

Installment credit extended in repair and modernization loans

Year:	Percent of loans insured by FHA
1957	52
1958	46
1959	45
1960	44
1961	41
1962	41
1963	37
1964	30
1965	29

The Lenders Committee of the National Home Improvement Council is convinced that unless changes in title I are effected, then the demise of title I is inevitable. Already its effectiveness has diminished to the detriment of the consuming public as indicated in the above table.

The Lenders Committee recommends and urges adoption of the administration-supported amendment, H.R. 13064. We urge adoption of that part of H.R. 13064 which has to do with federally insured property improvement loans, and further recommend that title I be put on a sound competitive basis by increasing the maximum amount from \$3,500 to \$5,000 and extending the maximum term from 60 months to 84 months.

During the last year the Federal Home Loan Bank Board saw fit to authorize Federal savings and loan associations to increase their limit on home improvement loans to \$5,000 and 8 years' maturity.

This step by the Federal Home Loan Bank Board is in recognition of the fact that the cost of home improvements has steadily risen during the past decade. Today the consumer needs loans for amounts greater than the statutory limit of \$3,500, and the consumer also needs a greater period of time to repay these loans than the statutory limit of 60 months; thus a steadily growing number of consumers are learning that their needs cannot be met under the title I home improvement program.

The FHA, an unusually knowledgeable, and insofar as title I is concerned, a supporting agency, is undoubtedly aware of what is going on in the money market today. The consumer is the one who suffers at any diminution of title I. Because title I has not been updated to meet economic changes, the dealers and contractors, who control the financing of the majority of home improvement transactions, have turned to sources other than title I. These sources meet the requirement for larger amounts and longer terms; however, the cost to the consumer is immeasurably greater, and what is more important these conventional plans do not have the protective devices afforded the consumer by title I. In many of them—

The consumer is the victim of shady, deceptive, and costly practices.

He may be led into refinancing the mortgage on his home with the inclusion of auto loans, doctor and hospital bills, and all manner of obligations which he would be well advised to retire more promptly.

Much too frequently he is the victim of excessive finance charges which often skyrocket to as high as 20 percent, kickbacks to dealers, payment of points for refinancing, brokerage fees, and other hidden costs.