

legal rights, and thus become subject to severe financial hardship at a later date.

In a similar fashion, the UAW feels additional protection is needed to prohibit entirely the use of wage assignments in the consumer credit field. Here is another example where a borrower is placed under extreme pressure, often without any knowledge or full understanding of the consequence, to sign away his rights and allow a creditor to attach his wages at any time in the future that he sees fit. These so-called "voluntary" agreements to attach wages are coercive rather than voluntary in the typical seller-purchaser relationship. Since wage assignments have many of the pernicious effects of wage garnishments, both should be treated the same and abolished in the same legislation.

Another area where your committee should act to protect the consumer is to regulate the pernicious practices of many merchants in repossessing goods purchased on credit. This is particularly a problem in "add-on" purchases, where a merchant sells another item on credit before a purchaser completes payments on the original item that he bought.

If the customer misses one payment, merchants have often repossessed both items, even though the amount already paid has been more than enough to completely repay the outstanding debt on the original item. Actual situations have been reported in the press where four or more items purchased on an add-on installment basis have been repossessed, even though the value of one item alone was sufficient to satisfy the outstanding debt.

Legislation should prohibit the repossession of any item whenever full payment has already been made. The language of the legislation could provide that when debt is outstanding on two or more items, payments be allocated to each of the items, based on the ratio of the original purchase price of each of the items to the other items. Further, repossessions should be limited by statute to the extent necessary to satisfy any outstanding debt. Merchants should also be required to return to the purchaser any proceeds gained from the sale of the repossessed items that is over and above the amount of debt still owing.

There are a number of additional areas requiring legislative protection which this committee should seriously consider. Many of the abuses and shady practices could be eliminated from the credit field if lenders and merchants offering goods on credit were licensed and had to meet adequate standards covering the entire scope of their lending practices.

The lack of adequate legal recourse for consumers who have outstanding debt on shoddy and defective merchandise needs to be remedied. The common abuse of using fine print to prevent customers from knowing what they are signing could be abolished by requiring print to be a certain minimum size on credit contracts. Steps might also be taken to simplify the obscure legal language on credit contracts so that customers would know exactly what they were agreeing to.

Madam Chairman, I want to thank you for the opportunity of appearing here today to express the views of the UAW. I hope I have spelled out for you very frankly the areas where our union would like