

Mrs. SULLIVAN. So you prohibit the confession of judgment note. That is the same thing we do in H.R. 11601.

Mr. MEADE. I will take your word for it. It is prohibited in Massachusetts.

Mrs. SULLIVAN. Are there any other laws bearing on credit recently enacted in Massachusetts that you would like to discuss with us?

Mr. MEADE. Well, I was just telling Mr. Shea, as originally drafted, in fact as originally passed, chapter 255(d), which is the installment credit law, there may have been some question there as to what, in addition to the simple annual interest rate, a seller could disclose or require. There is no question now as of very early, January 1 of this year, an amendment to the act makes it quite clear that as long as the retail seller discloses the simple annual interest rate, there is no reason whatsoever why he cannot also disclose that the rate only applies after the so-called free rider period, 30 days, 59 days, and there is no reason why a retail seller cannot disclose that the rate only applies on balances after credit for payment is made, rather than on the opening balance.

Again this is something that has been referred here earlier. This is not required, that a seller disclose this, but certainly he has that option if he chooses.

Mr. WILLET. Yes.

Mr. WYLIE. Will the chairman yield?

Mrs. SULLIVAN. Yes.

Mr. WYLIE. Do they have to advertise distinctions in credit practices?

Mr. MEADE. I am not sure I understand the question.

Mr. WYLIE. I am not sure if I know how to phrase this. In order for the buyer to really know if he is getting a good deal, so to speak, or not, the distinction in the differences in the credit arrangement ought to be called to the customer's attention. Isn't this the real purpose of this program? As I understand it, there is a section of your law which prohibits the advertising of distinctions or referring to the practices of another seller—another retail store's credit practices?

Mr. MEADE. That is not so, sir. All that is required by a retail installment credit agreement, if they are charging $11\frac{1}{2}$ percent a month, referring to revolving credit, that they say that this totals out to 18 percent a year. They are not prohibited from, in any way, from saying on the agreement, orally, or advertising in any other way that the $11\frac{1}{2}$ percent only begins, say, after 30 days or 59 days, and if you pay the whole thing off within that period, then there is no charge whatsoever. They are not prohibited from saying that. In fact, it would be entirely to their advantage to do so. But there is nothing which prohibits it.

Mr. WYLIE. I want to pursue this a little more. I am wondering if there is anything in your law which prohibits or requires the advertising of a rate lower than 12 or 14 percent, if that should be the actual charge?

Mr. MEADE. No, they can advertise whatever the true rate is. In fact, that is the requirement of the law, that they have to. If they are going to make an advertisement of a rate it has to be the true annual rate computed according to the formula. But there is nothing prohibit-