an annual interest rate but had to go back to the monthly rate because it proved to be too difficult to explain to the members the difference between the annual rate charged by the credit union and the discount or add-on rate used by other lenders.

That is an unusual statement to make and then say you support the bill.

Mr. STONE. We think that for one creditor to talk about monthly rates and another creditor to talk about annual rates, and to talk about expenses in connection and incidental to the extension of credit is confusing. And this is the thing about which we have been trying to educate our members.

Mrs. DWYER. And if this bill passes, is it going to take a lot of education?

Mr. STONE. I don't think so. We have had in Massachusetts, when the truth in lending went into effect on January 1, 1967, and in my own credit union, I can't see that it is going to take much education. I think it would take a little time. I think people are not used to this concept. I think that we have simple charts which are simple for our staff to understand and communicate, and I think that it is just—going to be just as easy to understand after it is once explained that there will be a percentage rate which will be expressed in terms of simple annual interest as it is in terms of monthly rates.

Mrs. DWYER. And the 12 percent will not scare them?

Mr. STONE. I don't think it will scare our members because I think our members are going to be interested in what they have had to pay. I think—and even if it did, it would seem to me that if everybody were charging a rate that people could understand, whether it was expressed in terms of 12 percent or 15 percent or 18 percent or something like that, where they could compare it, then it would seem to me that they would have something they could compare.

Mrs. DWYER. Thank you, Madam Chairman.

Mrs. SULLIVAN. You may proceed.

Mr. STONE. In addition to the truth-in-lending bill we realize that this bill includes some changes. For example, with reference to first mortgages, I would think that first mortgages ought not to be treated any different than any other type of extension of credit. In the Massachusetts law they don't treat it differently than any other extension of credit.

With reference to the matter of the revolving charge annual rate, I think that most people don't understand that what is involved is a matter of extension of credit. If I am buying something I have to pay an interest charge on that, I ought to know how much it is costing me and in Massachusetts, in our law, we include not only closed end transactions, open end transactions, and when we couldn't make our mind up whether it was closed end or open end, we said any transaction, whether it be closed end or open end, for the purpose of making it a comprehensive law, and I think that if we are thinking in terms of something like this, that is going to help the consumer, we ought to think of this with reference to the revolving charge annual rate as well as in connection with the extension of credit as we understand it.

My statement doesn't refer to the $10 exemption, but I personally don't see why there should be any such exemption. The people who are