

most people understand this. It is a simple annual interest rate. What are confusing are the differences from one State to another across the country—and I want everybody to bear in mind that this is a mobile Nation, where 20 percent of the people move every year. As you move from one part of the Nation to another, you find there is no standardized practice on the charging of fees. Consequently, there is an area of great confusion for the average homebuyer. The charges that he would pay in one State may or may not be the charges he would pay in another State. Somebody is going to have to set up standards here, even if they are somewhat arbitrary. The creation of standards, which I believe can be done efficiently and soundly by the Federal Reserve Board, it seems to me, would be a great advantage to the Nation. It would be a great advantage if consumers and homebuyers, as they move from one area to another, were to be confronted by roughly the same charges—not by a whole galaxy of conflicting charges.

Mr. HANNA. Would the chairman yield?

Mrs. SULLIVAN. Mr. Hanna.

Mr. HANNA. Would you agree also that there is an additional problem in this field of discounts—insofar as I have been able to observe the fact that we have inflexible interest rates, for instance in FHA and in some instances VA, we have brought into being the point discount system which gives the buyer a lot of problems. But, in the money market, pressures make the points necessary. It seems to me, before we go into this thing on the interest basis solely, we have got to come to some kind of accommodation to the problems that have given birth to the points.

Mr. BARR. No question about that, Mr. Hanna. The point problem would not be with us in this country if we did not have usury laws in the States and if we did not have limitations on the FHA and VA. I would like to state, however, Mr. Hanna, that I'm sure you are aware that this is one of the most confusing areas for the average homebuyer, and one of the most irritating.

Mr. STEPHENS. Would the gentleman yield for a question?

Is it not true that if points are to be considered we must remember there are some areas where there is a greater demand for capital than others, and that has something to do with points, not just the fact that points are charged? Isn't that confusing when we seek to analyze points?

Mr. BARR. That's correct, no question about that, Mr. Stephens.

Traditionally, the western and southwestern portions of this country have had a greater demand for capital than they can generate. So you had a flow from the East and Middle West to the West and Southwest to meet these demands, but you also had a pattern of traditionally high interest rates which contributed to this whole issue.

Mr. STEPHENS. That is what I mean by the issue being very confusing.

Mr. BARR. It is. You will find that reasonable men disagree. It is not as clear cut in this particular area of credit life insurance, which is confusing, and mortgages, which is very confusing. I want to bring out what I have experienced—what my own and what the Treasury's opinion is—that there would be a great advantage to the country, in this enormous homebuilding industry, if when a man buys a home,