

AMENDMENT TO H.R. 11601

In Sec. 203, on page 13 after line 21, insert the following paragraph "(e)" and reletter those paragraphs following in this section.

(e) Any creditor agreeing to extend credit secured by an interest in real property shall furnish to the borrower to whom the credit is to be extended, prior to the consummation of the credit agreement, a clear statement in writing setting forth, to the extent applicable and ascertainable and in accordance with rules and regulations prescribed by the Board, the following information—

(1) the total price of the real property being purchased and of any personal property being purchased which is included in the agreement for the purchase of the real property;

(2) an itemized list, according to the following categories, showing in dollars and cents all of the charges (other than interest) to be paid by the borrower in connection with the transaction whether or not incident to the extension of credit:

(A) those charges fixed by law and not subject to the discretion of the lender (such as real estate tax escrows, real estate transfer taxes, and front footage assessments);

(B) those charges required by the lender to be made prior to the extension of credit which are imposed to safeguard the investment (such as credit reports, surveys, appraisals, deed preparation, and title searches), and loan origination fees not exceeding in amount those permitted by the Federal Housing Administration for comparable loans;

(C) those charges on which the borrower has some option as to placement or coverage (such as casualty insurance, title insurance, and customer credit life insurance), including a statement of the minimum amount of insurance, if any, required to be carried as a condition for the extension of credit; and

(D) all other charges of any nature paid by the borrower and not specified in subparagraph (A), (B), or (C);

(3) the sum of (1) and (2);

(4) the total amount to be financed;

(5) the cash required to be provided by the borrower (the difference between (3) and (4));

(6) the annual percentage rate specified in the note or other instrument evidencing the indebtedness of the borrower, and the annual percentage rate represented by the total amount of the charges listed under (2) (D) (converted to an annual percentage rate under a formula prescribed by the Board), computed to the nearest $\frac{1}{4}$ of 1 percent;

(7) the monthly payments required to amortize principal and interest, plus any unusual payments to be required, or any contemplated changes in monthly payments anticipated by contracts for deeds or similar arrangements; and

(8) the penalties by percentage, or dollars and cents, for late payments or prepayments; or, in the case of variable interest rate loans, the conditions under which the rate may be changed and an estimate of the dollar difference in payments per $\frac{1}{4}$ percent difference in rate.

In prescribing rules and regulations to carry out the provisions of this subsection, the Board shall give recognition to the divergent practices of creditors engaged in the business of extending credit secured by interests in real property, but insofar as possible shall prescribe uniform procedures for complying with the provisions of this subsection.

INTERNATIONAL CONSUMER CREDIT ASSOCIATION,

St. Louis, Mo., August 18, 1967.

HON. LEONOR K. SULLIVAN,

Chairman, Subcommittee on Consumer Affairs of the Committee on Banking and Currency, Rayburn House Office Building, Washington, D.C.

DEAR MRS. SULLIVAN: Thank you very much for your recent letter inviting us to file a statement pertaining to H.R. 11601, the Consumer Protection Act.

At first I planned to prepare a statement pertaining to H.R. 11601. However, due to the fact that ICCA is not a "lobbying" association, on second thought I have decided to forego your invitation. Should you desire answers to any specific questions, I shall be pleased to attempt to answer them.