

O'Connor. He was unable to be with us personally today, but we are very happy to have this statement and it will be in the record at this point.

Our final witness before the luncheon break—and we are sorry to have kept him waiting—is Morris D. Crawford, Junior Chairman of the Board of the Bowery Savings Bank.

We are happy to have you here today and we are sorry to have kept you waiting. I understand you have a plane to catch.

Mr. CRAWFORD. Thank you very much, Mr. Chairman.

STATEMENT OF MORRIS D. CRAWFORD, JR., CHAIRMAN OF THE BOARD OF THE BOWERY SAVINGS BANK

Mr. CRAWFORD. Mr. Chairman and members of the Subcommittee, my name is Morris D. Crawford, Jr., and I am Chairman of the Board of The Bowery Savings Bank. I am very pleased to have this opportunity to appear before you to testify on H.R. 11601, the "Consumer Credit Protection Act."

As former Senator Douglas has previously stated in his testimony before this Committee, the mutual savings bank industry has been an early and consistent supporter of Truth in Lending. On three occasions in the past, I have been privileged to testify before the Subcommittees of the Senate Banking and Currency Committee on versions of Truth in Lending legislation. On two of these occasions—July of 1961 and August of 1963—I testified (on behalf of our New York State and National Associations) in support of Truth in Lending with reference to the extension of real estate mortgage credit, since that form of lending has been the primary investment activity of New York savings banks over the past 20 years. More recently, savings banks in this State have sought legislation similar to that now on the books in other leading savings bank states which would permit them to make unsecured consumer loans in addition to those they now make for home improvements. My most recent testimony, presenting our National Association's support of the Senate Truth in Lending bill (S. 5), therefore, supported Truth in Lending as it would apply to both real estate mortgage lending and unsecured consumer lending. The savings bank industry has no position as to the provisions of the bill covering open-end type credit arrangements, since they are not relevant to the lending operations of mutual savings banks generally.

My long-standing support of Truth in Lending legislation is based upon the conviction that the nation's consumers should have an opportunity to make an informed choice between borrowing and saving to acquire what they want; and when they choose to borrow, they should be in a position to make a meaningful comparison between the various lenders which compete for their loans. It is fundamental to this decision that the American consumers have the whole truth about the price they will be required to pay for credit.

Unlike the Senate-passed Truth in Lending bill (S. 5), the bill before this Committee would extend the disclosure requirement to cover advertising of credit. I support this extension since it would more effectively permit the purchaser to determine the comparative costs of goods and services, including any cost differences due to financing arrangements, before he makes his purchasing decision.

H.R. 11601 also includes a number of other proposals relevant to the credit activities of a savings bank which were not included in the Senate-passed bill. These include an 18% limitation on credit charges; a prohibition against "confession of judgment" notes; authority to restrict consumer credit during national emergencies; a prohibition against garnishment of wages; and provisions which would establish a National Commission on Consumer Finance. Unlike the provisions on the disclosure of interest rates, I have not had the opportunity to consider in any detail the many complex issues raised by these newly proposed provisions. I have noted, however, that Treasury Undersecretary Barr believes that they would require a good deal of exploration before any action is taken. I am in agreement with this viewpoint. It is my hope, however, as one who has supported Truth in Lending legislation for many years, that the Committee's consideration of these new rules will not delay enactment of these portions of H.R. 11601 dealing with the disclosure of the cost of credit.

There are a few comments I would like to make about the technical provisions of the disclosure rules as they apply to the lending activities of a New York savings bank. I was very gratified to see that Section 202(d)(2) of the Committee's bill excludes certain enumerated mortgage closing costs from the definition of "finance charge." I would suggest the addition of the following