

before there is a change in the rate, there would have to be a ten day notification to the individual involved that the rate was changing. Now one of the main purposes of the bill is to avoid litigation and the litigation will come probably in the form of the fact that these loans are already being utilized widely, I am going to say almost exclusively on some larger loans, and, of course, PCAs, Production Credit Associations, Federal Land Banks, all other federal agencies are allowed to do this. This bill simply eliminates, as I say, that possibility of litigation by saying these are an allowed thing so that our state institutions and others know it and we also provide some additional protections that do not exist now for the average consumer and that is that they do get a notice, whereas under the present situation they don't. This was requested by the Nebraska Bankers Association. However, it does go much broader than just bankers. It would allow also, one of the main goals of variable interest loans is to allow lending institutions to enter into longer term agreements because now they know they will have the flexibility to follow what the market conditions are rather than to get trapped into a fourteen percent loan when things may go up to twenty and also to allow that consumer to know that if he signs up at twenty and it goes down to thirteen, he gets the benefit of that. So it is a two-edged sword again to provide a realistic dealing with the situation of money and credit as it exists in 1982.

SENATOR CLARK: Senator Cope.

SENATOR COPE: Mr. President, a question of Senator DeCamp.

SENATOR CLARK: Senator DeCamp.

SENATOR DeCAMP: Yes, sir.

SENATOR COPE: Senator DeCamp, I presume that bank loans are for a certain length of time and during that time the interest rate remains the same, or when, as written in the bill, ten days prior to changing. Now would you clarify that please? In other words, I go to the bank and for the next three months I could be sure that I was going to pay that amount of interest, is that correct, or could the bank come and say in ten days you are going to be charged more?

SENATOR DeCAMP: Senator Cope, it is going to depend upon the terms of the note. If the note specifically guarantees you a rate for three months, you have got that rate for three months. If the note provides a variable, then if it is a business loan, they could change that as conditions