

mittee staff and others who have helped make this hearing, I think, a very meaningful exercise.

Thank you.

Congressman HALPERN. Thank you.

(Whereupon, at 5:00 o'clock p.m., the hearing was closed.)

---

(The following statement was received for inclusion in the record:)

HARYOU-ACT Neighborhood Boards Consumer Education Program strongly supports the passage of the Truth-In-Lending bill which is currently pending in the House of Representatives.

The consumer should be able to "shop around" for the best "buy" in credit, as well as other merchandise. With true costs of credit obscured by vague, confusing, and often *gimmickey-kind* of language, it is now impossible for the consumer to do so.

In many instances, particularly in ghetto neighborhoods, shopkeepers sell merchandise, frequently shoddy, to consumers on an installment plan contract, and then immediately turn the contract over to professional contract collectors. When the shoddy merchandise begins to fall apart, the consumer returns to the store to seek redress. For the first time, he is told that the store is not responsible, that his account is being handled by a credit company. Many consumers then become disgusted and frustrated, and attempt to withhold further payments until the situation can be corrected. He then finds himself in difficulty on his job, as the finance company simply garnishees his wages.

Truth-In-Lending legislation would give the consumer the actual cost he would be expected to pay for credit. He would thus be able to accurately compare prices and types of credit. However, the bill as passed by the Senate, does not deal with the costs of revolving credit. In fact, revolving credit is exempted from the bill. Revolving credit is found in department store, mail-order, and credit card accounts, and constitutes a major portion of the credit market. As it now stands, only the monthly rate will be disclosed on most revolving credit transactions.

In order to compare the price of revolving credit with that of other forms of credit, you would have to convert the monthly rate to an annual rate by multiplying it by 12. If you do not know this, you might assume that 1½% service charge is lower than let us say the 12% annual rate charged by credit unions.

HARYOU-ACT Neighborhood Boards Consumer Education Program therefore goes on record in support of a Truth-In-Lending bill without loopholes, which will give the consumer the necessary information to purchase credit as he would any other item, after he has been able to accurately compare the costs.

