

and personal loans. The non-installment credit included single-payment credit, revolving charge accounts, and 30, 60, and 90-day charge accounts.

Effects of Standards of Fairness on Creditors

All creditors were asked to respond on a three-point scale of "no effect," "some effect," or "major effect" how each standard would effect their way of doing business with servicemen. Standards One, Two and Three had very little effect, if any, on creditors in both Manhattan and Junction City. Standard Four had some effect on one-quarter of the creditors in Manhattan and on one-fifth of the creditors in Junction City. The most frequently mentioned objection to the standard was that servicemen could move security beyond state and national boundaries. Nearly all creditors found Standards Five, Six, and Seven to have "no effect" on their business dealings with servicemen.

The Junction City creditors (95%) found Standard Eight to be of "no effect," but one-quarter of the Manhattan creditors, primarily the car dealers, indicated "some effect." Over 80% of the creditors in Manhattan and Junction City reported Standard Nine to have "no effect" on them. The Junction City creditors (93%) also found Standard Ten to have "no effect" on them. However, almost half (45%) of the car dealers in Manhattan reported it would affect their business with servicemen since they required a non-refundable deposit for new cars which must be ordered.

Effect of Full Disclosure Contract on Creditors

Each creditor was asked how difficult it would be to complete each section of the contract disclosure form. All said it would not be difficult to secure the necessary information for all parts, except No. 6 and No. 9, because they supply this information on their own contracts in compliance with Kansas Law. The creditors said it would be difficult to supply the information called for in the sixth part because their present contracts do not include the filing fee, investigating fee, or insurance as part of the finance charge. This information is shown separately on their contracts and is added into the total amount due, but not as part of the finance charge. Also, they said it would be difficult or somewhat difficult to supply the information called for in the ninth part because they were unaccustomed to expressing the finance charge in terms of an approximate annual percentage rate.

Other Effects of Department of Defense Directive

Non-Equal Payments

Fifty-eight percent of the creditors in Manhattan and 75% in Junction City said all their contracts were written to be paid in equal monthly payments. The volume of credit extended for repayment in other than level monthly payments in both cities was less than five percent.

Department of Defense Rate Table

More than half of the creditors in Manhattan and Junction City reported the DoD Rate Table was not difficult to understand and use. In Manhattan, slightly more than one-quarter of the creditors (26%) said they are or would use this rate table to disclose the annual percentage rate. In Junction City, 50% said they would prefer to use the DoD Rate Table.

Use of the Directive

In Manhattan, twenty-nine (76%) of the creditors were not using the Directive, and in Junction City, 24 (60%) were not using the Directive when extending credit to servicemen. Some creditors in Junction City reported they were using the Directive in part. That is, some fill out the Certificate of Compliance only if they need assistance with collection of debts. Others fill out the contract disclosure forms only for 25% of the contracts written with servicemen because it "confuses them, takes too much time, and adds more paper work." Another creditor said he asks the servicemen if they would like it worked out; if not, he does not fill it out.

Additional Problems

Seventy-four percent of the creditors in Manhattan and 70% of the creditors in Junction City stated they could see no problems other than the ones discussed previously. Additional problems mentioned were: (1) The Directive calls for much more paper work thus increasing time necessary to fill out forms and increasing expenses incurred; (2) Extension of credit will be tightened; (3)