

The American Bankers Association urged the Senate Committee to come out for a single uniform method of disclosure applicable to all classes of lenders and sellers. It prefers, as does the New York State Bankers Association, monthly disclosure in the case of revolving credit. The Senate Committee itself, in its report on S.5 recommended uniformity of rate disclosure. Despite these commendable statements of principle, the Senate Committee voted to retain the controversial and discriminatory provision in S.5.

It is our Association's feeling, though we are firmly in favor of "truth-in-lending," in principle, there is entirely too much haste in implementing it under H.R. 11601. The original S.5 provided a three-year lead time to permit necessary changes in state statutes or constitutions so that compliance could be made with Federal legislation without conflict. The final version cut this lead time down to less than two years. H.R. 11601 would make the effective date July 1, 1968 which is less than a year away.

Another factor being ignored is the proposed Uniform Consumer Credit Code which has been under study by the National Conference of Commissioners on Uniform State Laws. It would seem that sober reflection would dictate that legislation such as we are discussing here, should be held up until the Commissioner's report is available in 1969.

Briefly, then the position of the New York State Bankers Association can be summarized as follows:

1. A single uniform method of time disclosure should be applied without discrimination to all creditors and all types of credit.
2. Creditors should be permitted to state finance charges in terms of dollars per hundred until January 1, 1972 with the effective date of the act no earlier than 1970.
3. Insurance charges should not be considered part of the rate.
4. Real estate mortgages should be excluded.
5. Wage and salary garnishment should not be prohibited.

Again, gentlemen, may I repeat, we strongly support the principle of full disclosure and we will work hard to implement a fair and realistic bill. Thank you for this privilege of appearing before you.

Perhaps selective legislation will protect the unsuspecting against the shyster and unscrupulous lender in some other legislation, but not in this particular bill. Again, gentlemen, may I repeat we strongly support the principles of full disclosure and will work hard for a fair bill.

The CHAIRMAN. Thank you, Mr. Watts.

I would like to ask you a couple of questions.

It has been mentioned here earlier today that frequently one hears advertising of credit by stores and appliance dealers and so forth, cars, with the term "Low Financing, Bank Rates."

Now, this is something which we consider is often very misleading in that it suggests regular bank rates, at the implied rate of 6 percent.

Would you comment on this?

Mr. WATTS. This would be beyond us—

The CHAIRMAN. I don't suggest this is your fault.

Mr. WATTS. I think this is where the term is just tossed off by the dealer, I think this kind of advertising is improper and misleading, because what is a bank rate? Banks here in New York City charge somewhere around three-quarters of a percent less than the law would permit. You get Upstate New York, they charge the maximum rate.

The CHAIRMAN. Do you have any objection to the inclusion of advertising of this type in the legislation?

Mr. WATTS. Not at all.

The fact of the matter is, as I pointed out, we—if we were not sincere about this thing, we would be even more so, because we are tremendously conservative.

If you convert the maximum 6 percent discount, 1 percent a month discount, or, let's say, 12 percent discount, it is about 24 percent, so we come off smelling nicely of roses.

The CHAIRMAN. Mr. Crawford was here this morning from the Bowery Savings Bank, and he was in favor of the inclusion of first mortgages in legislation such as this.

Mr. WATTS. We don't feel it is necessary, because mortgages are usually termed in simple interest rates.