

April 7, 1975

SENATOR BARNETT: I'd try to answer that question just as simply as I can by pointing to line 22 on Page 2 where it says, the borrower shall receive no less than 5% annual interest and I think they are loaning the money out from escrow accounts at a greater interest so I think that they would still receive money in greater proportion than what they would pay out to the borrower.

SENATOR KELLY: In dialogue, this bill would not allow the institutions to charge fees or service charges.

SENATOR BARNETT: I don't have that in the bill. I always felt that when you borrowed money and you paid a certain interest, that interest covered expenses. That's what the interest was set up for, that's what the rate of interest is set up for.

SENATOR KELLY: All right. Thank you very much, Senator Barnett. In light of those remarks, it will be my intention to support the raising of this bill notwithstanding the action of the committee so that it will be before us so that we could be sure, or so that I can be sure the things I want are in there and if they are, I will certainly vote for the bill.

PRESIDENT: Senator Stoney.

SENATOR STONEY: Mr. President and members of the Legislature, a question of Senator Barnett, if he would yield please?

SENATOR BARNETT: I will try.

SENATOR STONEY: Senator Barnett, with reference to the question that Senator Kelly just asked, aren't these funds that are in escrow accounts a non-interest bearing item. In other words, our savings and loans, our banks, our lending institutions are they allowed to be able to lend this money?

SENATOR BARNETT: Why sure. You are on the committee. You heard them testify to that.

SENATOR STONEY: I must be in error then because I thought (inaudible) that it could not be.

SENATOR BARNETT: Because if you remember...no, they use escrow money for other loans. They use it for other interest. There is nothing that says that a person that has escrow, or that the loan institutions has money in escrow, that they cannot loan out the money. As a matter of fact, I think it was the man from the First National Bank, and I can refer to the testimony if I have to, Senator Swigart. You remember First National Bank, he said, yes, I guess that is right. We can loan out the money for other things. Excuse me, Senator Stoney. I am sitting here looking at Senator Swigart. I mean Senator Stoney, I am sorry.

SENATOR STONEY: Thank you.

PRESIDENT: Senator Keyes.

SENATOR KEYES: Mr. Speaker, this is the very bill that I had