

Mr. ROBERTSON. All you need to do, whether it is a first mortgage or second mortgage is to make sure that you are disclosing everything that the borrower needs to know in order to determine whether he is getting his credit as cheaply as he can get it. That is all.

Mr. MINISH. I do not disagree with that. Is it not easier to do it in dollars rather than percentages?

Mr. ROBERTSON. It will be done in dollars rather than percentages because they are being excluded.

Mr. MINISH. You say here they might be misleading if you disclose it in dollars.

Mr. ROBERTSON. No.

Mr. MINISH. I am just quoting from your testimony. You say it might be more misleading than helpful.

Mr. ROBERTSON. Look at that same sentence and underscore, if you would, the words "charge" at the end of the first line of that sentence, "To require disclosure of total dollar finance charge, including interest payable." Perhaps I have not stated this very well, but what I am trying to relay—you see, in the first-mortgage field everyone borrows, say, at a 6-percent or 7-percent annual rate. Where the difficulty comes is with the additional charges, additional costs, the closing costs, and so forth.

Mr. MINISH. And such extras as points and whatever else they add on.

Mr. ROBERTSON. Whatever they are. Those are the things that I think ought to be set out just as they are in the dollar amount rather than spread over a whole life of the loan in an annual percentage rate.

Mr. MINISH. Thank you. That is all.

Mrs. SULLIVAN. Mr. Halpern?

Mr. HALPERN. Thank you very much. Governor Robertson, do you think that the disagreement about inclusion of revolving credit accounts under the disclosure provision might accurately be resolved by allowing the creditors to state their annual rates, say 18 percent, as a maximum rate per annum?

Mr. ROBERTSON. I don't think so. I would hope that this bill would not attempt to get into the field of ceilings. Once you do that—attempt to put it on a national basis—I think you get into all sorts of problems. These problems have been specifically dealt with in the laws of many States—all States, I venture to say—where higher rates have been authorized in the light of given conditions, such as the amount of credit, the collateral behind the credit. All of these have been taken into consideration in arriving at given ceilings that are different from the ceiling that you would apply on an overall basis. I think it would be very unwise to have ceilings in this bill anyway.

Mr. HALPERN. Governor, do you have any way of forecasting whether sizable efforts will have to be made to set up the administrative structure necessary to enforce such requirement?

Mr. ROBERTSON. If you were to set up an administrative structure to enforce H.R. 11601 I would be inclined to retire from the Federal Reserve Board. I think it would be a very difficult job. I would prefer the approach of S. 5, which is really that this bill shall be a self-enforcing bill. Civil remedies plus the criminal sanction of S. 5 should be adequate to obtain compliance.