and no stop payment is good for longer than 6 months unless renewed. Banks in Washington do business under some difficulty, as has been mentioned here, due to the lack of complete coverage of commercial transactions in the code. For instance, we do not have here an assignment of accounts or any way to take a lien on a moving inventory. We have to rely on improvisation. These things are not covered in the code.

In this particular case, the matter of stop payment, the Bankers Association has been responsible in the past, through the courtesy of Congress in having enacted what we thought was a very excellent law in regard to verbal stop payments. When we got to that section, we were stopped by the 14 days. We think that is too long for a verbal order to stand, as specified in the uniform code. We have suggested the adoption of the code provision that we now have in the District of Columbia Code. The adoption of that, it seems to us, probably would not have any adverse effect in the use of this as opposed to the uniform code, because this only applies to banks in Washington, doing business here with their own customers in the city.

Mr. HUDDLESTON. This section provides for an oral stop payment of 14 days and a written stop payment for 6 months.

Mr. GUNTHER. Yes. That is the provision of the District of Columbia Code.

Mr. HUDDLESTON. Any questions of Mr. Gunther?

Mr. COHELAN. I wonder if you could tell me, is there anything in here about interest rates and any limitation on interest rates?

Mr. GUNTHER. No, sir.

Mr. COHELAN. In other words, the present interest rate policy would stand.

Mr. GUNTHER. The present usury laws would govern. It is set at 6 percent in the absence of a contract, simple interest; 8 percent by contract.

Mr. COHELAN. Six percent is the limit?

Mr. GUNTHER. Yes, sir.

Mr. COHELAN. How does that compare with other States?

Mr. GUNTHER. I think that is pretty general where the rate is not specified in the instrument.

Mr. COHELAN. How does it compare with California, for example?

Mr. GUNTHER. I think California is higher. At least, it is our impression here that the banks get a higher rate of interest on loans.

Mr. COHELAN. I was not thinking about loans. I was thinking about general lending institution policies, particularly with reference to loan companies and that sort of thing.

Mr. GUNTHER. I can only give you an impression formed over many years, that the banks out there are getting a higher rate, and so are the mortgage lenders and others, but I do not know the laws of California.

Mr. HUDDLESTON. This does not make any change in the small loan laws of the District of Columbia?

Mr. GUNTHER. None whatever.

Mr. SCHWENGEL. Under the present law, you say, it is 6 percent. I have seen 6-percent interest advertised, but it is actually 12 percent.

Mr. GUNTHER. The District of Columbia Code, sir, reads 6 percent per annum. As far as the banks are concerned here, they take that to mean simple interest per annum, not add-on and not discount.