STATEMENT OF HON. ROBERT C. WEAVER, SECRETARY OF HOUSING AND URBAN DEVELOPMENT; ACCOMPANIED BY PHILIP N. BROWNSTEIN, ASSISTANT SECRETARY FOR MORTGAGE CREDIT AND FEDERAL HOUSING COMMISSIONER, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Secretary WEAVER. Madam Chairman and members of the committee, it is a pleasure for me and Assistant Secretary Brownstein to appear before your committee in support of truth-in-lending legislation and to discuss with you additional provisions in your Consumer Credit Protection Act (H.R. 11601).

Mr. Brownstein is responsible for the programs of the Department of Housing and Urban Development which would be directly affected by the provisions of Senate-passed S. 5 and H.R. 11601. He will give you specific views as to the effect of the bills on those programs. He will tell you, also, of the steps that have already been taken by the Department to implement the truth-in-lending legislation.

I have been in complete accord with the objectives of the truth-in-lending bill since its inception. Truth-in-lending legislation was requested by the President in his message to the Congress on consumer protection early this year. It has been supported by the administration since 1962.

The availability of easy credit is a mixed blessing to many of our people—particularly those who need it the most. Like all good things, it can and has been abused and misused. Some, at least, of the unhappiness and discontent of the riot areas can be attributed to these misuses.

The report of the Governor's commission on the Los Angeles riots states:

> Another problem is "easy credit" which can become harsh indeed if the disadvantaged person defaults on his installment obligations. The debtor may experience the loss of his property through repossession, or the loss of his job through repeated garnishments of his wages. While it is easy to say that the improvident debtor brought this state upon himself, we deplore the tactics of some merchants and lenders who help induce low-income persons to become heavily debt-burdened.

The truth-in-lending legislation will not of course correct this situation completely any more than any one other piece of legislation. It can, however, be a major part of the consumer education program being sponsored by the President through the work of his Special Assistant for Consumer Affairs.

As Under Secretary Barr told you, it is not only the poor and disadvantaged who do not understand or comprehend all the current lending practices. Even those sophisticated in finance have difficulty in distinguishing between the various methods used in imposing charges for credit.

The truth-in-lending legislation would lead the way in providing this simplification and uniformity. It will give the people the information they need to compare costs and make intelligent decisions as to what they purchase, from whom they purchase, and when.

This is important not only in connection with consumer installment and revolving credit purchases, but it is also important to families—particularly to low-income families— who are interested in purchasing a home. They should be fully informed as to the total amount in dollars they will pay for their homes and the annual rate of financing included in the total dollar amounts.