

How They Voted On Usury Bill Defeat



LANSING
 Observers and lawmakers split widely as the State House of Representatives defeated a controversial usury bill that would have raised the current 7 per cent ceiling on home mortgage interest rates to 8-1/2 per cent.

The total vote was 44 in favor and 58 against. A bill needs 56 votes to pass.

Voting in favor of the higher ceiling were Reps. Raymond Baker (D-Farmington) and James Tierney (D-Garden City), whose district also covers Plymouth.

Opposed were Reps. Marvin Stempfen (D-Livonia) and Vincent Pettipren (D-Westland).

NOT VOTING were Reps. Richard Young (D-Dearborn Heights) and John Bennett (D-Redford). Bennett has been ill and isn't expected to return to the floor this session.

Democrats split nine in favor and 41 against the bill. Republicans split 35-17 in favor.

The Senate on March 19 passed a nine per cent bill with little fuss, but the House had turned into a battleground, delaying a final vote daily for almost two weeks.

Proponents doubted another attempt would be made at passage in the near future.

HOME LOAN MONEY has been difficult to obtain in this period of inflation and high interest rates. Supporting the proposed higher rate limitation were lending institutions and, recently, some building trades union leaders.

They have argued that most neighboring states have lifted the rate limit, and that money would be channeled out of home mortgages in Michigan if this state refused to hike its rate to at least 8-1/2 or 9 per cent.

Leading the opposition was August Scholle, state AFL-CIO president. Some opponents had even talked of a ballot refer-

endum to allow voters to defeat the bill if the Legislature passed it.

FEDERALLY guaranteed FHA and VA mortgages would have been unaffected by the bill. Their rates are regulated by Washington. Their maximum permissible rate is 7 1/2 per cent.

In a telephone interview several days ago, Rep. Stempfen, who voted against the bill Wednesday, criticized it as being too broad in its effect.

Stempfen said he had offered a substitute which would have only amended the 11-year-old state usury act by lifting the rate on mortgages only.

REP. TIERNEY, one of the few Democrats to back the change, said "I've been getting a lot of requests from people unable to get mortgages or improvement loans. They're in a bind.

"I hate to see this (higher interest rates) come about as much as anybody, but you've got to face facts. Money is a commodity like anything else, and it's affected by inflation."

"Even the GI and VA loans are up to 7 1/2 per cent plus points, which means that the true rate is even higher," Tierney said.

The defeat of the bill would have prohibited lenders from charging borrowers "points"—a device for collecting extra sums at the time of closing of a loan, thus indirectly raising the interest rate beyond the stated level.

BEFORE THE House voted, some bankers had suggested that even the 8.5 per cent limit would have failed to chan-

nel enough money into home loans to free up the market.

They suggested that 9 or 9-1/2 per cent might be necessary.

Michigans experience with home loans during 1969 thus might become an economics textbook classic case. Economists would argue that only a sufficient supply of money—not a state law controlling its price—is necessary to make funds readily available to home buyers.

There was widespread talk that Michigan lenders were holding back on making loans during receipt weeks in anticipation of passage of the bill. It remains to be seen what they'll do now.

Campus Crackdown Splits Local Reps

LANSING
 Local state representatives split 3-2 as the House recently amended a college money bill in an effort to curb unruly students.

The House voted 68-29 to join with the Senate in saying that students must forfeit state scholarships if convicted for disorderly conduct, personal violence, damage or "while participating in any disorder" on a campus.

VOTING FOR the amendment were Reps. Raymond Baker (R-Farmington), James Tierney (D-Garden City) and Richard Young (D-Dearborn Heights). Tierney's district also cov-

ers Plymouth, and Young represents two precincts in Livonia.

Voting against the restriction were Reps. Marvin Stempfen (D-Livonia) and Vincent Pettipren (D-Westland).

The ailing Rep. John Bennett (D-Redford) was unable to vote.

The amendment was added to Gov. Milliken's \$295 million appropriations bill for state colleges.

SMILAR LANGUAGE was approved earlier in the Senate, but House liberals blocked it out in the Appropriations Committee.

And so backers of the re-

striction had to end the college aid bill from the floor.

The amendment directs college presidents to report names of convicted students receiving scholarships or tuition grants "to the awarding authority . . . which shall forthwith terminate any such assistance."

No penalty is specified for a college's failure to comply. The amendment was one of many measures legislators have been preparing to crack down on student rebels.

5 Reps Back Sex Ed Curb

LANSING
 Five Observers state representatives voted "yes" as the House recently voted to direct the State Education Department to write guidelines for the teaching of sex education.

The vote was 71-21 in favor of the sex education amendment to the \$39 million appropriation bill for the Education Department.

THE AMENDMENT gives the Education Department until Aug. 15 to write the guidelines or else requires school districts to suspend sex education until given further approval by the State Board of Education.

Voting with the majority were Reps. Raymond Baker (R-Farmington) and Democrats Vincent Pettipren of Westland, Marvin Stempfen of Livonia, James Tierney of Garden City and Richard Young of Dearborn Heights.

The proposal still faces a Senate vote.

The amendment would override the year-old statute authorizing local school districts to set up their own sex education programs.

SPONSORS were Republicans James Smith of Davison, Loren Anderson of Pontiac and William Hampton of Bloomfield Hills.

Said Hampton: "Sex education has gone off in 100 different directions. I'm not against teaching sex, I'm not venturing to tell schools what they have to teach."

Anderson defended sex educators while supporting state-wide guidelines.

"These aren't some weird people showing dirty movies to our children," Anderson said. "They're not particularly keen on it, but due to the fact that it isn't being done in the home, they think they have a responsibility."

Inventive City
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