

MINUTES
SAVING & LOAN COMMITTEE
Tuesday, March 2, 1965

Meeting was at 9 a.m. in Room 528, with the Chairman, C. A. Strowig, presiding.

Mr. Drew was absent.

Mr. Stanley Linn, representing the consumer finance companies in Kansas - of which there are 350 in some 25 cities - was present to further explain statutory changes that have been proposed. Mr. Linn said these companies are regulated by all laws of Kansas pertaining to interest or finance charges, and that there are actually three different statutes regulating interest or finance charges under Article 16 - general users, consumer loan, sales finance - and proposed changes are an endeavor for uniformity and simplicity. He explained the Rule of 78s and said that computation, refunding and deferment are all based on this, as well as income tax returns. It is a mathematical formula to arrive at interest charges. He also cited that under this formula, a dollar rate does not reflect the true interest charged (usually double).

Mr. Linn said that the increase in loan amount proposed for 16-202 (b) is because this is considered for "home improvement" and the cost of such has increased. He also said that (6) is to circumvent any second mortgage "racket" in the way of added service charges.

One change is to assure one month's charges for the lender, in the case of early payment of an installment loan. There was an adverse court decision in the instance of a less-than-thirty day installment loan repayment where no interest was allowed the lender.

The \$3 minimum charge was defended on basis that handling amounts to more than this amount.

Augusta M. Loring
Secretary

There was a subsequent, upon House adjournment, at which Mr. Myers moved the drafting and introduction of bills covering proposed changes. Mr. Winters seconded the motion, and it carried.