bucks to file and then release a loan, a lien, rather. There is a new phenomenon out there for small loan companies, it is called nonfiling insurance. Nonfiling insurance is an insurance policy and it says, if a small loan borrower promises to repay, we'll insure that they repay. You don't have to file a lien, you don't have to execute a lien, if they don't pay, we will. Now nonfiling insurance is pretty cheap. Small loan companies don't sell it themselves, they have to go someplace else to get it. But this bill says that you may charge for nonfiling insurance up to the amount you would have otherwise used in perfecting and releasing a lien. That's eleven bucks. If the costs go up, then this amount of money would go up. But that the lender, the small loan company, could have nonfiling insurance instead of the use