

case of default. So you have an effective rate of, what, twelve...I'd say thirteen, fourteen percent, fifteen percent at this time. Now, we can say what we want, but money is a commodity just like apartments, just like bread...it has a certain cost and it then is rented out, and that's what we're doing, renting out money at a certain amount. You can't rent your property out at less than it costs to maintain it, at less than it costs you to pay for it, and come out. You have to quit. You lose money. So, you have to rent it at a profit, and this is the factor that they decided that both sides could live with and that was still reasonable. I might point out, it averages to the lowest...the lowest of any of the states around, and that's documented for you in the book, but maybe we could deal with that in more detail when we get to that specific amendment. The first amendment that I would like to offer is the one that would strike the rule of seventy-eights, and...

SENATOR LAMB: Thank you, Senator DeCamp. I guess my concern is that under this bill with the extended payment period, that many people will not consider the interest rate. They'll merely look at the payment, which is a long term payment, and that the effects of the high interest rate with these larger sums of money will not be fully realized by the people until they've gotten into a situation where they really cannot get themselves out of it. And I'm sure there will be much more discussion on the bill. Thank you.

SPEAKER MARVEL: Now, does everybody have a...does everybody have a packet of fifteen amendments? We're going to start on amendment number (1), (2), and then after (3) I'll recognize Senator Fowler, who I think has an amendment to DeCamp's number (3). So Senator DeCamp, the first order of business is amendment number (1).

SENATOR DeCAMP: Amendment number (1) in your book starting... the pages aren't numbered, but you'll see, it says, explanation, this amendment will strike the rule of seventy-eights from LB 87 and insert an annual percentage rate in its place. The rule of seventy-eights is the thing that has stymied the legislation over the years. The rule of seventy-eights has tended, and there's no doubt about this, I am one of the strong opponents of the rule of seventy-eights, has tended to favor the lender on refinancing, on prepayments, on anything like this. There are thirty-four states that now have the rule of seventy-eights. Banks are still allowed to use the rule of seventy-eights. The other extreme is the contract rate on a prepayment. In between...in between is the annual percentage rate...somewhere in between the rule of seventy-eights, and the