

Mr. GUNTHER. The cost of writing the insurance, the record keeping, and so on.

Mr. HARSHA. Does not the 49 cent premium take care of that?

Mr. GUNTHER. No. That is paid to the insurance company.

Mr. JENNINGS. I would say, if I may jump into this, that banks do have service charges in connection with some of the small loans. I do not know about that too much.

Mr. GUNTHER. We call it a service charge.

Mr. HARSHA. That is what I was trying to get around to, eventually. That is, whether all the charges are added to the loan cost, in addition to the interest cost. And you say now that you have the insurance on an optional basis.

Mr. GUNTHER. Strictly. I would say that, perhaps, one-fourth to one-third of our personal loans have credit life insurance on them. In other words, we simply ask the customer, "Do you wish to take credit life insurance on this loan?" If he says, "No," we do not press it.

Mr. HARSHA. And if he says, "Yes," he pays the premium on the insurance, plus a service charge?

Mr. GUNTHER. Yes.

Mr. HARSHA. What other charges are tacked onto this?

Mr. GUNTHER. There are no other charges, so far as our bank is concerned.

Mr. HARSHA. Do you have any other service charges of any kind, Mr. Gunther?

Mr. GUNTHER. Not on loans. We have a service charge on accounts.

Mr. HARSHA. We are just dealing with loans.

Mr. GUNTHER. We have no other service charges on loans.

Mr. HARSHA. Suppose that I would borrow \$1,000 and would deposit it in your bank in a checking account. Is there a service charge on top of that?

Mr. GUNTHER. No, if you have an account with us and you borrowed \$1,000, and your financial statement shows that your credit is worthy, why you, probably, today would get the seven percent rate, the simple interest rate on your loan.

Mr. HARSHA. There would not be this add-on?

Mr. GUNTHER. No, because when we get up over the small amounts we, generally, do it at the simple rate.

Mr. HARSHA. I want to deal with this small amount, with a small amount, with this add-on cost provision.

Mr. DOWDY. Not more than \$500.

Mr. HARSHA. Say that I borrow \$500 and heretofore I have had no account with you, but I have established enough credit with you that you are going to loan me \$500. I want to use it over a period of time, so I set up a little checking account with you. I understand that there is a certain charge for each check written. I assume that most banks charge for that. Do you charge for each check issued?

Mr. GUNTHER. If you have a regular checking account—

Mr. HARSHA. I am just starting on it here now. I heretofore have not had any account in your bank.

Mr. GUNTHER. I am assuming that you start a regular checking account, not what we call a special account, where you pay ten cents a check. You have a regular checking account where at the end of each month we average your balance, determine the earnings on it, and if