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Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I have signed H.R. 11221 which provides important new consumer protection in the area of credit and finance.

This legislation would double the basic Federal insurance limits for deposits and savings accounts in insured banks, savings and loan associations, and credit unions from \$20,000 to \$40,000. This increase will help these financial institutions to attract larger deposits. It will also encourage savers to build up funds for retirement or other purposes in institutions with which they are familiar and which are insured by Federal agencies that have earned their confidence over the years.

H.R. 11221 also contains fair credit billing provisions which will protect consumers against the repeated incorrect billings of computers that sometimes fail to respond to consumer's inquiries. Now creditors must acknowledge customer inquiries within 30 days. Moreover, the creditor must resolve any dispute within 90 days either by correcting the customer's bill or explaining why the original bill is correct. Until these requirements have been met, there can be no dunning letters sent or other action taken to collect amounts in dispute.

Another extremely important provision in this legislation prohibits discrimination on the basis of sex or marital status in the granting or denying of credit. While there has been a voluntary improvement in credit procedures in recent years, women are still too often treated as second-class citizens in the credit world. This legislation officially recognizes the basic principle that women should have access to credit on the same terms as men.

This bill should also have a beneficial impact on the availability of mortgage credit, since it returns to institutions insured by the Federal Savings and Loan Insurance Corporation well over a billion dollars in insurance premiums not now required by the corporation.

One provision of H.R. 11221 is particularly unfortunate, however, in that it will severely undermine the present method of gathering legitimate views of other executive branch agencies and identifying potential conflicts with other existing legislation in this field. Thus, it could seriously hamper efforts to achieve a coherent Administration legislative program. Therefore, I am asking the Congress to amend the law by deleting section 111. This would preserve the executive branch's ability to develop a coordinated and coherent legislative program.

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This bill includes a number of provisions which could more appropriately be considered in the framework of a larger, more comprehensive approach to strengthening this country's financial system. As a result I will continue to press hard for Congressional passage of S. 2591, the Financial Institutions Act, which seeks to accomplish such a strengthening through reducing, rather than increasing or perpetuating, the extent of Government control over financial institutions.

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