

I do want to express my appreciation for the kindness shown to me during the two days I was able to spend at the hearings in Washington. Unfortunately, Mrs. Blake became quite ill during my absence and it became necessary for me to return to St. Louis. She got out of the hospital on Saturday of last week. She is feeling much better, but I have to watch her very carefully.

My best personal regards.

Sincerely yours,

WM. HENRY BLAKE,
Executive Vice President.

NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS,
August 25, 1967.

HON. LEONOR K. SULLIVAN,
*Chairman, Subcommittee on Consumer Affairs,
House of Representatives Banking and Currency Committee,
House Office Building, Washington, D.C.*

DEAR MRS. SULLIVAN: Prof. William J. Pierce, President of the National Conference of Commissioners on Uniform State Laws, has requested me to thank you for and reply to your letter to him of August 2.

President Pierce and the National Conference appreciate your invitation to testify on the above bill, but regret that circumstances preclude the acceptance of your invitation.

In accordance with your request, this Special Committee of the National Conference is pleased to file with you the enclosed statement on the above bill.

For a summary of the work of the National Conference and of the work and views of this Special Committee, I refer you to the statement of Prof. Pierce, beginning at page 282 of the transcript of the "Truth in Lending—1967" hearings before the Subcommittee on Financial Institutions of the Senate Committee on Banking and Currency.

The Second Tentative Draft of the proposed Uniform Consumer Credit Code was considered at the recent annual meeting of the National Conference. A copy of the draft appears in the transcript of the "Truth in Lending—1967" hearings beginning at page 717.

Whatever the views of the members of the National Conference, as State officials, on the appropriateness or desirability of federal legislation on disclosure in consumer credit transactions, the imminence of federal legislation makes desirable that we render whatever assistance we can in helping to make such legislation practicable and workable.

The enclosed statement suggests various revisions in H.R. 11601 to that end.

Permit me the following general observations if there is to be federal legislation on disclosure in consumer credit transactions:

1. The legislation should have, to avoid question, the broadest constitutional basis. We approve, therefore, of the invocation in H.R. 11601 of the constitutional powers of the Congress to regulate the value of money as well as to regulate commerce among the several States.

2. To serve their maximum useful purpose, disclosure requirements should be uniform as to all classes of consumer credit transactions. We approve, therefore, of the requirement in H.R. 11601 for equivalent annual percentage rate disclosure with respect to all open end credit transactions.

3. Also to serve their maximum useful purpose, disclosure requirements should apply to advertising of consumer credit rates and terms. We approve, therefore, of the theory, as distinguished from the substance, of the provisions in subsection (j) of SEC. 203 on pages 15-17 of H.R. 11601. On the other hand, we are concerned about the requirements of that subsection and recommend the revisions set forth in Item 14 of the enclosed statement as being less detailed, more clear and unequivocal, and requiring no administrative machinery for their enforcement.

4. Annual percentage rate disclosure requirements should apply to loans secured by a first mortgage or similar lien on real estate. Otherwise, it becomes meaningless to impose a requirement for inclusion in the finance charge of "any amount payable under a point, discount, or other system of additional charges" as in SEC. 202.(d) of H.R. 11601 [at p. 5, Lines 2-31, in SEC. 3.(d)(1) of S. 5 (Report No. 392) [at p. 13, Lines 10-11], and in SEC. 3(d)(1) of H.R. 11602 [at p. 3, Lines 11-12]. We approve, therefore, the provisions of H.R. 11601 requiring annual percentage rate disclosure as to mortgage loans.