

Mr. WILLIAMS. Is that not due to negligence or neglect on the part of the owner?

Mrs. SULLIVAN. Absolutely.

Mr. WILLIAMS. It has nothing to do with the people who gave them the mortgage in the first place.

Mrs. SULLIVAN. It does, because, in the first place, the house should never have been sold to the person because he could not afford it.

Mr. WILLIAMS. That has nothing to do with the value because it is not kept up.

Mrs. SULLIVAN. It is part of the whole problem. They could not afford to buy this house but they had to have a place to live. So, in a place that is zoned for single-family homes the unscrupulous real estate man goes in and says, "Look, you can pay this off in 5 or 6 years. Get some roomers or get some additional families." And soon you have a family in each room, and before you know it the house is ruined. And because of this sort of thing, and because they did not enforce the restrictions on occupancy—and I blame my own city for not enforcing the zoning code—this neighborhood of some 1,800 houses is one of the worst slums in the whole wide world.

Mr. WALKER. These were conventional mortgages?

Mrs. SULLIVAN. Conventional mortgages.

Mr. WALKER. I can't say I doubt it, but I will have to be convinced that disclosure would solve this sort of sharp operation.

These men, if they are that sharp are sharp enough to get around the disclosure provision. This is a law enforcement problem, because it is plain out-and-out usury.

Mrs. SULLIVAN. If they do not have to disclose the finance charges, how can they be pulled in faster? Letters are in the hands of Secretary Weaver, and in the hands, too, of the FHA and the rehabilitation authority in St. Louis to try to find some way to help solve this awful problem. The people involved were often ignorant of the costs; they had never owned a home before and they did not know what it costs to buy one. This is what we have to correct with effective laws if we cannot correct it any other way.

I am sorry to have taken your time, Mr. Minish.

Mr. MINISH. Thank you. I am sorry to see the position you take, but I am pleased to say that members of your association in New Jersey do not entirely agree with you.

Mr. WALKER. I have to respectfully say that you say you are pleased with the position I take?

Mr. MINISH. No, I said I am sorry about the position you take, but I am pleased to say members of your organization in New Jersey do not entirely agree with the position you take on first mortgages.

Mr. WALKER. The position that we take is that we are for full and adequate disclosure on every credit transaction.

Mr. MINISH. That is all.

Mrs. SULLIVAN. Mr. Williams?

Mr. WILLIAMS. Thank you, Madam Chairman.

I see what I believe to be a panel consisting of the representatives of the American Bankers Association, headed by Mr. Walker, and an eminent economist, Reverend McEwen. I will say that it has been my first experience with a panel of this type. I do not know whether