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LB 778

go. For example, it might have one and a half percent over prime or some such standard as that in the note. What we do have now is the variable occurring, and in the case of the consumer, the change can be without them really knowing it. So on consumer loans we are providing a ten day notice that doesn't exist now but, of course, that depends upon the original terms of the notes, whether it says variable in there or whether it provides a rate, for example, that is the equivalent of a variable such as one and a half percent over prime. And the notice would be, U. S. mails mailed to you at the address put on the note itself.

SENATOR COPE: Now variable loans are used primarily in savings and loans, is that correct?

SENATOR DeCAMP: That used to be, Senator. That is where they were popular and where they were first developed, and again they were developed there for the purpose of giving the ability of the savings and loans to make longer term loans. However, banks now are using variable loans very heavily as are PCAs, Federal Land Banks, other federal agencies. Variable loans are here and it is time we recognized them officially and that is what the legislation does. So I would not want to deceive you even slightly by suggesting that the place where variable loans are going to occur under this legislation is S & Ls because, no, quite the opposite. S & Ls have their variable ability pretty much. This is going to put it across the board in other areas and that is the purpose.

SENATOR COPE: I understand that but I just...at the present time banks have a variable loan in that their length of time, sixty days, six months, a year, whatever it is, but it is for that length of time, isn't it...?

SENATOR DeCAMP: No.

SENATOR COPE: ...or is it the change on notice?

SENATOR DeCAMP: No. No. Again, let me make that clear, you could have a loan you signed today with let's say the First National Bank of Kearney, I don't know whether such a bank exists, and that loan could say right now, it probably does in the loans they are making, let's say a \$12,000 business loan for inventory and it would say right in there something like one and a half percent over prime, so on and so forth, and so that would change, could change from week to week. In fact it could change on a daily basis if things became that unstable.