

affected by the \$10 are the poorer people who need this kind of assistance most.

I realize that this imposes a penalty and perhaps a lot of work on the part of the lender. But in the nature of his business he ought to be doing this. In my credit unions we make loans of \$50 and \$100 which require just as much time and effort as a loan of \$2,000 or real estate loans of \$20,000. But the member is entitled to that kind of service and perhaps if he needs \$100 or \$200 he is entitled to the service much quicker than the man who needs a \$10 or \$20 loan.

Mrs. SULLIVAN. I might say that it has been an argument of almost everyone who insists upon having this \$10 credit charge exempt, that it costs just as much to make a \$5 loan or \$50 loan as it does a \$5,000 loan. But, as you point out, it is the man who has to borrow a small amount who really is most often victimized by excessive charges.

Mr. STONE. That's right.

Mr. BINGHAM. Madam Chairman, could I ask a question at this point?

Mrs. SULLIVAN. Yes.

Mr. BINGHAM. I would like to ask Mr. Stone whether the credit unions typically make a minimum charge on a small loan for a short period? For example, a \$100 loan for 3 months. Do you have a minimum charge?

Mr. STONE. No. of course, traditionally, the Massachusetts State-chartered credit unions, we loan \$100, charge him \$6, and give him \$94 and ask him to repay this at \$2 a week over a 50-week period. This was the traditional type of loan.

Mr. BINGHAM. You do not have short-term loans?

Mr. STONE. Very rarely. When we do make a loan for 6 months or so and we have to charge an interest rate, it is on the basis of the charge that has to be made and with no minimum.

Mr. BINGHAM. Thank you.

Mr. STONE. I might add that with reference to the Federal credit unions, since they are charging 1 percent on the unpaid balance it really wouldn't make much difference whether it was for 1 month, 2 months, or 3 months. There would be no minimum if a man borrowed a certain amount of money and paid it at the end of 1 month—he would repay that on the unpaid balance.

Now, with reference to the garnishments; the national usury, with reference to the national usury, we are committed, our credit unions, to a 1 percent a month or 12 percent maximum. So that this is traditionally the maximum in the Federal Credit Union law and I think you will find that most of our State-chartered credit unions operate under very similar maximums. So we are not affected by this provision with reference to an 18 percent national usury limit, and I would just be expressing a personal opinion in which I am sure you are not interested.

With reference to garnishment and one or two of these other things, I think that this is a matter that this Commission that this bill includes might well study. I would like to say with reference to this, that we are very much in favor of this Commission on Consumer Finance.

Mrs. SULLIVAN. Before we leave this subject, may I ask this question—and I ask it because I have a number of credit unions in my