

Generally overlooked is this significant fact, that not only is the homeowner suffering because of these unconscionable charges, but if these additional costs could be channeled into legitimate production there would be much additional business for suppliers, more honest profits for dealers, and more work for artisans. Our present-day economy cannot long withstand the drain which appeases these demands in the consumer credit field. A revitalized title I program is a good solution.

Under some conventional sources of home improvement financing the homeowner is often the victim of improper selling practices such as—

Sales inducements, wherein the consumer is promised his improved home will be used as a model for advertising or other purposes.

Debt consolidation: inflating the cost of the improvement so that a loan may be obtained which covers the actual job and other debts as well.

Promises of rebates, bonuses, commissions, et cetera, that are dangled before the consumer as an inducement to improve his home.

False guarantees and misrepresentations of products.

Representation that the purchase is on a trial basis.

Under a revitalized title I program the consumer would be given protection against such improper selling practices. Information from better business bureaus clearly indicates that complaints are minimal under title I, but have increased immeasurably since there has been a lessening of the use of title I and a greater use of some of the conventional forms of financing. This means that where the protective devices of title I are not required, and the financing is done under some of the conventional plans the consuming public is the loser.

The recent interest in consumer protection legislation introduced by many of the individual State legislatures is clearly indicative of this trend.

Title I regulations have afforded protective measures for the consumer where the contractor arranges the loan for the consumer. The FHA requires that—

The lending institutions will not pay the contractor until the homeowner signs a completion certificate stating that all terms of the agreement with the contractor have been fulfilled.

The contractor must sign a statement that all bills in connection with the home improvement have been paid or will be paid within 60 days, and this increases the borrower's protection should any claim by a subcontractor arise.

Since contractors know that failure to take care of complaints that are legitimate might cause FHA to restrict their participation in the title I program, title I is a persuasive force in influencing good workmanship and consumer satisfaction.

In addition to this, title I loans are the most economical for the consumer in today's money market.

I might mention that I personally asked the branch manager of my company to obtain for me rate charts of conventional plans in their particular territories, and I received charts that ranged from 6 percent to 12 percent discount which means that the true interest rate would be somewhere from 10 percent to better than 20 percent in simple interest.