

ONE HUNDRED NINTH LEGISLATURE - FIRST SESSION - 2025
COMMITTEE STATEMENT
LB474

Hearing Date: Tuesday February 18, 2025
Committee On: Banking, Commerce and Insurance
Introducer: Banking, Commerce and Insurance
One Liner: Change and eliminate provisions relating to installment sales and installment loans, rename the Nebraska Installment Sales Act, and transfer provisions of and eliminate the Nebraska Installment Loan Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 8 Senators Jacobson, Bostar, Dungan, Hallstrom, Hardin, Riepe, von Gillern, Wordekemper
Nay:
Absent:
Present Not Voting:

Testimony:

Proponents:

Senator Mike Jacobson
Kelly Lammers
Kelly Lammers

Representing:

Opening Presenter
Nebraska Department of Banking and Finance
Nebraska Department of Banking and Finance

Opponents:

Representing:

Neutral:

Representing:

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 474 was introduced at the request of the Nebraska Department of Banking and Finance (Department). It relates to interest, loans, and debt, and amends a number of statutes under the jurisdiction of the Department. The bill seeks to merge certain provisions of the Nebraska Installment Loan Act with the Nebraska Installment Sales Act, rename the Nebraska Installment Sales Act as the Nebraska Installment Loan and Sales Act, and then eliminate the Nebraska Installment Loan Act. The bill provides an operative date of October 1, 2025.

Section 1: Amends section 8-319, which restricts building and loan associations from making secured and unsecured loans outside its membership, to update a reference to the Nebraska Installment Loan and Sales Act.

Section 2: Amends section 8-330, which allows building and loan associations to charge reasonable expenses regarding real estate loans, to update a reference to the Nebraska Installment Loan and Sales Act.



Section 3: Amends section 8-601 regarding assessments and fees, which grants the Director of Banking and Finance the power to levy assessments upon financial institutions, to update a reference to the Nebraska Installment Loan and Sales Act.

Section 4: Amends section 8-820.01 regarding personal loans by banks and trust companies, which declares the public policy of the State of Nebraska regarding the federal most-favored-lender doctrine, to update a section reference to the small loan rate.

Section 5: Amends section 44-1703, which provides an exception to insurance sold with credit transactions, to update a reference to the Nebraska Installment Loan and Sales Act.

Section 6: Amends section 45-101.04, which provides an exception to the general interest rate maximum, to update references to the Nebraska Installment Loan and Sales Act.

Section 7: Amends section 45-1,110 regarding usurious contracts and limit of recovery, to update a reference to the Nebraska Installment Loan and Sales Act.

Section 8: Amends section 45-334 of the Nebraska Installment Sales Act, to rename the Act the "Nebraska Installment Loan and Sales Act."

Section 9: Amends section 45-335 of the Nebraska Installment Sales Act, to create the definitional section for the Nebraska Installment Loan and Sales Act.

Section 10: Amends section 45-336 to provide for the requirements and exceptions for an installment loan license and an installment sales license, and strikes the original section, which is being moved to section 38 of the bill. This amended language was previously found in sections 45-340 and 45-345 of the Nebraska Installment Sales Act and sections 45-1003 and 45-1004 of the Nebraska Installment Loan Act.

Section 11: Amends section 45-337 to provide the requirements necessary to submit an application, and strikes the original section, which is being moved to section 40 of the bill. This amended language was previously found in 45-346 of the Nebraska Installment Sales Act and sections 45-1005, 45-1008, 45-1009 and 45-1012 of the Nebraska Installment Loan Act.

Section 12: Amends section 45-338 to provide requirements for a surety bond, and strikes the original section, which is being moved to section 39 of the bill. This amended language was previously found in section 45-346 of the Nebraska Installment Sales Act and 45-1007 of the Nebraska Installment Loan Act.

Section 13: Amends section 45-339 to provide instructions regarding branch licensure, and strikes the original section, which is being moved to section 42 of the bill. This amended language was previously found in 45-346 and 45-346.01 of the Installment Sales Act.

Section 14: Amends section 45-340 to provide instructions regarding license renewal, and strikes the original section, which is being moved to section 10 of the bill. This amended language was previously found in section 45-348 of the Nebraska Installment Sales Act and section 45-1013 of the Nebraska Installment Loan Act.

Section 15: Amends section 45-341 to provide instructions regarding termination and surrender of a license, and strikes the original section, which is being moved to section 43 of the bill. This amended language was previously found in section 45-350 of the Nebraska Installment Sales Act and sections 45-1032, 45-1033, 45-1034, and 45-1036



of the Nebraska Installment Loan Act.

Section 16: Amends section 45-342 to define unlicensed activity, and strikes the original section, which is being moved to section 41 of the bill. This amended language was previously found in section 45-1015 of the Nebraska Installment Loan Act.

Section 17: Amends section 45-343 to provide requirements regarding relocation of a licensed office, and strikes the original section, which is being moved to section 16 of the bill. This amended language was previously found in section 45-346.01 of the Nebraska Installment Sales Act and section 45-1013 of the Nebraska Installment Loan Act.

Section 18: Amends section 45-344 to provide requirements regarding change of control, and strikes the original section, which is being moved to section 45 of the bill. This amended language was previously found in section 45-356 of the Nebraska Installment Sales Act.

Section 19: Amends section 45-345 to provide requirements as to when to provide notice to the Department, and strikes the original section, which is being moved to section 16 of the bill. This amended language was previously found in sections 45-336, 45-346 and 45-346.01 of the Nebraska Installment Sales Act and sections 45-1018, 45-1027, and 45-1055 of the Nebraska Installment Loan Act.

Section 20: Amends section 45-346 to provide requirements regarding examinations and investigations, and strikes the original section, which is being moved to section 11 of the bill. This amended language was previously found in section 45-351 of the Nebraska Installment Sales Act and section 45-1017 of the Nebraska Installment Loan Act.

Section 21: Amends section 45-347 to provide for items deemed to be included as a loan under the Act, and strikes the original section, which is being moved to section 54 of the bill. This amended language was previously found in section 45-1021 of the Nebraska Installment Loan Act.

Section 22: Amends section 45-348 regarding advance payments, and strikes the original section, which is being moved to section 14 and section 15 of the bill. This amended language was previously found in section 45-1022 of the Nebraska Installment Loan Act.

Section 23: Adds a new section regarding interest rates allowed for installment loans. This amended language was previously found in section 45-1024 of the Nebraska Installment Loan Act.

Section 24: Amends section 45-350 regarding interest rate exceptions allowed for installment loans and strikes the original section, which is being moved to section 14 of the bill. This amended language was previously found in section 45-1025 of the Nebraska Installment Loan Act.

Section 25: Amends section 45-351 regarding borrower contacts and strikes the original section, which is being moved to section 20 of the bill. This amended language was previously found in sections 45-1043 and 45-1044 of the Nebraska Installment Loan Act.

Section 26: Amends section 45-352 to provide for allowable contacts with an installment loan borrower and strikes the original section, which is being moved to section 48 of the bill. This amended language was previously found in sections 45-1045 and 45-1047 of the Nebraska Installment Loan Act.

Section 27: Amends section 45-353 regarding defaults, and strikes the original section, which is being moved to section 51 of the bill. This amended language was previously found in sections 45-1046, 45-1049, 45-1050, 45-1051 and 45-1052 of the Nebraska Installment Loan Act.



Section 28: Amends section 45-354 regarding borrower deficiency, and strikes the original section, which is being moved to section 47 of the bill. This amended language was previously found in section 45-1054 of the Nebraska Installment Loan Act.

Section 29: Amends section 45-355 regarding obligations for an installment loan and required notices, and strikes the original section, which is being moved to section 47 of the bill. This amended language was previously found in section 45-1053 of the Nebraska Installment Loan Act.

Section 30: Amends section 45-356 regarding security agreements and assignments related to installment loans, and strikes the original section, which is being moved to section 18 of the bill. This amended language was previously found in sections 45-1028, 45-1029 and 45-1030 of the Nebraska Installment Loan Act.

Section 31: Is a transfer of language regarding release upon satisfaction. This language was previously found in section 45-1040 of the Nebraska Installment Loan Act.

Section 32: Is a transfer of language regarding judgments. This language was previously found in section 45-1048 of the Nebraska Installment Loan Act.

Section 33: Is a transfer of language regarding insurance. This language was previously found in sections 45-1026 and 45-1027 of the Nebraska Installment Loan Act.

Section 34: Is a transfer of language regarding preauthorized loans. This language was previously found in sections 45-1060, 45-1061, and 45-1062 of the Nebraska Installment Loan Act.

Section 35: Is a transfer of language regarding preauthorized loan requirements. This language was previously found in sections 45-1062, 45-1063, 45-1065, 45-1066, and 45-1067 of the Nebraska Installment Loan Act.

Section 36: Is a transfer of language regarding fees allowed. This language was previously found in section 45-1064 of the Nebraska Installment Loan Act.

Section 37: Is a transfer of language regarding rules governing a reverse mortgage loan. This language was previously found in section 45-1068 of the Nebraska Installment Loan Act.

Section 38: Is a transfer of language regarding installment contract requirements. This language was previously found in section 45-336 of the Nebraska Installment Sales Act.

Section 39: Is a transfer of language regarding maximum rate of time-price differential. This amended was previously found in section 45-338 of the Nebraska Installment Sales Act.

Section 40: Is a transfer of language regarding cancellation of insurance and refund of premiums. This language was previously found in section 45-337 of the Nebraska Installment Sales Act.

Section 41: Is a transfer of language regarding prepayment of loan and computation of a rebate. This language was previously found in section 45-342 of the Nebraska Installment Sales Act.

Section 42: Is a transfer of language regarding subsequent purchases and consolidation with a prior contract. This language was previously found in section 45-339 of the Nebraska Installment Sales Act.



Section 43: Is a transfer of language regarding retail installment contract delinquency. This language was previously found in section 45-341 of the Nebraska Installment Sales Act.

Section 44: Is a transfer of language regarding extension or deferment of loans. This language was previously found in section 45-351.01 of the Nebraska Installment Sales Act.

Section 45: Is a transfer of language regarding excess fees and penalty. This language was previously found in section 45-344 of the Nebraska Installment Sales Act.

Section 46: Is a transfer of language regarding prohibited acts. This language was previously found in sections 45-1011, 45-1020, 45-1023, 45-1042, 45-1047, 45-1056 and 45-1047 of the Nebraska Installment Loan Act.

Section 47: Is a transfer of language regarding utilization of the Nationwide Mortgage Licensing System and Registry. This language was previously found in sections 45-354 and 45-355 of the Nebraska Installment Sales Act and sections 45-1033.01 and 45-1033.02 of the Nebraska Installment Loan Act.

Section 48: Is a transfer of language regarding rules and regulations and authority of the Department. This language was previously found in section 45-352 of the Nebraska Installment Sales Act and section 45-1016 of the Nebraska Installment Loan Act.

Section 49: Is a transfer of language regarding penalties. This language was previously found in sections 45-1024, 45-1037, and 45-1038 of the Nebraska Installment Loan Act.

Section 50: Is a transfer of language regarding liquidated damages. This language was previously found in sections 45-1039 and 45-1058 of the Nebraska Installment Loan Act.

Section 51: Is a transfer of language regarding enforcement. This language was previously found in section 45-353 of the Nebraska Installment Sales Act and section 45-1041 of the Nebraska Installment Loan Act.

Section 52: Is a transfer of language regarding cease and desist orders and judicial review of appeals. This language was previously found in section 45-1019 of the Nebraska Installment Loan Act.

Section 53: Is a transfer of language regarding administrative fines. This language was previously found in section 45-351 of the Nebraska Installment Sales Act and sections 45-1017, 45-1033, and 45-1069 of the Nebraska Installment Loan Act.

Section 54: Is a transfer of language regarding disposition of fees. This language was previously found in section 45-347 of the Nebraska Installment Sales Act and section 45-1014 of the Nebraska Installment Loan Act.

Section 55: Amends section 45-702 of the Residential Mortgage Licensing Act to update references.

Section 56: Amends section 45-703 of the Residential Mortgage Licensing Act to update a reference to the Nebraska Installment Loan and Sales Act; and to change "installment contract" to "installment sales contract."

Section 57: Amends section 45-705 of the Residential Mortgage Licensing Act to clarify licensure requirements for an installment loan company and to update a reference within section (1) to the Nebraska Installment Loan and Sales Act.

Section 58: Amends section 45-729 of the Residential Mortgage Licensing Act to update a surety bond statute



reference to the Nebraska Installment Loan and Sales Act.

Section 59: Amends section 45-734 of the Residential Mortgage Licensing Act to update statutory references.

Section 60: Amends section 45-804 of the Credit Services Organization Act, to update a reference to the Nebraska Installment Loan and Sales Act.

Section 61: Amends section 69-2103 of the Consumer Rental Purchase Agreement Act to change "installment contract" to "installment sales contract" as defined in section 45-335.

Section 62: Amends section 76-2711 of the Nebraska Foreclosure Protection Act to update a statutory reference.

Section 63: Provides an operative date of October 1, 2025.

Section 64: Repeals original sections being amended.

Section 65: Outright repeals original sections 45-351.01, 45-1001, 45-1004, 45-1007, 45-1008, 45-1009, 45-1010, 45-1011, 45-1012, 45-1013, 45-1014, 45-1015, 45-1016, 45-1017, 45-1019, 45-1020, 45-1021, 45-1022, 45-1023, 45-1024, 45-1025, 45-1026, 45-1027, 45-1028, 45-1029, 45-1030, 45-1031, 45-1032, 45-1033, 45-1033.02, 45-1034, 45-1035, 45-1036, 45-1037, 45-1038, 45-1039, 45-1040, 45-1041, 45-1042, 45-1043, 45-1044, 45-1045, 45-1046, 45-1047, 45-1048, 45-1049, 45-1050, 45-1051, 45-1052, 45-1053, 45-1054, 45-1055, 45-1056, 45-1057, 45-1058, 45-1059, 45-1060, 45-1061, 45-1062, 45-1063, 45-1064, 45-1065, 45-1066, 45-1067, 45-1068, 45-1069, and 45-1070, Reissue Revised Statutes of Nebraska, and sections 45-346.01, 45-1002, 45-1003, 45-1005, 45-1006, 45-1018, and 45-1033.01, Revised Statutes Cumulative Supplement, 2024.

Explanation of amendments:

AM 307 adds an additional subsection to section 45-336 to clarify that loans made by financial institutions that are serviced by or purchased by a licensee shall not be subject to the interest rate limitations of the Nebraska Installment Loan and Sales Act.

Mike Jacobson, Chairperson

