

Mr. Dowdy. From the testimony, one would think so, but the bill does not so state. This bill would not increase the eight percent contract rate if you read just the provisions of the bill, and without knowing what the courts may have said. This does not say that. Am I correct about this?

Mr. Bloom. You are correct. This bill, as I read it, states that it would supply a legislative recognition to the fact that you are deducting the interest in advance. And it goes further to say that in doing that in itself it would not constitute a violation of any other provision on the law.

Mr. Dowdy. All the bill says is that the deduction of the legal rate of interest may be deducted or added on. If the bill were to permit a greater rate of interest, the courts would have to write it in.

Mr. Harsha. Will you yield there? Does it not all boil down to this: what the bill does is to put a cloak of legality on the fact that you are adding on these charges in the beginning?

Mr. Bloom. I would not describe it in those terms. I would say that it clarifies a point which has been of some doubt in the minds of lawyers.

Mr. Harsha. Thank you, that is all.

Mr. Steiger. That is all. Thank you.

Mr. Dowdy. Thank you. I believe those are all of the witnesses we have on the list. We will adjourn this meeting. Thank you all for coming. We appreciate your appearance here.

(Whereupon, at 11:45 o'clock a.m., the Subcommittee adjourned.)