

benefit to the lender and we just eliminated the use of the rule of seventy eights in the small loan industry and in some other industries so we went ahead and did the same thing with respect to the banking industry and the industrial savings and loan industry but a question has arisen and I have the letter in my hand from the questioner who says simply, "Did LB 279 which became law March 18, 1980, but with this provision not to be effective until October 1, 1981, did this provision affect contracts that came into being after March 18, 1980, but which might be prepaid after October 1, 1981?" And it is a legitimate question. The law is a little ambiguous on that point. I would not personally want a significant contractual change like the one we made on prepayment to have any kind of a retrospective application. It seems to me that it might be some constitutional problems with it. It might be deemed an impairment of contract and so what I have done with this amendment is to make it clear to the world that respect to any contract entered into before October 1, 1981, the rule of seventy eights can be used in terms of calculating the prepayment penalty or on the alternative, the actuarial method can be used. But with respect to those contracts that come into being after October 1, 1981, only the actuarial method can be used. This is a technical amendment. It deals with a little problem that arose because of the passage of legislation last year. I would ask your support.

SPEAKER MARVEL: Senator DeCamp.

SENATOR DeCAMP: Mr. President, indeed this is a good amendment and it does address a clarification of this rule of seventy eights issue and I strongly support the amendment and now I have absolved myself of any guilt, Senator Fowler.

SPEAKER MARVEL: Senator Hefner.

SENATOR HEFNER: Mr. President and members of the body, I rise to support this amendment. I think that if it makes Senator Johnson feel a little better, makes him feel a little more comfortable with the bill, well I am not going to stand in the way and fight this amendment. I think it does clarify a few things. It says for any contract entered into prior to October 1, 1981, and so this is fine with me and so I urge you to support this amendment.

SPEAKER MARVEL: Senator Johnson, do you want to close on your amendment?

SENATOR JOHNSON: No, Mr. Speaker, I would waive closing.