

to its logical extreme. You can't have a disclosure of interest rates on every item of soft goods at the time of purchase for instance.

If we went to the optimum in a truth-in-lending bill there would be a full disclosure of all elements of cost prior to sale. That is the point that I was trying to make. You are saying that it is not possible to fix an annual interest rate in the case of a revolving charge account, as I understand it.

Mr. DESHAZOR. That is correct.

Mr. WYLIE. My question is this: Do you, when you talk to a customer about setting up a revolving charge account, and I assume he signs some kind of contract at the beginning, do you disclose to him the various possibilities as to the charges which might be incurred by him if a certain balance is in the account at the beginning of each month? Do you understand the question?

Mr. DESHAZOR. Yes, I do understand it and I think our statement is very clear and most of us do show examples of what it could be.

Mr. WYLIE. The next question is, do you think it is feasible, and should we write that into this bill, a requirement that an indication of the range of interest that might be charged?

Mr. DESHAZOR. I would like to study that and give you a written reply.

(The material referred to follows:)

The answer to Mr. Wylie's question is the same as our reply to Mr. Halpern's question on providing true rates in a series of ranges with 18% as the maximum annual rate. Such a requirement would tend to regiment credit systems to the detriment of many methods now in use by credit grantors.

Mrs. SULLIVAN. Mr. Williams?

Mr. WILLIAMS. Yes, I have three quick questions.

First of all, does the monthly statement that you send to your revolving charge account customers include in it as a dollar value the monthly service charge?

Do you have to pledge your accounts receivable in order for you to obtain credit to continue in your operation and, three, is it true that any revolving charge account customer who has a balance, using your illustration, say on July 31 of \$27.56, but who pays that balance off any time during the following month after August in effect receives a bonus in the way of the monthly charge—no monthly charge for the balance that was outstanding on July 31?

Is it true that he receives a bonus in the way of no monthly charge for the balance that was outstanding on July 31?

Those are my questions.

(The material referred to follows:)

Yes! The monthly statement sent to revolving charge account customers includes the dollar value of the monthly service charge.

Yes! Accounts receivable are pledged in order to obtain credit to continue operations.

Yes! Customers using revolving charge accounts do not incur a service charge when the balance at the end of the preceding month is paid in full.

The Subcommittee has been made aware that service charges are computed not only on the *beginning balance* method, but also on an *ending balance* method and also on an *adjusted balance* method, depending upon the policy of the particular retail establishment.

Mrs. SULLIVAN. I have several questions that I am going to submit to the reporter to include at this point for your written answers. They are as follows: