

LEGISLATIVE BILL 788

Approved by the Governor February 3, 1988

Introduced by Labedz, 5, Chairperson, Executive Board

AN ACT relating to banks and banking; to amend section 8-141, Revised Statutes Supplement, 1987; to correct a reference to the Federal Housing Administration; and to repeal the original section.

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

Section 1. That section 8-141, Revised Statutes Supplement, 1987, be amended to read as follows:

8-141. No bank shall directly or indirectly loan to any single corporation, firm, or individual, including in such loans all loans made to the several members or shareholders of such firm or corporation, for the use and benefit of such corporation, firm, or individual, more than twenty-five percent of the paid-up capital, surplus, and capital notes and debentures of such bank. Such limitation of twenty-five percent shall be subject to the following exceptions:

(1) Obligations of any person, copartnership, association, or corporation in the form of notes or drafts secured by shipping documents or instruments transferring or securing title covering livestock or giving a lien on livestock, when the market value of the livestock securing the obligation is not at any time less than one hundred fifteen percent of the face amount of the notes covered by such documents, shall be subject under this section to a limitation of ten percent of such capital, surplus, and capital notes and debentures, in addition to such twenty-five percent of such capital and surplus;

(2) Obligations of any person, copartnership, association, or corporation secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, or certificates of indebtedness of the United States, treasury bills of the United States, or obligations fully guaranteed both as to principal and interest by the United States shall be subject under this section to a limitation of ten percent of such capital, surplus, and capital notes and debentures, in addition to such twenty-five percent of such capital and surplus; or

(3) Obligations of any person, copartnership, association, or corporation, which are secured by negotiable warehouse receipts in an amount not less than one hundred fifteen percent of the face amount of the note or notes secured by such documents, shall be subject under this section to a limitation of ten percent of such capital, surplus, and capital notes and debentures, in addition to such twenty-five percent of such capital and surplus.

For purposes of this section, the discounting of bills of exchange, drawn in good faith against actually existing values, and the discounting of commercial paper actually owned by the persons negotiating the same shall not be considered as the lending of money. Loans or obligations shall not be subject to any limitation under this section, based upon such capital stock and surplus, to the extent that they are secured or covered by guaranties, or by commitments or agreements to take over or to purchase the same, made by any federal reserve bank or by the United States Government or any authorized agency thereof, including any corporation wholly owned directly or indirectly by the United States or general obligations of any state of the United States or any political subdivision thereof. The phrase general obligation of any state or any political subdivision thereof shall mean an obligation supported by the full faith and credit of an obligor possessing general powers of taxation, including property taxation, but shall not include municipal revenue bonds and sanitary and improvement district warrants which shall be subject to the limitations set forth in this section. Any bank may subscribe to, invest in, purchase, and own single-family mortgages secured by the Federal Home Association Housing Administration or the Veterans' Administration and mortgage-backed certificates of the Government National Mortgage Association which are guaranteed as to payment of principal and interest by the Government National Mortgage Association. Such mortgages and certificates shall not be subject under this section to any limitation based upon such capital and surplus. Obligations representing loans to any national banking association or to any banking institution organized under the laws of any state, when such loans are approved by the Director of Banking and Finance by regulation or otherwise, shall not be subject under this section to any limitation based upon such capital and surplus. For the purpose of determining lending limits, copartnerships shall not be treated as separate

entities. Each individual shall be charged with his or her personal debt plus the debt of every copartnership in which he or she is a partner.

A loan made within lending limits at the initial time the loan was made may be renewed, extended, or serviced without regard to changes in the lending limit of a bank following the initial extension of the loan if (a) the renewal, extension, or servicing of the loan does not result in the extension of funds beyond the initial amount of the loan or (b) the accrued interest on the loan is not added to the original amount of the loan in the process of renewal, extension, or servicing.

Sec. 2. That original section 8-141, Revised Statutes Supplement, 1987, is repealed.