

April 20, 1979

LB 390

SENATOR PIRSCH: Thank you, Mr. President, members of the Legislature. Usury was first established to protect the consumer but when market interest rates approach or exceed the state usury ceilings, the consumer is in actuality the one that suffers and right now Nebraska is facing such a situation. Rates that lenders must pay, they are not set by us, to secure funds to lend are at all time highs and due to this the free market rate for mortgage loans actually equals or exceeds the usury restriction in most Nebraska markets and since no profit is available for making such loans, many lenders have stopped or are restricting the offering of low, down payment mortgages. As I understand, the 90% loans are not even being made any more. The 80% loans are 10 3/4 or higher at the maximum and the 70% loans are 10 1/2. This would affect the small downpayment homeowner. The lenders will invest funds in other mediums that will produce more return on their investment and the effect of such a loss could be disastrous for the Nebraska economy and especially for local consumers. The poor Nebraska consumer would bear the brunt as consumers in nearby states with liberal usury limits or none at all would benefit from Nebraska money. I urge that you add the emergency clause. Thank you.

PRESIDENT: Any further discussion on the Pirsch motion to add the emergency clause? If not, all those in favor vote aye, opposed nay on adding the emergency clause. Have you all voted? Have you voted? I will give a few of you a chance to get to your desks. Record the vote.

CLERK: 25 ayes, 11 nays, Mr. President, on adoption of the amendment.

PRESIDENT: The motion carries. The amendment is adopted. The emergency clause is added.

CLERK: I have nothing further on the bill, Mr. President.

PRESIDENT: Before we proceed the Chair would like to introduce from Senator Kahle's district, ten sixth grade students from Minden, Nebraska. Dick Phillips is the teacher. They are up here in the South balcony. Would they kind of wave to us? They are probably down at this end. Good morning. Welcome to the Legislature, to the Minden people. All right, Senator Duis, the Chair recognizes you now on the bill.

SENATOR DUIS: Mr. President, I move the advancement of the bill to E & R initial. I think we have had a very