that the business community does not also endorse the establishment of such a department.

3. Finance charges: The most obvious distinction between the two approaches adopted by the various bills under consideration to the protection of consumers in retail installment sales can be seen in relation to finance charges. S. 2590 sets forth a methodology for determining these charges. Although we can support the approach, we cannot endorse the high rate of interest which is embodied in S. 2590. It is our understanding that, without specific legislation, the City Council lacks power to determine finance charges. S. 316 is silent in this regard.

Senator TYDINGS. Let me interrupt you there. If the amount in the bill were to be the top limit, then would you rather have it silent?

Mr. GUTTMAN. No; I think that it is possible in our processes that power may be delegated to the City Council in the District of Columbia to make regulations so that a reasonable finance charge may be imposed by regulation. In this way, also, it will not have to go back, necessarily, to the Congress time and time again to fix a reasonable charge but, within the upper limit, as indicated, the City Council would be able to maneuver. This, too, leads us to support enabling legislation so that the City Council will be able to make regulations fixing reasonable finance charges.

And, now, if I may go to point 4.

Repossession: As we understand S. 316, section 11 limits the demand which may be made on the defaulting buyer for expenses in repossession, to the amount realized from the disposition of the collateral. The section provides however that nothing therein is to be construed to relieve the debtor of liability for the deficiency, if any, outstanding after the collateral has been sold. This section does not prohibit the seller to repossess and still collect more money. Under S. 2589, however, the seller is put to an election between alternate remedies whenever the buyer is in default. The seller may either repossess without subsequent deficiency judgment, or he may sue for the unpaid balance without the right to levy on the goods involved. He may not do both.

We support the approach in S. 2589 in putting the seller to his election, insofar as it forces the seller to consider the item purchased as his prime collateral for the credit sale. In no way does the ad hoc committee want to suggest that a buyer not pay his legal obligations. But if a buyer is economically unable to continue his payments, the seller's basic collateral is the item he has sold him. Why place a deficiency judgment over the buyer's head in addition to taking away the goods? That is why we will support S. 2589. Especially, since in many cases, considerable payments have been made on these goods prior to default. We understand that the approach in S. 2589 implements existing legitimate business practices, but we feel that this bill is not clear enough to achieve this objective.

As a result, as we read S. 2589, a seller, realizing that the collateral has deteriorated and the value will not cover the deficiency in the article he has sold, will go to court, and as a result, he might be able to levy on items not involved in the credit transaction which might be of value.