

United States, several members who are of the Conference of Fire Codes and they are having a Life Safety Conference on Fire Codes. Would you please welcome our guests to the Legislature today. Thank you. Senator Schmit, please.

SENATOR SCHMIT: Mr. President and members, I discussed this amendment with Senator Rod Johnson and we think it has a lot of merit. The amendment provides that the Ombudsman act as an arbitrator in cases of foreclosure. It requires that a notice of foreclosure be given to the Ombudsman's Office, that the Ombudsman then sit down with the debtor and the lender and try to work out some kind of an arbitration procedure. You will notice that there are a good many instances right now when we see public notice of individuals who are acting as arbitrators between the debtor and the lender, and in many instances it is a very favorable situation. Unfortunately, in some cases there are individuals who are operating in that capacity who probably are not qualified to do so. But in the cases where they are qualified and they have some knowledge of financial practices, and lending practices and responsibilities, and in many instances a more favorable result does occur. This is basically what Senator Rod Johnson was trying to accomplish with the early intents of the LB 999 where the individual was allowed to keep some property. Actually the arbitrator could perhaps effectively negotiate this very result that we were trying to place in LB 999. But to do so in a manner that is consistent with good lending practices and in a manner which does not perhaps cause the banks to react or, I would say, to overreact. I know of several instances now in recent months because of the problem with the Farm Credit Administration where the Farm Credit Administration has created a Capital Credit Corporation which they are going to try to work out settlement agreements with the borrower. In many instances I think that this could be of benefit to both the debtor and the lender, and certainly could work to provide some stability in the entire financial community. I have noted many, many individuals have come to my office and have come to other offices here in this Capitol and visited with Senator Vickers, Senator Johnson, and others about various proposals that could be offered that would allow for the retention of some of the property that was originally in the homestead. I think that if this amendment were adopted, it would be a major step forward for some kind of conciliatory agreement between debtor and lender and I would certainly urge the adoption of the amendment. I would hope that Senator Rod Johnson would comment on it also because basically it is his idea, and we have elaborated on it a bit, and I do not know