Th highest down payment for a new car was 27.6% of the cash price and the average down payment in suits where the information was given was 15.6%. There was no down payment in 2 of the 50 new car suits and other down payments were 4.8%, 5% and 6% of the cash price.

In 11 purchases the down payment was 10% of the cash price or less. In 22 purchases the down payment was between 10% and 20% and in the balance between 20% and 30% of the cash price.

Every new car contract ran for 36 months.

In general, contracts for new cars are carefully filled out. This may be because of the substantial value of each transaction. However, in this group 2 contracts did not state the time sale price which would constitute a violation of the Retail Installment Sales Act. One contract did not state whether the car was new or used.

In one contract $794.34 was charged for a 12 month insurance policy which is stated to include collision insurance ($100.00 deductible), credit life, and health and accident. This is apparently a gross overcharge. In another contract the charge for insurance-collision ($100.00 deductible), credit life, and health and accident—was $978.00 for three years. Thus the annual rate was $326.000 per year, a startling high rate for the protection purchased.

USED CARS

The 164 used car suits were studied as a group with no classification as to the age of the car. The highest finance rate found was 283% simple annual interest. The average was 30.7%. These figures include instances where insurance and finance charges were lumped together, but the approximate cost of the insurance was deducted before arriving at a finance rate. Taking those contracts where insurance was not included with the finance charge, the average finance rate was 27.9% simple annual interest.

In 5 of the suits, the finance charge rate exceeded 100% simple annual interest. In 24 of the suits (about 1 cut of 7) the rate was between 50 and 100%.

Of course, exorbitant finance charges are only one way of consummating an unfair transaction. In one suit an eight-year-old Mercury was sold without finance charges, but the selling price was $832.00. The actual cash value of such a car is probably nil.

Examples of other contracts where the cash sale price appeared to exceed the market value were: A five year old Chevrolet priced at $1128.25; a five year old Rambler priced at $1138.80; a seven year old Oldsmobile priced at $728.00; an eleven year old Mercury, $395.00. The highest down payment on a used car amounted to 48% of the cash price and the average for those suits where some down payment was made was 21.4%.

The principal amount claimed in the suits was compared to the original cash price of the used cars. The lowest suit was brought for 5% of the cash price, the highest was brought for 142% and the average was for 55% of the cash price. It should be borne in mind that the usual automobile suit is brought after repossession and resale of the car. Proceeds of the repossession sale are to be credited to the purchaser. However, there is no way of determining from court documents whether there was repossession or the amount realized from a repossession sale.

These figures mean that after the down payment, monthly payments, and repossession sale proceeds have been credited to the car buyer, the average buyer still owes 55% of the cash price. In other words, he has paid only the finance charges and 45% of the cash sale price.

These figures imply that the amounts realized at repossession sales are extremely slight. While a new car depreciates sharply and automatically after purchase, the same should not be true of a used car. Statistics regarding amounts realized at repossession sales, compared to original purchase price, are in the sole possession of the banks and the finance companies and are not obtainable from court files.

The contracts attached to these complaints contained a number of defects including mathematical errors; 4 of the contracts were filled out in different colored ink giving rise to the suspicion that changes were made in the contract after the purchaser signed.

A number of these contracts contained violations of the Retail Installment Sales Act: ten contained omission or misstatement of the time sale price (down