

10. Limitation of amount of deficiency judgment after forced sale (see discussion in #9).

In addition to these ten principles, Senator Tydings' bills would accomplish the following:

1. S. 2589 would create a D.C. Department of Consumer Protection. Such a Department would be created under the Act, for purposes of:

- (a) administering and enforcing the Act;
- (b) conducting studies and investigations into consumer problem areas;
- (c) conducting educational programs.

2. S. 2592 provides that security interests in real property—such as mortgages or deeds of trust—can only be foreclosed through court proceedings.

Presently, in the District of Columbia—as developed by the recent *Washington Post* series on second mortgages—automatic foreclosures are common and often work to the extreme disadvantage of the homeowner. Under S. 2592, such automatic foreclosures would be prohibited, and the homeowner would be given his day in court to protect himself and his interests.

Although the Washington community—business and otherwise—will generally support the four bills, the following areas will be hotly contested:

- 1. elimination of the holder-in-due-course concept;
- 2. cancellation rights in door to door sales contracts;
- 3. regulation of finance charges.

BENNY L. KASS.

Senator TYDINGS. If you would submit language for the proposed amendments, we would be delighted to have it. We appreciate very much your being here.

Mr. GUTTMAN. Thank you very much.

Senator TYDINGS. We will have a 2-minute recess.

(Short recess.)

Senator TYDINGS. We will reconvene the hearing.

Our next witness is Mr. Frank A. Gunther, chairman of the Law and Legislative Committee for the District of Columbia Bankers Association.

We will be glad to hear from you now.

We are delighted to welcome you, Mr. Gunther.

STATEMENT OF FRANK A. GUNTHER, PRESIDENT, SECURITY BANK, AND CHAIRMAN, LAW AND LEGISLATIVE COMMITTEE FOR THE DISTRICT OF COLUMBIA BANKERS ASSOCIATION

Mr. GUNTHER. Mr. Chairman, I am Frank A. Gunther, president of Security Bank and chairman of the Law and Legislative Committee for the District of Columbia Bankers Association.

I was not aware that S. 316 was up for consideration at this hearing. I would like to say that I was privileged, as a representative of the District of Columbia Bankers Association to participate in a number of conferences over a series of months in the Corporation Counsel's office, and we arrived at what we thought was a series of compromises in putting together the divergent views of what we thought was a pretty good bill. And in the form it is, we feel it would be a workable bill. However, I would like to direct my statement to S. 2589.

First I wish to make it clear that our association is wholeheartedly in accord with the intent of this bill, as set out in section 1.101(B). Since the Washington banks sell only banking services and, to my knowledge, have not been accused of the kinds of activities which this bill is intended to correct, the banks do not have a direct interest.