

LEGISLATIVE BILL 845

Approved by the Governor April 13, 1974

Introduced by Fellman, 4

AN ACT to amend section 8-148.02, Revised Statutes Supplement, 1972, and section 8-152, Revised Statutes Supplement, 1973, relating to banks and banking; to increase the percentage of bank ownership of certain companies; to increase the interest rate for certain first mortgage loans; to designate bonds of the State of Israel as securities; to permit investment in such securities; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 8-148.02, Revised Statutes Supplement, 1972, be amended to read as follows:

8-148.02. Any bank may subscribe to, invest, buy and own stock in any agricultural credit corporation or livestock loan company, or its affiliate, the principal business of which corporation must be the extension of short and intermediate term credit to farmers and ranchers, including partnerships and corporations engaged in farming and ranching, for agricultural purposes, including the breeding, raising, fattening, or marketing of livestock. Such bank shall not obligate more than ~~ten~~ twenty per cent of its capital and surplus for such purposes. Such subscription, investment, possession or ownership shall not be subject to the provisions of sections 8-148, 8-149, and 8-150.

Sec. 2. That section 8-152, Revised Statutes Supplement, 1973, be amended to read as follows:

8-152. A bank may make loans secured by real estate or may participate with other institutions in such loans whether such participation occurs at the inception of the loan or at any time thereafter subject to the following:

(1) Such loans, when secured by a first mortgage on improved real estate which is a first lien and under the terms of which installment payments required are sufficient to amortize the entire principal of the loan within the period thereof, may be made in an amount not to exceed ~~eighty~~ ninety per cent of the appraised value of the real estate offered as security and for a term not to exceed twenty-five years;

(2) Such loans, when secured by a first mortgage on improved real estate which is a first lien and under the terms of which installment payments required are sufficient to amortize forty per cent of the principal of the loan within a period of ten years from the date of the loan may be made in an amount not to exceed eighty ninety per cent of the appraised value of the real estate offered as security and for a term not to exceed ten years;

(3) Such loans, when secured by a mortgage on improved real estate which is not a first mortgage but under the terms of which installment payments required are sufficient to amortize the entire principal of the loan within the period thereof, may be made when the aggregate of the lien being taken by the bank and the record amount of all liens prior thereto does not exceed eighty per cent of the appraised value of the real estate offered as security and for a term not to exceed ten years;

(4) Such loans, when secured by a first mortgage on real estate which is a first lien, may be made for not to exceed seventy-five per cent of the appraised value of the real estate offered as security and for a term not to exceed five years, whether or not provision is made for amortization of such loan;

(5) Such loans, when secured by a first mortgage on improved real estate consisting of residential real property of single family or two family residences, may be made for not to exceed ninety-five per cent of the appraised value of the real property offered as security and for a term not longer than thirty years; Provided, that the loan is secured by an amortized mortgage, deed of trust or other such instrument under the terms of which the installment payments are sufficient to amortize the entire principal of the loan within the period ending on the date of its maturity; and provided further, that at least twenty-five per cent of the loan is insured by a financially responsible private mortgage insurance company authorized to do business in this state;

(6) Such loans may be made to finance the construction of manufacturing, commercial, or industrial structures for a period not to exceed thirty-six months or for the construction of residential or farm buildings for a term not to exceed eighteen months when there is a valid and binding agreement entered into by a financially responsible lender to advance the full amount of such loan upon the completion of construction, or when the bank at the time of making the construction loan has entered into a commitment to make a loan under the

provisions of subdivision (1), (2), (3), (4), or (5) of this section upon the completion of construction;

(7) The provisions of sections 8-711 to 8-713 are met; and

(8) Obligations shall not be subject under this section to any limitation to the extent that such obligations are secured or covered by guaranties or by commitments or agreements to take over or to purchase as follows:

(a) Real estate loans guaranteed twenty per cent or more or for which a written commitment for such guarantee has been issued by the Veteran's Administration;

(b) Real estate loans insured, or for which a written commitment to insure has been issued, by the Farmers Home Administration;

(c) Real estate loans in which the Small Business Administration participates or has agreed in writing to participate on an irrevocable or deferred basis; or

(d) Loans in which a bank takes a real estate mortgage or other similar instrument as additional security but with repayment dependent upon other sources than the real estate security as follows: (i) The unconditional commitment of a financially responsible person to repay the loan or provide funds for the repayment of such loan within a period not to exceed three years from the date of the loan, or (ii) on collateral other than the real property.

The aggregate limitation of all loans made under the provisions of subdivisions (1), (2), (3), (4), and (5) of this section shall be the greater of one hundred per cent of paid-in capital, surplus, and undivided profits, or seventy per cent of the total of savings and time deposits, or twenty per cent of the total deposits of such bank.

Sec. 3. Funds of the State of Israel are hereby made securities in which banks, savings and loan associations, insurance companies, and credit unions may properly and legally invest funds.

Sec. 4. That original section 8-148.02, Revised Statutes Supplement, 1972, and section 8-152, Revised Statutes Supplement, 1973, are repealed.