

SENATOR LANDIS: I'm entitled to close, am I not?

SPEAKER BARRETT: You are.

SENATOR LANDIS: Okay. First, let me tell you that the Banking Committee starts today its first of three seminars for the committee members on today banking law, next week insurance law and the following week on securities law and lien theory. And, as a matter of fact, if anybody here would like to, we're meeting today at noon and we're going to go over to the Nebraska Bankers' Association and the Banking Department will brief us. I would extend that information, invitation to others who would like to join us for that lunch, be happy to have you come. Let me respond to the question that Emil raises because it is a fair question. What happens when you're doing business with somebody who might be having a small loan relationship? And what happens if they've got this nonfiling insurance option rather than a lien? Are you going to be able to tell how in debt they are? The lien law is there for a purpose and that purpose is this, actually it is for two purposes, let me put it that way. The first purpose is to give the borrower higher rights in certain property that is owned...it is to give the lender higher rights in the property owned by the borrower that is pledged to secure the loan. The second thing that the lien does is to tell everyone else of the world these goods have a claim against them. If you think they are available for you to get, should you be doing business with the borrower, huh-uh, you're wrong. Take that into account for your planning purposes. The nonfiling insurance option, unlike the lien option, does not use a pledge of assets. There is no greater pledge in certain identified collateral when you use the nonfiling option. So the lien theory that says you need to tell everybody else in the world that certain property is being pledged against, doesn't apply. Because if there is a default by the borrower in this case, the last resort is not his property with greater priority than anybody else, the last resort is the insurance. The property they have is as available to that lender, the small loan company, as it is to every other lender including the potential renter, the potential landlord, the potential small business that might be doing with them, doing business with them. That other person has no lower priority than the person who is a small loan company, if he used the nonfiling option. Therefore, if the argument is what we want to do is force everybody to have liens so we can see what their financial