

sumers, responsibility for their administration and enforcement should be assigned elsewhere.

Thank you very much, Madam Chairman. I would be glad to attempt to answer any questions.

Mrs. SULLIVAN. Thank you, Mr. Robertson. I will ask just a few questions and then pass it on to the other members.

First, I wanted to ask you, do your views represent the unanimous action of the Board?

Mr. ROBERTSON. All of my associates are in accord with the views I have expressed.

Mrs. SULLIVAN. Governor, in your testimony you stressed your opposition to inclusion of credit life insurance charges in the finance charge when such insurance charges are imposed by the creditor. Are you familiar with the credit life insurance hearings being conducted by the Senate Antitrust Subcommittee and of the abuses that have been revealed?

Mr. ROBERTSON. I have not read any of those hearings, Madam Chairman. I do know that this does exist, but I have no specific knowledge with respect to it.

Mrs. SULLIVAN. You stated on page 8 of your statement that credit life insurance provides a benefit to the borrower over and above the use of credit. In testifying before the Senate, however, Mr. Charles W. Campbell, chief insurance commissioner of South Carolina, stated:

Only the hopelessly naive or the utterly cynical would contend that consumer credit insurance exists for the purpose of distribution of risk of loss among borrowers as opposed to enhancement of the lender's interest rate and profit on the loan.

Would you be able to comment?

Mr. ROBERTSON. No; I may be one of those naive people.

Mrs. SULLIVAN. Governor, in your Senate testimony you stated that to require disclosure of total dollar finance charges, including interest payable over the whole life of the contract might be more misleading than helpful. How would the disclosure of the truth be misleading?

Mr. ROBERTSON. Because although it would be truth it would be a truth that is misleading in that if you take the dollar which you are paying now—and this is only on first mortgage loans—the long-term 20 to 30 years—if you spread that out over the whole life of the 20- or 30-year loan it looks much smaller than it actually is. And those costs you are going to incur are going to be incurred by the borrower immediately, whether you pay off that loan or at the end of 1 year, or at the end of 30 years. So that you state the truth, but it may be misleading just the same. Even the truth can be misleading at times, depending entirely on the context in which it is used.

Mrs. SULLIVAN. Well, I know that in previous years Secretary Weaver, the Administrator of HHFA, particularly endorsed the coverage of first mortgages, and I think such disclosure is specifically needed to deal with unscrupulous real estate developers who entice young couples into the purchase of homes with catch phrases such as "Low cost financing," "Financing arranged," "No downpayment," when in reality many hidden charges are contained in the transaction which would have to be given if proper disclosure had been provided.

Mr. ROBERTSON. I am sure, Mr. Weaver knows a lot more about the