

LEGISLATIVE BILL 154

Approved by the Governor April 6, 1979

Introduced by Koch, 12

AN ACT to amend section 8-319, Reissue Revised Statutes of Nebraska, 1943, and section 8-355, Revised Statutes Supplement, 1978, relating to building and loan associations; to provide an alternative form of security; to provide the same advantages as federal savings and loan associations; and to repeal the original sections.

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

Section 1. That section 8-319, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

8-319. (1) No loan shall be made by such association except to its own members, nor shall any loan be made to any member for any sum in excess of the par value of his stock. The borrower shall pledge to the association, as security for the loan, shares of a maturity value equal to the principal of the loan and, except as otherwise provided in this section, ample security by mortgage or leads of trust on real estate. For the purpose of this section the terms real property and real estate shall include a leasehold or subleasehold estate in real property under a lease or sublease the term of which does not expire, or which is renewable automatically or at the option of the holder or of the association so as not to expire for at least five years beyond the maturity of the debt. Loans made upon improved real estate, except as is hereinafter stated, shall not exceed ninety-five per cent of the reasonable normal cash value thereof, and all loans made on any other real estate shall not exceed three-fourths of the reasonable normal cash value thereof.

(2) An association may make a loan or loans in an amount exceeding ninety-five per cent of the reasonable normal cash value of the real estate security (a) if such loan or loans be made to a veteran in accord with the provisions of Title 38, United States Code, as now existing or as hereafter amended, (b) if the proceeds of the loan or loans are to be used in purchasing residential property or in constructing a dwelling on unimproved property owned by such veteran to be occupied as his home, used for the purpose of making repairs, alterations, or improvements in, or paying delinquent

indebtedness, taxes, or special assessments on residential property owned by the veteran and used by him as his home, or used in purchasing any land and buildings to be used by the applicant in pursuing a gainful occupation other than farming, and (c) if the Administrator of Veterans' Affairs shall guarantee that portion of such loan or loans in excess of ninety-five per cent of the reasonable normal cash value of the real estate security.

(3) An association is authorized to obtain insurance of its loans by the Federal Housing Administrator under Title II of the National Housing Act as amended, and such loans so made upon improved real estate and so insured shall not be subject to the restrictions set forth in this section with reference to the maximum authorized amount of a loan.

(4) An association may make unsecured loans to its members if such loans (a) are insured under Title I and Title II of the National Housing Act, as amended, or (b) are for property alterations, repair, or improvements; Provided, that the aggregate amount of loans made under subdivisions (a) and (b) of this subsection shall not, at any time, exceed twenty per cent of the association's assets; the amount of each loan under subdivision (b) of this subsection shall not exceed fifteen thousand dollars; and each loan made under subdivision (b) of this subsection shall be repayable in regular monthly installments within a period of fifteen years and be supported by a written property statement on forms to be prescribed by the Department of Banking and Finance. An association may make secured loans to its members, and may make loans under Title 38, United States Code, as amended, under Chapter V, subchapter C of the Home Owners Loan Act of 1933, as amended (Title 12, United States Code), and on the security of mobile homes.

(5) The stock of such association may be accepted as security for a loan of the amount of the withdrawal value of such stock without other security.

(6) An association when so licensed may make loans to its own members upon the terms and security set forth in sections 45-114 to 45-155.

(7) Any provisions of this section to the contrary notwithstanding, an association may make any loan that a federal savings and loan association doing business in this state is or may be authorized to make.

(8) An association may invest in loans, obligations, and advances of credit, all of which are

hereinafter referred to in this section as loans, made for the payment of expenses of business school, technical training school, college, or university education, but no association shall make any investment in loans under this subsection if the principal amount of its investment in such loans, exclusive of any investment which is or which at the time of its making was otherwise authorized, would thereupon exceed five per cent of its assets. Such loans may be secured, partly secured, or unsecured, and the association may require a comaker or comakers, insurance, guaranty under a governmental student loan guarantee plan, or other protection against contingencies. The borrower shall certify to the association that the proceeds of the loan are to be used by a full-time student solely for the payment of expenses of business, technical training school, college, or university education.

(9) An association may participate with other lenders in making loans of any type that an association may otherwise make; Provided, that (a) each of the lenders is either an instrumentality of the United States government or is insured by the Federal Savings and Loan Insurance Corporation or by the Federal Deposit Insurance Corporation, or, in the case of another lender, the interest of the association in such loan is superior to the participating interests of the other participants, and (b) an association whose accounts are insured by the Federal Savings and Loan Insurance Corporation, which may be a federal association or an association chartered by this state, or another association chartered by this state, which is not so insured, has otherwise complied with subsection (1) of this section with respect to loans to members.

(10) An association may sell to or purchase from any institution which is a savings association chartered by this state, or the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, a participating interest in any loan, whether or not, in the case of a purchase, the security is located within the association's regular lending area.

Sec. 2. That section 8-355, Revised Statutes Supplement, 1978, be amended to read as follows:

8-355. Notwithstanding any of the provisions of Chapter 8, article 3, or any other Nebraska statute, any association incorporated under the laws of the State of Nebraska and organized under the provisions of such article shall have all the rights, powers, privileges, benefits, and immunities which may be exercised as of July-22,-1978 the effective date of this act by a federal

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savings and loan association doing business in Nebraska; Provided, that such rights, powers, privileges, benefits and immunities shall not relieve such association from payment of state taxes assessed under any applicable laws of this state.

Sec. 3. That original section 8-319, Reissue Revised Statutes of Nebraska, 1943, and section 8-355, Revised Statutes Supplement, 1978, are repealed.