

February 8, 1982

LB 778

SENATOR DeCAMP: Absolutely.

SENATOR VICKERS: ...to have notes of a six months period of time, is that correct?

SENATOR DeCAMP: Yes, sir.

SENATOR VICKERS: Okay, thank you.

SENATOR DeCAMP: It might be cheaper for the consumer though to take the option, the variable.

SENATOR CLARK: Senator Goodrich.

SENATOR GOODRICH: I just wanted to rise and support the bill because of the fact what it does is it makes the banks...puts the banks in a position or any lender in a position where he can then make a longer term note without the fear of his cost of money going up beyond the cost at which he gave the note, the interest rate at which he gave the note. So, consequently, this particular legislation will make and more and more longer term loans available to the public and it is for that reason that I wholeheartedly support the bill.

SENATOR CLARK: Senator Burrows.

SENATOR BURROWS: I have some questions for Senator DeCamp. I hadn't looked this bill over prior. Now presently are these banks and these loans illegal and what they are trying to do...is the effort just to legalize illegal activity that is going on?

SENATOR DeCAMP: Well, the legislation would make it clear that any variable had to be within state or federal laws, that there could be no violation whatsoever there, whatever the confines were, number one. Number two, whether a particular lending institution making a variable rate loan today is illegal or not I honestly don't know and that is why I suggested there probably will be litigation over the subject that will throw everything into confusion in the future unless we do clear it up. Now, remember one other thing I said. I said the variable rate can only be as contracted for. In other words, you have to agree to the variable rate and, of course, that is the situation today as it is being employed, that is the situation with the legislation.

SENATOR BURROWS: Okay, I want the rest of my time. If I understand this correctly, if a farmer wants a six month loan and he has got one bank that he can basically deal