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LB 87

SENATOR CHAMBERS: Senator Murphy, I am asking you questions which you are responding to with questions but you won't deal forthrightly with the issue so I am going to ask you another question. Are you aware that in financing plans that banks and other institutions have with dealers, I am talking about the dealer now, they will sometimes put a provision in the contract that the dealer sells to the financing institution the provision that if there are defaults, then the financial institution does not want to have to repossess the car, the paper will be given back to the dealer and the dealer then must repossess the car and make an adjustment with the financial institution?

SENATOR MURPHY: I would assume that could very often be the case, Senator, yes.

SENATOR CHAMBERS: Then, Senator Murphy, if it is relatively rare that cars are going to be repossessed, why would a bank or lending institution see the necessity to have that in some of the form agreements that they have? It seems to me by the time something becomes standardized to the point or so prevalent that it is a form, then it is not a rarity in the world of finance. So let me ask you this. Are you saying it is rare to have cars repossessed?

SENATOR MURPHY: No, sir, Senator, I am saying it is rare that there is a defect in the automobile that brings about the occasion for the repossession that is not taken care of by the dealer. Now if there are cars that have been financed and payments are not made, certainly I think there is no alternative for anyone having an interest in a contract to simply stand by and do nothing about it and let the car either become worn out or otherwise abandoned and the asset value behind the loan lost.

SENATOR CHAMBERS: Senator Murphy, who would repossess the car in the case we are talking about where the small loan companies use to finance it?

SENATOR MURPHY: Well, Senator Chambers, under this present bill you are almost going to have to call and ask the person, please, will they bring it back because we are providing in this bill that there will be no harassment, that if I elect to I can tell the finance company, don't call me on the phone and they may no longer do so. So I don't think there is going to be a big harassment on repossession under the law as we will now have it.