

who sell an elderly couple or widow an expensive furnace or siding or roofing job at unconscionable finance terms and have a piece of paper which can be filed as a first mortgage.

I am sure any first mortgages entered into by correspondents for life insurance companies are not guilty of such practices; thus, I cannot see why the industry would object to coverage under the legislation, particularly if such coverage were to make possible the prevention of the abuses which now occur in mortgages offered by the unscrupulous operators.

Sincerely yours,

LEONOR K. SULLIVAN,
Chairman.

SEPTEMBER 1, 1967.

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

DEAR CONGRESSWOMAN SULLIVAN: Thank you for your letter of August 25 in regard to the treatment of first mortgage credit under H.R. 11601.

In our letter to your of August 24 urging that first mortgage real estate loans be exempted from any bill which your Subcommittee may favorably recommend, we had in mind first mortgages arising in connection with the unpaid purchase price of real estate. Since, as is generally agreed, adequate disclosure is already being made with regard to these mortgages, we believe that it would not be desirable to subject them to mandatory disclosure under the pending legislation. We have no objection to requiring disclosure of information for mortgages resulting from home repairs and purchases of appliances, if this has been found to be an area of abuse. However, we would hope that any legislation designed for this purpose could be drafted to apply only to the abuse areas and not to first mortgages generally. To apply the mandatory disclosure provisions to all first mortgages would detract from the effectiveness of the legislation by applying the requirements to areas where they are not needed and would not accomplish any useful purpose.

We are grateful to you for your letter and very much appreciate this chance to enlarge upon our views to you on this important subject.

Sincerely,

AMERICAN LIFE CONVENTION,
ARTHUR S. FEFERMAN, *Director of Economic Analysis.*
LIFE INSURANCE ASSOCIATION OF AMERICA,
RALPH J. MCNAIR, *Vice President.*

THE COMMONWEALTH OF MASSACHUSETTS,
DEPARTMENT OF THE ATTORNEY GENERAL,
Boston, September 14, 1967.

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

DEAR REPRESENTATIVE SULLIVAN: At the time of my appearance on August 11 before your committee in support of H.R. 11601, Representative Lawrence G. Williams asked me to make a comparison between Massachusetts truth in credit laws and the proposed Federal Consumer Credit Protection Act (H.R. 11601).

The basic objective of both Massachusetts laws and H.R. 11601 is safeguarding the consumer with reference to credit transactions by requiring full disclosure of finance charges. I believe both laws achieve this objective. There are, however, some areas of difference between the Massachusetts Retail Installment Act (G.L. Chapter 255D) and Truth in Lending Act (G.L. Chapter 140A) and H.R. 11601. They are as follows:

1. Finance Formula

Under Massachusetts General Laws, Chapter 255D Section 1, the annual finance charge formula is based on a constant ratio approach while under H.R. 11601 an actuarial method is provided for.