Mr. HARSHA. Do you know how many States in the country have that kind of law—can you provide that for the record?

Mr. JENNINGS. We could provide it. I would say that at least one-half of them do.

Mr. HARSHA. Will you provide it for the record?

Mr. JENNINGS. So we are not doing anything—we are not asking to do anything that is unusual. You may not like that, but there are many States that do it that way.

Mr. GUNTHER. If I may say this to Mr. Steiger, I provided the Chief Counsel for the Comptroller of the Currency, Mr. Bloom, who is here to testify today, with excerpts from the laws of each State of the Union and their interest rates. And Mr. Bloom might possibly know how many States there are. (See appendix, pp. 27–32.)

Mr. BLOOM. I have the material that you sent over to us yesterday, but I have not had a chance to look at it.

Mr. DOWDY. Before you go further, this letter from Mr. Tobriner that you mentioned will be made a part of the record, Mr. Steiger.

Mr. STEIGER. Thank you.

(The letter referred to follows:)

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
Executive Office,
Washington, D.C., January 25, 1966.

The Honorable JOHN L. MCMILLAN,
Chairman, Committee on the District of Columbia,
United States House of Representatives,
Washington, D.C.

DEAR MR. MCMILLAN: The Commissioners of the District of Columbia have for report H.R. 12180, 89th Congress, a bill "To amend chapter 33, subtitle II, Other Commercial Transactions, of title 28, District of Columbia Code, with respect to charging or deducting in advance interest on loans to be repaid in installments."

Section 28–3301 of the District of Columbia Code presently provides that the parties to an instrument in writing for the payment of money at a future time may contract therein for the payment of interest on the principal amount thereof at any rate not exceeding 8 percent per annum. Section 28–3302 of the Code provides that, in the absence of express contract, the rate of interest upon the loan or forbearance of money, goods, or things in action, shall be 6 percent per annum. Section 28–3303 of the Code provides that if any person or corporation contracts verbally to pay a greater rate of interest than 6 percent per annum or in writing to pay a greater rate than 8 percent per annum the creditor shall forfeit the whole of the interest so contracted to be received, and the excessive interest, under section 28–3304, may be recovered in a civil action brought by the debtor.

The bill amends existing law relating to interest and usury, as set forth in chapter 33 of subtitle II of title 28 of the District of Columbia Code and outlined in part in the preceding paragraph, so as to insert therein a new section, section 3302a (properly section 28–3302a) which would authorize interest computed on the principal amount of a loan at a rate permitted by sections 3301 and 3302 (sic) of this chapter to be charged or deducted in advance where the borrower is required to repay the indebtedness in installments. This means, of course, that on a loan of $1000, with interest at 6 percent, repayable in installments over the period of a year, the creditor would be authorized to charge or deduct the $60 interest in advance, without taking into account the lessening of the principal through the installment payments, so that in effect the interest so charged or deducted is payable on an average unpaid balance of approximately $500. In short, the effective rate of interest is not 6 percent but is closer to 12 percent. Should the contract be in writing and call for interest at the rate of 8 percent, the effective rate which the bill would authorize, assuming interest be charged or deducted in advance on a loan repayable in installments, would be approximately 16 percent.