

If the truth-in-lending provisions of the bill become law some changes in our procedures would be necessary in order to assure complete compliance with all of its provisions. We are prepared to do this immediately when the bill is enacted.

H.R. 11601 also contains provisions for standby authority to restrict or control the use of consumer credit during national emergencies, prohibit the garnishment of wages or salaries, and establish a National Commission on Consumer Finance.

The Commission would be directed to study the function and structure of the consumer financing industry and report to Congress its findings with respect to (1) the adequacy of the provisions of consumer financing at reasonable rates, (2) the adequacy of existing supervisory and regulatory mechanisms to protect the public, and (3) the desirability of Federal chartering of consumer finance companies or other Federal regulatory measures.

With respect to the prohibition of garnishment of wages we suggest that the committee should study alternatives before approving this provision. As an example, in the District of Columbia the amount which a creditor may garnish in one pay period is limited to a percentage of the total wages. This makes the proceeding less harsh but preserves it for use where needed. In most States garnishment is the only effective means for a creditor to obtain satisfaction of a judgment debt when a wage earner has no property upon which execution of a judgment can be levied. While we agree that the relative ease of garnishment may frequently influence a creditor to make an unwarranted extension of credit and that a garnishment action will often result in disruption of employment, we believe that the elimination of garnishment could cause greater problems than those eliminated. If creditors were not able to rely on garnishment as a resource for collection, fewer would be willing to extend the credit needed by many wage earners. The cost of credit might also increase because of the greater risk of ultimate losses.

We suggest that the studies proposed to be made by the Commission which would be established could just as well be carried out by an existing Federal agency or by the Congress. We also believe that the provision in the bill for establishment of standby consumer credit controls and other provisions in the bill not related to truth in lending should be given further study before enactment.

Mrs. SULLIVAN. Thank you very much, Mr. Brownstein.

I think the major questions that we would like to put to you would be on mortgages—first mortgages and other mortgages which would be covered by H.R. 11601. As the questioning develops we will probably go into that more deeply. I just want to ask two things now.

First, what do we now have on the books under the jurisdiction of HUD to make loans available to homeowners for extensive repairs, and how do you go about making this information known across the country?

Mr. BROWNSTEIN. We have several programs, Madam Chairman, that deal with this. One is the 203(k) provision which permits a second mortgage in back of a primary mortgage for a 20-year term, \$10,000 maximum mortgage amount. We have 220(h) for use in renewal areas. We have title I, the FHA improvement program, and 203(b) may be used to refinance an existing mortgage and include an additional advance to cover the cost of the improvement.

The way that we go about advising people of this is a consumer