

percentage is. There are certainly emergencies that frequently occur that were not foreseen at the time the original loan was made—emergencies, perhaps, of an entirely different nature from that which inspired the first borrowing. One might just as well say to a merchant, "How long do your customers stay with you? How long do they continue to buy goods from you?" It is pretty hard to say.

Q. I do not think the analogy is a very good one?—A. I am sorry. I have not any information, sir.

Q. My information is—I have another question or two to ask you—that a very substantial portion of your borrowers are in that class. Now, you do charge \$10 for inspection fee. That is correct, is it not?—A. Well, just a minute. That fee under section 3 varies according to the size of the loan. Yes, at one time we did. We do not now. The maximum charge we make under that section now is \$7.

Q. Quite so; but you did charge \$10?—A. In the loans of the larger brackets, quite so.

Q. When did you reduce it to \$7?—A. The 1st of December.

Q. Last December?—A. That is right.

Q. And up until last December the fee was \$10?—A. Graduated from \$10 down. The average is about \$6.14 during 1936.

Q. Now, in the loans of the category I mentioned—that is a man borrows, we will say, \$200 and you charge an inspection fee?—A. Not an inspection fee.

Q. What do you call it?—A. That fee, as I have explained several times now, includes the various expenses in connection with chattel mortgage loans.

Q. I do not want to prolong it?—A. I think I have developed that very completely as to what we do for that.

Q. As a matter of fact, an official of the company goes to the home and takes an inventory?—A. I described in detail what was done.

Q. Yes, I agree—takes an inventory of the chattels and things that you will require, and for which a chattel mortgage will be given?—A. Considerably more than that, sir.

Q. And that fee is charged. Now, then, the borrower comes along after six or seven months, any time, and he wants to make a further loan, and you in your practice will grant him a further loan. We will say that he has paid down about \$75?—A. On what amount, sir?

Q. We will say \$200. And he has paid down \$75, and he wants to make another loan we will say of \$100. Now, my information is that your practice in a case like that is to say, "Very well, we will loan you this \$100, but we will have to make the loan \$175 plus whatever the charges may be so as to give you the \$100, and you pay off what you owe the company."—A. That is right. Quite right.

Q. And in that case you can charge this service fee?—A. And we rebate it completely on all the other charges. As I explained the other day, it is a complete rebate of the service charge and the fee as well as his interest—the rate of $2\frac{1}{2}$ per cent per month on the actual cash in his possession for the actual number of days he has had the use of it, and we rebate to him everything over and above the original amount held back by way of discount and at actual earned interest so computed.

Q. Do you state definitely that that is done in all cases?—A. It is, yes, sir.

Q. My information is that it is not done?—A. It has not always been done. That has been the practice since last October.

Q. Oh, well—A. We are not compelled by law to do that. That is purely gratuitous.

Q. But up until last October you did not do that?—A. No. Quite so.

Q. And when that loan was renewed—A. We repaid it in accordance with the terms of the act as interpreted by the Justice department.