

It is just as important for consumers to have full information in this type of transaction as it is for someone who buys an expensive suite of furniture. It is specious to argue that the requirement to give such information will either make credit unavailable to the poor, or will cut down significantly on purchases. A consumer needing the merchandise will still buy it. He may just look elsewhere for his credit arrangements or decide to save up the money and buy for cash. If the poor need help in getting cheaper sources of credit, other Government programs are already working in this area.

H.R. 11601 would also extend the disclosure requirements to advertisement of credit, and the National Consumers League strongly endorses this provision. Just the other day, on my way to these hearings, I heard an ad from a finance company urging those harassed by a multiplicity of credit payments to come to them for a loan which would be sufficient to pay off all other creditors.

At no time was any mention made of how much the loan would cost, nor that the consumer would probably merely be adding onto his total indebtedness by the loan. Newspaper ads and store window signs constantly lure customers with so-called easy credit terms, but rarely, if ever, do they quote interest rates. Advertisements of credit should be required to give all the information required in the actual transaction so that consumers are not misled into believing what is not in fact true.

By including revolving credit, and all transactions large and small, and providing for truth-in-credit advertising, H.R. 11601 provides for disclosure which will be meaningful, and of tremendous value to the beleaguered consumer in the jungle of today's credit world.

The National Consumers League is also in favor of including home mortgages in the disclosure provisions of the act. While it has been the custom to quote the interest rate on mortgages in terms of the simple annual rates on the outstanding balance, consumers rarely are aware of the total cost of the mortgage. For many home buyers, such knowledge might well lead to larger down payments. Nor are home buyers generally aware of the many charges they face at time of settlement. As was so eloquently urged by Mr. Barr earlier in these hearings, it is high time some uniformity of disclosure in this area was imposed on real estate transactions.

On the provision to prohibit garnishments of wages, the league would recommend a somewhat different approach. There is no question about the devastating effect of garnishment on the lives of many. I understand you were given some hair-raising testimony on this last Friday when I was, unfortunately, not able to be present at the hearings. We feel that garnishments should be regulated in such a way as to act as a significant deterrent to the present unwise extension of credit.

We have no exact figure to recommend but suggest that only a small percentage of a wage earner's salary should ever be taken in garnishment action. We are well aware of the tremendous cost in time and personnel of our courts taken up by garnishment procedures, and hope that this committee will be able to come up with a provision, short of prohibition of garnishment which would cut down on these costs. Merchants should be required to pay the court costs. Having our courts act as collection agencies for those who extend credit without any consideration of the ability of the buyer to pay is a costly burden on all of