

MEETING
OF THE
SENATE STANDING COMMITTEE
ON
COMMERCE

172

Date: April 5, 1971

Members Present: Senator Close
Senator Hecht
Senator Lamb
Senator Swobe

Members Absent: Senator Drakulich

Witnesses: Dr. White, Director of Commerce
Julian Moore, Chairman of the Board,
Frontier Savings and Loan
R. M. Pryor, President, Security
National Bank of Nevada
R. W. Hine, President, First Western
Savings and Loan
Sherman Miller, President, Nevada
Savings and Loan
Clark Guild, representing Home
Savings and Loan
"Bert" Fitz, former banker
David Hoy, representing Nevada Bankers'
Association.

Chairman Close called the meeting to order at 1:05 P.M.

SB 596 - Creates Nevada home loan mortgage.

Dr. White told the committee that a representative from the Federal Home Loan Bank Board would not be present to speak in behalf of the bill. However, they did reiterate over the phone that they would stand behind their telegram which you received last week.

Mr. Moore: This bill is more important to the southern associations than to the northern associations. I would like to suggest that Section 16, Line 29, beginning at the second word be deleted. Other than that, we are heartily in support of the bill. Personally, I feel this will be harder to put into effect than is visualized at this time. But if put into effect, it can be of genuine benefit.

Mr. Pryor: I believe the proposed legislation creates competition with the private sector. There is no need for the State to get involved. If a lending institution needs additional capital, they can borrow from existing Federal agencies. I strongly recommend that no affirmative action be taken on this bill.

Mr. Hine: The purpose of this bill is to allow the southern associations to obtain relief from other than Federal agencies.

Mr. Miller: The way the bill is now written, it makes provisions for the purchase of only now existing loans. If this is successful, it will be able to repay the Federal Home Loan Bank Board.

Mr. Guild: I would like to call your attention to some specifics in the legislation. I don't believe it was the intent of the committee to give the corporation the authority to do anything necessary for implementing the savings and loan law. I would therefore certainly recommend that you eliminate lines 27 and 28. At the present time the FSLIC does not guarantee any mortgages. They guarantee deposits only.

Dr. White: We have no intention of proceeding without the guarantee of the Federal Savings and Loan Insurance Corporation. We are asking the legislature to give us the mechanism to do this if our market estimates are correct. We are only trying to gain access to a cheaper money market.

Mr. Fitz: Dr. White says that only guaranteed mortgages will be purchased, but Section 14 indicates that the director may enter into commitment contracts for the purchase of home mortgages not in existence. If I were in the position of a legislator, I would not vote for this measure.

Mr. Hoy: I believe this to be a special interest bill. The guarantee by the FSLIC is merely a promise. The bill is designed to help only a few of the associations in southern Nevada. In effect, the state is going to subsidize the poor business practices of these associations

Following the testimony, the gentlemen left the meeting.

Senator Swobe made a motion to hold the bill in committee; seconded by Senator Lamb; motion carried.

The meeting was adjourned at 1:55 P.M.