

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL & FINANCIAL INSTITUTIONS

The meeting was called to order by REPRESENTATIVE HAROLD P. DYCK at _____
Chairperson

3:30 ~~XX~~ a.m./p.m. on March 1, 1984 in room 527-S of the Capitol.

All members were present except:

Committee staff present: Bill Wolff, Research Department
Myrta Anderson, Research Department
Bruce Kinzie, REvisor of Statutes Office
Mitchell Lousch, Intern
Virginia Conard, Committee Secretary

Conferees appearing before the committee: Representative Dorothy Nichols
Stanley Lind, Kansas Association of Finance Companies

Chairman Dyck opened the meeting and called on Rep. David Miller to give the report of the Subcommittee which had been appointed to study Sub HB2126. Subcommittee Chairman David Miller read the subcommittee's report (See Attachment I). The report read, in part: "The majority of the Subcommittee recommends that no action be taken on Substitute for HB2126."

Rep. Miller stated that in his first term (1981-1982) he had considered this issue while a member of the Pensions and Investments Committee. He gave a background of the philosophy of keeping public money in as local an institution as possible and that the current position of doing that is logical and defensible.

Chairman Dyck called on subcommittee members Rep. Richard Eckert and Rep. Richard Schmidt for their comments.

Rep. Miller moved the adoption of the subcommittee report. Rep. Bob Ott seconded the motion.

Rep. Larry Wilbert made a substitute motion that the committee pass the bill favorably. Rep. Dorothy Nichols seconded the motion.

Chairman Dyck suggested the committee accept the subcommittee's report. Chairman Dyck told the committee that he could have had this bill killed long ago. he felt the day of the hearing that if a vote had been taken then the bill would have been reported adversely. "I wanted the bill to have a fair review. Thus I went specifically to Rep. Miller because he was familiar with it having served on the Pensions and Investments Committee. I chose the other two members of the committee because they confirmed they had open minds on the subject. I wanted the committee members to be fair with their taxpayers at home," Chairman Dyck stated. He went on to state, "This was not a light or easy decision for Rep. Miller or for the committee. I feel that the bill has had the benefit of discussion and evaluation. I have no regrets for what we have done so far."

The substitute motion was withdrawn. The original motion carried--i.e., the adoption of the subcommittee report.

Rep. Kenneth King moved that this be recommended to LCC for an interim study--that is, that points embodied in Sub. for HB2126 be recommended for an interim study. Rep. Ivan Sand seconded the motion. Motion carried.

Going to the balloon copy of HB2948 (see Attachment II), Staff Member Bruce Kinzie went through the proposed bill. Rep. Nichols testified for the bill. She pointed out that the bill was not just for women but is for everyone. It was pointed out that through this bill people would have someone (the Consumer Credit Commissioner) at the state level they could go to with their complaints.

Rep. Susan Roenbaugh moved that HB2948 be amended according to the balloon. Rep. Dorothy Flottman seconded the motion. Motion carried.

Rep. Nichols moved that the Committee pass the bill out favorably, as amended. Rep. Eckert seconded the motion. Motion carried.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON COMMERCIAL & FINANCIAL INSTITUTIONS,
room 527-S, Statehouse, at 3:30 ~~xxx~~ /p.m. on March 1, 19 84

Stanley Lind testified in strong opposition to Sub for HB2650. (See Attachment III for Sub for HB2650 and see Attachment IV for Mr. Lind's Exhibits in opposition to the bill.)

Rep. Ed Rogers moved that the minutes of the February 28 meeting be approved. Rep. Nichols seconded the motion. Motion carried.

The meeting adjourned shortly after 4:30 p.m.

A Hachmen' T

TO: Representative Harold Dyck, Chairman
House Committee on Commercial and Financial
Institutions

FROM: Subcommittee on Substitute for H.B. 2126

RE: Subcommittee Report

The Subcommittee on Substitute for H.B. 2126 met on three occasions to hear testimony and to discuss the provisions of the bill. Conferees appearing on behalf of the measure included representatives of the Kansas League of Savings Institutions, the Kansas League of Municipalities, and the Kansas Association of School Boards. Testimony received by the Subcommittee reiterated the positions presented by the conferees before the full Committee.

Conferees appearing in opposition to the bill included representatives of the Kansas Bankers Association (KBA) and the Kansas Farm Bureau. The KBA position repeated that taken before the full Committee. Paul Fleener, representing the Farm Bureau, explained that Farm Bureau membership was on record in opposition to any financial institution structure change proposed over the last two years. Particularly, he said, "Our people have interpreted Substitute for H.B. 2126...to open a door to siphon away funds from banks in Kansas that have historically worked with our farmers and ranchers in meeting their credit needs."

After discussing the testimony received, Representative David Miller and Representative Dick Eckert concluded that the present law prohibiting savings and loan associations and banks from bidding on and accepting public funds deposit in branches or detailed facilities should not be changed. Representative Richard Schmidt dissented from that conclusion. The majority of the Subcommittee recommends, therefore, that no action be taken on Substitute for H.B. 2126.

On a related issue, the Subcommittee is unanimous in its recommendation to the full Committee that the Legislature take some action to monitor the use of first real estate mortgages pledged as security for public funds deposits.

Respectfully submitted:



David G. Miller, Chairman
Subcommittee on Substitute
for H.B. 2126

Atch. I
3/1/84

HOUSE BILL No. 2948

By Representatives Apt, Aylward, Baker, Barr, Chronister, Flottman, W. Fuller, Hassler, Nichols and Roenbaugh

0018 AN ACT enacting the Kansas equal credit opportunity act.

0019 *Be it enacted by the Legislature of the State of Kansas:*

0020 Section 1. As used in this act:

0021 (a) "Applicant" means any person who applies to a creditor
0022 directly for an extension, renewal or continuation of credit, or
0023 applies to a creditor indirectly by use of an existing credit plan
0024 for an amount exceeding a previously established credit limit.

0025 (b) "Credit" means the right granted by a creditor to a debtor
0026 to defer payment of debt or to incur debts and defer its payment
0027 or to purchase property or services and defer payment therefor.

0028 (c) "Creditor" means any person who regularly extends,
0029 renews or continues credit; any person who regularly arranges
0030 for the extension, renewal or continuation of credit; or any
0031 assignee of an original creditor who participates in the decision
0032 to extend, renew or continue credit.

0033 (d) "Person" means a natural person, a corporation, govern-
0034 ment or governmental subdivision or agency, trust, estate, part-
0035 nership, cooperative or association.

0036 (e) ~~"Commission" means the commission on civil rights~~
0037 ~~created pursuant to K.S.A. 44-1003, and amendments thereto.~~

"Commissioner" means the consumer credit commissioner.

0038 (f) "Adverse action" means a denial or revocation of credit, a
0039 change in the terms of an existing credit arrangement, or a refusal
0040 to grant credit in substantially the amount or on substantially the
0041 terms requested. Such term does not include a refusal to extend
0042 additional credit under an existing credit arrangement where the
0043 applicant is delinquent or otherwise in default, or where such
0044 additional credit would exceed a previously established credit
0045 limit.

Attch. II
3/1/84

0046 Sec. 2. (a) It shall be unlawful for any creditor to discrimi-
0047 nate against any applicant, with respect to any aspect of a credit
0048 transaction:

0049 (1) On the basis of race, color, religion, national origin, sex,
0050 marital status or age, provided the applicant has the capacity to
0051 contract;

0052 (2) because all or part of the applicant's income derives from
0053 any public assistance program; or

0054 (3) because the applicant has in good faith exercised any
0055 right under this act.

0056 (b) It shall not constitute discrimination for purposes of this
0057 act for a creditor:

0058 (1) To make an inquiry of marital status if such inquiry is for
0059 the purpose of ascertaining the creditor's rights and remedies
0060 applicable to the particular extension of credit and not to dis-
0061 criminate in a determination of credit-worthiness;

0062 (2) to make an inquiry of the applicant's age or of whether the
0063 applicant's income derives from any public assistance program if
0064 such inquiry is for the purpose of determining the amount and
0065 probable continuance of income levels, credit history or other
0066 pertinent element of credit-worthiness;

0067 (3) to use any empirically derived credit system which con-
0068 siders age if such system is demonstrably and statistically sound,
0069 except that in the operation of such system the age of an elderly
0070 applicant may not be assigned a negative factor or value; or

0071 (4) to make an inquiry or to consider the age of an elderly
0072 applicant when the age of such applicant is to be used by the
0073 creditor in the extension of credit in favor of such applicant.

0074 (c) It is not a violation of this section for a creditor to refuse to
0075 extend credit offered pursuant to:

0076 (1) Any credit assistance program expressly authorized by
0077 law for an economically disadvantaged class of persons if such
0078 refusal is required by or made pursuant to such program;

0079 (2) any credit assistance program administered by a nonprofit
0080 organization for its members or an economically disadvantaged
0081 class of persons if such refusal is required by or made pursuant to
0082 such program; or

0083 (3) any special purpose credit program offered by a profit-
0084 making organization to met special social needs if such refusal is
0085 required by or made pursuant to such program.

0086 Sec. 3. (a) Within 30 days or such longer reasonable time as
0087 specified in rules and regulations adopted by the ~~commission~~ for
0088 any class of credit transaction, after receipt of a completed
0089 application for credit, a creditor shall notify the applicant of its
0090 action on the application.

0091 (b) Each applicant against whom adverse action is taken shall
0092 be entitled to a statement of reasons for such action from the
0093 creditor. A creditor satisfies this obligation by:

0094 (1) Providing statements of reasons in writing as a matter of
0095 course to applicants against whom adverse action is taken; or

0096 (2) giving written notification of adverse action which dis-
0097 closes: (A) The applicant's right to a statement of reasons
0098 within 30 days after receipt by the creditor of a request made
0099 within 60 days after such notification; and (B) the identity of
0100 the person or office from which such statement may be obtained.

0101 Such statement may be given orally if the written notification
0102 advises the applicant of his right to have the statement of reasons
0103 confirmed in writing on written request.

0104 (c) A statement of reasons meets the requirements of this
0105 section only if it contains the specific reasons for the adverse
0106 action taken.

0107 (d) Where a creditor has been requested by a third party to
0108 make a specific extension of credit directly or indirectly to an
0109 applicant, the notification and statement of reasons required by
0110 this section may be made directly by such creditor, or indirectly
0111 through the third party, provided in either case that the identity
0112 of the creditor is disclosed.

0113 (e) The requirements of subsections (b), (c) and (d) may be
0114 satisfied by verbal statements or notifications in the case of any
0115 creditor who did not act on more than 150 applications during
0116 the calendar year preceding the calendar year in which the
0117 adverse action is taken.

0118 Sec. 4. (a) Each party to a marriage may apply for the sepa-
0119 rate extension of consumer credit in any case where each party to

commissioner

0120 a marriage voluntarily applies for separate credit from the same
0121 creditor.

0122 (b) When each party to a marriage separately and voluntarily
0123 applies for and obtains separate credit accounts with the same
0124 creditor, those accounts shall not be aggregated or otherwise
0125 combined for purposes of determining permissible finance
0126 charges or permissible loan ceilings.

0127 Sec. 5. No provisions of this act imposing liability shall
0128 apply to any act done or omitted by a creditor done in good faith.

0129 ~~Sec. 6. Every person subject to this act shall keep posed in a
0130 conspicuous place or places on the person's premises notices to
0131 be prepared or approved by the commission, which shall set
0132 forth excerpts of this act and such other relevant information
0133 which the commission considers necessary to explain the act.~~

6.

0134 ~~Sec. 7.] Any person aggrieved by any alleged unlawful credit
0135 practice may file a complaint with the [commission, the commis-
0136 sion shall process a complaint in the manner provided for proc-
0137 essing complaints of unlawful employment practices, and the
0138 complaint shall be heard and orders issued, in the same manner
0139 as provided for unlawful employment practices under the Kansas
0140 act against discrimination. Rehearing and judicial review of the
0141 commission's decision in the case shall be conducted in the
0142 manner provided by K.S.A. 44-1010 and 44-1011, and amend-
0143 ments thereto.]~~

commissioner

0144 ~~Sec. 8.] (a) No person shall willfully resist, prevent, impede
0145 or interfere with the [commission] or any of [its members or]
0146 representatives in the performance of duty under this act [or shall
0147 willfully violate any order of the commission].~~

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0148 (b) Violation of this section is a misdemeanor punishable by
0149 ~~[imprisonment for not more than one year or by] a fine of not more
0150 than \$500 [or both]~~

0151 ~~[(c) Lawful use of procedures for review of a commission
0152 order shall not be considered a violation of this section.]~~

8.

0153 ~~Sec. 9.] (a) Any creditor who fails to comply with any re-
0154 quirement imposed under this act shall be liable to the aggrieved
0155 applicant for any actual damages sustained by such applicant
0156 acting either in an individual capacity or as a member of a class.~~

0157 (b) Any creditor, other than a government or governmental
 0158 subdivision or agency, who fails to comply with any requirement
 0159 imposed under this act shall be liable to the aggrieved applicant
 0160 for punitive damages in an amount not greater than \$10,000, in
 0161 addition to any actual damages provided in subsection (a) of this
 0162 section, except that in the case of a class action the total recovery
 0163 under this subsection shall not exceed the lesser of \$500,000 or 1
 0164 per centum of the net worth of the creditor. In determining the
 0165 amount of such damages in any action, the court shall consider,
 0166 among other relevant factors, the amount of any actual damages
 0167 awarded, the frequency and persistence of failures of compliance
 0168 by the creditor, the resources of the creditor, the number of
 0169 persons adversely affected and the extent to which the creditor's
 0170 failure of compliance was intentional.

0171 Sec. ~~10~~ (a) The provisions of this act shall be construed
 0172 liberally for the accomplishment of its purposes.

0173 (b) Nothing in this act shall be construed to mean that a
 0174 creditor shall be forced to extend credit to an uncredit-worthy
 0175 person.

0176 Sec. ~~11~~ The ~~commission may~~ adopt rules and regulations to
 0177 carry out the provisions of this act.

0178 Sec. ~~12~~ This act shall take effect and be in force from and
 0179 after its publication in the statute book.

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commissioner shall

which are no less restrictive than any regulations issued pursuant to title VII of the consumer credit protection act (15 USC 1691 et seq.)

Sec. 11. This act may be cited as the Kansas equal credit opportunity act.

Substitute for HOUSE BILL NO. 2650

By Committee on Commercial and Financial Institutions

AN ACT concerning the uniform consumer credit code; relating to finance charges; amending K.S.A. 1983 Supp. 16a-2-401 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1983 Supp. 16a-2-401 is hereby amended to read as follows: 16a-2-401. (1) With respect to a consumer loan, including a loan pursuant to open end credit, a lender may contract for and receive a finance charge, calculated according to the actuarial method, not exceeding 18% per year on the unpaid balance of the amount financed not exceeding \$1,000 and 14.45% per year on that portion of the unpaid balance in excess of \$1,000.

(2) As an alternative to the rates set forth in subsection (1), with respect to a supervised loan made under a license issued by the administrator, including a loan pursuant to open end credit, a supervised lender may contract for and receive a finance charge, calculated according to the actuarial method, not exceeding the equivalent of the greater of either of the following:

The total of: (a) Thirty-six percent per year on that part of the unpaid balance of the amount financed which is \$300 or less; and

(b) twenty-one percent per year on that part of the unpaid balance of the amount financed which is more than \$300, but does not exceed \$1,000; and

(c) fourteen and forty-five hundredths percent per year on that portion of the unpaid balance of the amount financed which is more than \$1,000; or

(d) eighteen percent per year on the unpaid balance of the

amount financed.

(3) This section does not limit or restrict the manner of calculating the finance charge, whether by way of add-on, discount, or otherwise, so long as the rate of the finance charge does not exceed that permitted by this section. The finance charge may be contracted for and earned at the single annual percentage rate that would earn the same finance charge as the graduated rates when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method. If the loan is precomputed:

(a) The finance charge may be calculated on the assumption that all scheduled payments will be made when due; and

(b) the effect of prepayment is governed by the provisions on rebate upon prepayment (section 16a-2-510).

(4) The term of a loan for the purposes of this section commences on the date the loan is made. Differences in the lengths of months are disregarded and a day may be counted as 1/30th of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of 15 days may be treated as a full month if periods of 15 days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

(5) Subject to classifications and differentiations the lender may reasonably establish, the lender may make the same finance charge on all amounts financed within a specified range. A finance charge so made does not violate subsections (1) and (2) if:

(a) When applied to the median amount within each range, it does not exceed the maximum amount permitted in subsections (1) and (2); and

(b) when applied to the lowest amount within each range, it does not produce a rate of finance charge exceeding the rate calculated according to paragraph (a) by more than 8% of the rate calculated according to paragraph (a).

(6) Notwithstanding subsections (1) and (2), a lender may contract for and receive a minimum finance charge of not more than \$5 when the amount financed does not exceed \$75, or not more than \$7.50 when the amount financed exceeds \$75.

(7) This section shall not apply to a loan secured by an interest in land the interest rate of which is governed by subsection (b) of K.S.A. 16-207, and amendments thereto, unless made subject hereto by agreement.

(8) Subsections (1), (2) and (9) of this section shall not apply to a loan secured by an interest in land subordinate to a prior mortgage and held by a lender other than the lender of the first mortgage, the interest rate of which is governed by subsection (b) or (h) of K.S.A. 16-207, and any amendments thereto, unless made subject hereto by agreement.

(9) As an alternative to the rates set forth in subsection (1) and subsection (2)(d), during the period beginning on the effective date of this act and ending July 1, 1985, a supervised lender may contract for and receive a finance charge not exceeding 21% per year on the unpaid balance of the amount financed.

(10) A lender shall not contract for or receive a nonrefundable prepaid finance charge, except as permitted by rules and regulations adopted by the commissioner. Such rules and regulations may permit the lender to contract for and receive a nonrefundable origination fee of up to, but not to exceed, 3% discounted from the amount financed.

Sec. 2. K.S.A. 1983 Supp. 16a-2-401 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

Part 4
CONSUMER LOANS; MAXIMUM
FINANCE CHARGES

16a-2-401. (UCCC) Finance charge for consumer loans; exempting loans served by an interest in land. (1) With respect to a consumer loan, including a loan pursuant to open end credit, a lender may contract for and receive a finance charge, calculated according to the actuarial method, not exceeding 18% per year on the unpaid balance of the amount financed not exceeding \$1,000 and 14.45% per year on that portion of the unpaid balance in excess of \$1,000.

(2) As an alternative to the rates set forth in subsection (1), with respect to a supervised loan made under a license issued by the administrator, including a loan pursuant to open end credit, a supervised lender may contract for and receive a finance charge, calculated according to the actuarial method, not exceeding the equivalent of the greater of either of the following:

The total of: (a) Thirty-six percent per year on that part of the unpaid balance of the amount financed which is \$300 or less; and

(b) twenty-one percent per year on that part of the unpaid balance of the amount financed which is more than \$300, but does not exceed \$1,000; and

(c) fourteen and forty-five hundredths percent per year on that portion of the unpaid balance of the amount financed which is more than \$1,000; or

(d) eighteen percent per year on the unpaid balance of the amount financed.

(3) This section does not limit or restrict the manner of calculating the finance charge, whether by way of add-on, discount, or otherwise, so long as the rate of the finance charge does not exceed that permitted by this section. The finance charge may be contracted for and earned at the single annual percentage rate that would earn the same finance charge as the graduated rates when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method. If the loan is precomputed:

(a) The finance charge may be calculated on the assumption that all scheduled payments will be made when due; and

(b) the effect of prepayment is governed by the provisions on rebate upon prepayment (section 16a-2-510).

(4) The term of a loan for the purposes of this section commences on the date the loan is made. Differences in the lengths of months are disregarded and a day may be counted as 1/30th of a month. Subject to classifications and differentiations the lender may reasonably establish, a part of a month in excess of 15 days may be treated as a full month if periods of 15 days or less are disregarded and that procedure is not consistently used to obtain a greater yield than would otherwise be permitted.

(5) Subject to classifications and differentiations the lender may reasonably establish, the lender may make the same finance charge on all amounts financed within a specified range. A finance charge so made does not violate subsections (1) and (2) if:

(a) When applied to the median amount within each range, it does not exceed the maximum amount permitted in subsections (1) and (2); and

(b) when applied to the lowest amount within each range, it does not produce a rate of finance charge exceeding the rate calculated according to paragraph (a) by more than 8% of the rate calculated according to paragraph (a).

(6) Notwithstanding subsections (1) and (2), a lender may contract for and receive a minimum finance charge of not more than \$5 when the amount financed does not exceed \$75, or not more than \$7.50 when the amount financed exceeds \$75.

(7) This section shall not apply to a loan secured by an interest in land the interest rate of which is governed by subsection (b) of K.S.A. 16-207, and amendments thereto, unless made subject hereto by agreement.

(8) This section shall not apply to a loan secured by an interest in land subordinate to a prior mortgage and held by a lender other than the lender of the first mortgage, the interest rate of which is governed by subsection (b) or (h) of K.S.A. 16-207, and any amendments thereto, unless made subject hereto by agreement.

(9) As an alternative to the rates set forth in subsection (1) and subsection (2)(d), during the period beginning on the effective date of this act and ending July 1, 1985, a supervised lender may contract for and receive a finance charge not exceeding 21% per year on the unpaid balance of the amount financed.

Paraphrasing subsection (8), this subsection means:

"This section (16a-2-401) shall not apply to a second mortgage adjustable real estate loan made under the Uniform Consumer Credit Code, if the interest rate is deregulated by 16-207(h), unless made subject hereto by agreement."

EXHIBIT NO. 1

Atch. IV
3/1/84

Attachment IV
Redlined by Stanley
Lind on Sub. H 8 2650

RATE & TERM QUOTE SHEET
KANSAS

SECOND MORTGAGE RATES

Fixed Rate Balloon

Term	Call	LTV	Max. Loan	Rate	Max Debt Ratio
180 Mo. (FNMA)	-0-	75%	\$108,300.	14.25% + 3 Pts	36-38%
180 Mo.	-0-	75%	\$200,000.	18.00	45%
180 Mo.	10 Yr.	75%	\$200,000.	17.00	45%
180 Mo.	5 Yr.	75%	\$200,000.	16.00	45%
180 Mo.	-0-	*80%	\$200,000.	19.00	40%
180 Mo.	10 Yr.	*80%	\$200,000.	18.00	40%
180 Mo.	5 Yr.	*80%	\$200,000.	17.00	40%
180 Mo.	-0-	**85%	\$200,000.	20.00	40%
180 Mo.	10 Yr.	**85%	\$200,000.	19.00	40%
180 Mo.	5 Yr.	**85%	\$200,000.	17.00	40%

Variable Rate

Term	Call	LTV	Max. Loan	Yield	Max Debt Ratio
180 Mo.	-0-	75%	\$200,000.	14.95	45%
180 Mo.	-0-	*80%	\$200,000.	15.95	40%
180 Mo.	-0-	**85%	\$200,000.	16.95	40%

NOTE: Loan Terms over 60 Mo. to 120 Mo. you will quote the 10 year call, 180 Mo. term, for the corresponding LTV ratio.

Loan Terms for 60 Mo. and below you will quote the 5 year call 180 Mo. term, for the corresponding LTV ratio.

THE LOAN OF CUSTOMER D.G.

Present loan 13% variable:

Principal Amount of Loan	=	\$43,000.00
Terms	=	180 x 544.05
Rate	=	13%
Yield	=	15.00
Points (4300)	=	10
Total Interest	=	\$54,929.00
Total Repayable	=	\$97,929.00

Proposed Loan 13% Fixed 18%

Principal Amount of Loan	=	\$38,700.00
Terms	=	180 x 623.46
Rate	=	18%
Yield	=	18%
Points	=	none
Total Interest	=	\$73,522.80
Total Repayable	=	\$112,222.80

Difference between the Totals Repayable in the two examples and savings to borrower if paid to maturity	\$14,293.80
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DECEMBER 1983 KANSAS REAL ESTATE LOANS

<u>Points</u>	<u>Variable Yield</u>	<u>Fixed Yield</u>	<u>Revolving Yield</u>
11.07	15.00	18.00	16.00
8.00	16.20	17.00	16.00
10.00	15.00	18.00	16.00
4.00	14.83	17.00	16.00
4.85	15.00	17.00	16.00
-	15.00	18.00	17.00
-	15.00	16.00	16.00
8.92	18.00		15.00
5.00	15.34		16.00

EXHIBIT NO. 4

LOAN EXAMPLES GIVEN BY ASST. A.G. SOUTHARD

COMPANY "X" LOAN

A.G. LOAN
7% APR Fixed Rate

A.G. LOAN
 Adjustable 15% Rate
+ 8.1 Points = 17.25 APR

Adjustable 13% Rate
+ 8 Points = 15.16 APR

Principal	\$34,225.00	Principal	\$34,225.00	Principal	\$34,225.00
Points	--	Points	2,775.00	Points	2,738.00 (36,963.00)
Total Amount Financed (Principal)	\$34,225.00	Total Amount Financed (Principal)	\$37,000.00	Total Amount Financed (Principal)	\$37,000.00
Finance Charge (Interest)	\$37,413.80	Finance Charge (Interest)	\$34,632.80	Finance Charge (Interest)	\$29,292.80
Total Repayable	\$71,638.80	Total Repayable	\$71,632.80	Total Repayable	\$66,292.80
Difference	--	Difference in total repayable	-6.00	Difference in total repayable	-5,383.00
Terms	120 x 596.99	Terms	120 x 596.94	Terms	120 x 552.44
Difference	--	Difference in monthly payment in prior loan example and this example	-.05	Difference in monthly payment between a fixed rate and this variable rate loan.	-44.55