

January 11, 1980

LB 306

SENATOR PIRSCH: Mr. President, I call for the question.

PRESIDENT: All right, do I see five hands? I do. The question then is shall debate cease. All those in favor of ceasing debate vote aye, opposed nay. The question before the house is shall debate cease on the motion to indefinitely postpone LB 306. Record the vote.

CLERK: 22 ayes, 9 nays to cease debate, Mr. President.

PRESIDENT: Motion fails. We will call on the next speaker. Senator Landis.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, I would like to ask the Page to pass out a piece. I have initialed some of the copies, not all of the copies, but I do not want there to be question about the representation that I made as to federal regulations previously. My statement was that where an individual is credit worthy, the spouse or joint tenant, if you will, a partner, may not be required or compelled or even asked to sign the note and I would like to quote from the Board of Governors of the Federal Reserve System, "in violation of consumer laws and regulations, regulation (b) under Subsection 2, Section 202.7, there is a violation when some banks are requiring spouses signatures on credit instruments even when the applicant is individually credit worthy." Regulation (b) limits the instances when applicant, spouse or other person can be required to sign the credit instrument and what is being passed out to you now is a part of the Equal Credit Opportunity Act, Section 10.1 and you will find in the second column under Signature Requirements, the language, "Generally the bank may not require the spouse or any other person who is not a joint applicant to cosign or guarantee the note if the applicant is credit worthy." And then of course there are some exceptions but in the instance, the general rule is where an individual is credit worthy there is no ability for the bank to require, compel or ask an applicant to have a cosigner, namely the spouse. I will not disagree with the statement of Senator Chambers that a bank is entitled to determine the quality of ownership, the nature of the title that is held. That, I don't think, is in debate and I will certainly concede that point. I did not represent that that was not the case. My point simply is that you may not compel, require or ask for the signature of the spouse and I hope that you will take a look at that to establish that point. I want to make just a couple of other points on this matter. If the idea is that what we want to promote here is careful banking and require the signatures of spouses and the like, even