

March 16, 1995

LB 339, 614

the advancement of LB 614. We are voting on the advancement of LB 614. We are still voting on the advancement of LB 614. Thank you. Record.

ASSISTANT CLERK: 25 ayes, 0 nays to advance 614, Mr. President.

SENATOR COORDSEN: Thank you, Mr. Clerk. LB 614 is advanced to E & R Initial. The next item on the agenda is LB 339. Mr. Clerk.

ASSISTANT CLERK: LB 339 was introduced by Senator Landis. (Read title.) The bill was read for the first time on January 11, referred to the Banking Committee. That bill reports the bill to General File with committee amendments.

SENATOR COORDSEN: Senator Landis, for the committee amendments.

SENATOR LANDIS: Thank you. To explain the committee amendments, let me explain the bill somewhat, Senator Coordsen. The Nebraska Installment Sales Contract is really the terms Nebraska allows installment loans, installment sales to be done and when you have an installment contract, meaning a contract broken up into pieces that you pay over time, that installment contract must be for a commercial or business purpose and if so, the delinquency charge is not to exceed 5 percent of each unpaid installment that is contracted for and received and the holder of a dishonored check may charge and collect a fee as stated in the contract, meaning there's two things, a delinquency charge and a bad check charge. Those are two different things and the bad check charge is covered by the contract. The delinquency charge is no more than 5 percent of each unpaid installment. Does that mean month after month after month, can you collect up 5 percent 12 times if the delinquency runs for 12 months? The answer is no. That's one 5 percent delinquency rate for each part of the installment, but no matter how long the installment is delinquent. The committee amendment goes to this heart of the defining of commercial or business purpose and because the Banking Department seems to basically lump sales into two kinds, we assisted the definition of commercial or business by reciting the other kinds of loans that are made and saying it's not one of these. And the other kinds of loans are personal, family or household purpose. So we have a definition of commercial or business purposes which then are other than personal, family or household purposes. But those are terms of art that the department should be able to apply and so should the financial