

the purchase of the property, then I fail to understand why the buyer does not still owe the unpaid balance.

"Section 1.201(1)(a)": I have been unable to obtain an explanation from several sources contacted as to the mechanics of computing the nominal annual rate "determined by the actuarial method (U.S. rule)." This was apparently taken from the wording of S. 5, the so-called Truth-in-Lending Act of 1967, but in the committee report on S. 5, it is simply stated that this is a well-recognized term in the mathematics of finance and has also a long judicial history under the U.S. rule.

I will interpolate. I have been in the banking business 42 years, and I have never heard of such. I cannot find anybody who does understand it.

We appreciate having been given an opportunity to make these comments on S. 2589 and hope that the subcommittee will give consideration to the possible adverse effect which some of its provisions may have upon honest purveyors of goods or services.

Senator TYDINGS. We are going to have to recess until 2 o'clock this afternoon. My presence is required on the Senate floor, on a matter which also relates to the District of Columbia. The leadership requests that I go on this morning. We are going to have to recess, accordingly, until 2 o'clock.

We will be happy to have you put your other statement in the record in its entirety, just as though orally given, if it would be inconvenient for you to come back at 2 o'clock.

Mr. GUNTHER. I will be very happy to come back. We are far more concerned with S. 2592 than the other one.

Senator TYDINGS. Fine. We will come back then.

We will now recess until 2 o'clock.

(Whereupon, at 11:45 a.m., a recess was taken until 2 p.m., this same day.)

AFTERNOON SESSION

Senator TYDINGS. We will resume the hearings on S. 316, S. 2489, S. 2590, and S. 2592, relating to consumer protection in the District of Columbia. Mr. Gunther will resume.

STATEMENT OF FRANK A. GUNTHER—Resumed

Mr. GUNTHER. Mr. Chairman, I appreciate the opportunity to come back. This statement is on behalf of the District of Columbia Bankers Association, in regard to S. 2592.

The District of Columbia banks are quite aware of the motivation behind this bill, and we certainly agree that it is a laudable objective to try to correct the flagrant type of abuses which have received wide publicity here in recent months in the mortgage or deed-of-trust field. We feel, however, that a bill to correct these abuses should not be so sweeping as to include the Washington banks and their customers in the added costs and delays which would result from enactment in its present form.

We are not aware of any claims of abuses or wrongdoing involving real estate loans made and owned by federally insured banks or savings and loan associations in the District of Columbia. Those abuses which