

which might as well be made a part of this record, with the permission of the Chairman.

Mr. Dowdy. It will be made a part of the record.
(The letter referred to follows:)

THE ADMINISTRATOR OF NATIONAL BANKS,
Washington, August 8, 1968.

Mr. FRANK A. GUNTHER,
Chairman, Law and Legislative Committee for the D.C. Bankers Association,
Washington, D.C.

DEAR MR. GUNTHER: Thank you for your letter of August 6, 1968, enclosing a draft amendment of Title 28 of the District of Columbia Code on the subject of maximum interest rates chargeable on loans made in the District of Columbia.

Your letter advises that the draft bill was prepared by Mr. Robert Kneipp, Assistant Corporation Counsel for the District of Columbia, and the purpose of the bill is to clarify the status of loans made on a discount basis, i.e., where interest at the legal rate is deducted in advance from the proceeds of the loan. We understand that the draft bill has been informally approved not only by Mr. Kneipp but also by the Deputy Mayor, Mr. Fletcher, and the Legislative Committee of the City Council.

Please be advised that this Office would have no objection to the passage of the draft bill since it merely clarifies the status of a well-established banking practice in this area.

Sincerely,

WILLIAM B. CAMP,
Comptroller of the Currency.

Mr. GUNTHER. In this letter he states, "Please be advised that this office would have no objection to the passage of the draft bill since it merely clarifies the status of a well-established banking practice in this area."

OTHER JURISDICTIONS

Mr. McMILLAN. I understand that the States of Virginia and Maryland have higher rates than you are proposing here today, is that not right?

Mr. GUNTHER. The State of Virginia, and the State of Maryland until the last meeting of the Maryland Legislature, opposed taking the interest in advance. Virginia still does up to eight percent. However, at the last session of the Maryland Legislature it fixed the maximum rate at 12 percent per annum which would be equivalent to a little bit more than six percent at discount.

Mr. McMILLAN. I think that should be in the record, thank you.

Mr. JENNINGS. May I add this? The Virginia change to eight percent would be exactly comparable to what H.R. 19740 would permit the District of Columbia banks to charge on installment consumer loans as a maximum. I think it should be pointed out that if we bankers went through our loans and I will speak for my own bank—we would have very, very few at the eight percent discount rate—very, very few, but competition enters into the picture, and most of them would be for a lesser amount than that, but, nevertheless, I think that we should have the eight percent add-on as is provided in the proposed bill. That is what Virginia has.

Now Maryland, it is true, has moved to a lower level, but I think that in the District of Columbia, based on our experience we feel that we need an add-on at an eight percent maximum, which is, approximately, 15.4 percent per annum for some few loans.

Mr. McMILLAN. And it is true that it is possible that this may not give any trouble, but you would like to be on the safe side and clear up anything before it happens?