Section 204 of the Sullivan bill permits the option of stating the finance charge in terms of dollars or percentage until July 1, 1968. Again, we believe this is too early. We suggest that the option continue until the Board has fully and carefully completed all of its rules and regulations, and has prepared its tables and charts for interest computations. The date for termination of the option should be fixed by the Board, but should be no later than January 1, 1972, the date set in the bill adopted by the Senate. During the option period, we believe lenders should be allowed to state finance charges in terms of dollars per hundred on the unpaid balance, as is now customary.

We agree with the Federal Reserve Board that if the total finance charge for a closed end credit is $10 or less, the transaction should be exempt from disclosure requirements.

The history of the legislation before you is that it is primarily designed to regulate consumer credit. We note that agriculture loans are now included among those on which disclosure would be required. We favor exclusion of agriculture loans from disclosure. Such loans are not in the consumer credit category.

We object to any provision that includes, as part of the cost of credit, the premium for credit life insurance. This adds an unnecessary complication to an already complicated piece of legislation. Credit life insurance is not a charge for lending money.

We have no objection to including the standards in the Sullivan bill as to advertising of credit terms. These are almost identical to requirements for disclosure statements. However, we feel that the phrase "specific credit terms" in subsection (j)(1) on page 15 is vague and needs clarification.

For example, assume an advertisement states only that auto loans may be repaid over a 36-month period, or states only that auto loans are available at "low bank rates," with no specifics as to rates or amounts of monthly payments. Would such statements violate this portion of the bill, or is the phrase "specific credit terms" intended to exempt such advertisements? The same question applies to the phrase "specific terms" in subsection (k) on page 16. We believe such statements should not be construed as being in violation of this section in the Sullivan bill.

There are three provisions in the Sullivan bill that are covered in State laws and we feel strongly these should be left to the State and not preempted by the Federal Government. They relate to the maximum interest rate (p. 17), confession of judgment (p. 17) and garnishment (pp. 33 and 34).

As to maximum interest rates, most States have legislation which, by virtue of Federal law, applies to national banks as well as State banks. The Congress long ago determined that the States are best able to decide what kind of banking accommodations suit their varying economies, not only as to interest charges but also as to other basic areas of bank regulation. What is best for an industrial State may not be best for an agricultural State. The Congress never has sought to preempt the financial field or to impose any rigid or monolithic system upon the States.