

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

January 31, 2005 LB 119

competitive, that we will tend, once again, as we have historically done in several cycles now, to run it to the bottom, so that, in effect, not just one or two states have standards that are inadequate, but all the states have a standard that's inadequate. And if we allow ourselves to be driven to that situation, then we will be compounding the catastrophe that results if in fact we make a bad judgment. Because if the standard is going to be national, that means that the harm will be not only in one or two areas of the country, but will be across the country. And if the taxpayers are forced once again to bail out the corporations, then the damage, the amount of money that will be necessary to bail out corporations could be compounded several times over, and be far larger than anything we've experienced in the past. So that would be my concern. In another place in the bill, it talks about, if I'm remembering correctly, the application of this standard, Senator Mines, is also being raised, and would be applicable to financing packages that included not only first mortgages, but second mortgages. One might argue that second mortgages,...

SENATOR CUDABACK: Senator Mines, your time is up.

SENATOR BEUTLER: ...as long as they're...

SENATOR CUDABACK: But your light is on, Senator Beutler. You may continue.

SENATOR BEUTLER: One might argue that second mortgages, as long as they're under the 80 percent limitation, are no different than first mortgages. On the other hand, the second security interest is always the more vulnerable. And should there be some kind of collapse, it will be those who are heavily invested in securities, that include second mortgages, I would think, that would be even more vulnerable. And so in the context of that discussion, I think it would make sense to discuss, if I'm reading the bill right, how it is that that particular part of the industry should also be included under the same kind of limitation. A third area that...now, related to this discussion, there's another provision, Senator, on page 34 of the bill that deals with mezzanine real estate loans. It's up on lines 4 and 5 and 6 of page 34. And with respect to a