HOUSTON CHRONICLE

Page 2, Section 6 Friday, May 2, 1969

Personal

Editorials

Easy money at 116 percent

The money lenders visited the legislative temple in Austin this week. There, with what appeared to be overwhelming ease, they won an interest rate of 116 percent on loans between $100 and $200.

The State House of Representatives approved the fantastic interest rate by a vote of 117 to 22. The rate makes a complete mockery of Texas laws against usury.

The way in which the loan-shark interests brought it before the legislature is so satirical that it is almost unbelievable. The exorbitant rate, triple the 36 percent gouging that is legal now, was included with amendments to the Small Loan Regulatory Act to make the 1963 measure conform to the national Truth-in-Lending Act.

The justification for the 116 percent rate was given by Rep. Menton Murray of Harlingen. It was all so simple as he explained it: Loan companies now can make 116 percent on loans up to $100 but only 36 percent on loans between $100 and $200. So, naturally, the loan companies are not making loans between $100 and $200. The higher interest rate would just be a service to the people in making money available to them. How considerate of Rep. Murray and the loan companies.

The people who get hurt by such exorbitant rates are those who can least afford them—the poor who can't get a loan with a more reasonable interest rate from a bank or a credit union; people who need money quickly for an emergency and who have been brainwashed by jingles which give the impression that only loan companies can provide instant cash when it's needed.

There is hope that the Senate will recognize the absurdity of the bill as passed by the House and also will move to eliminate the legal interest rate of 116 percent on loans up to $100. This newspaper has always believed in free enterprise, but interest at this level is extortionate.

5/8/69

Dear Dr Garcia —

Thought you might want to see this. I think the bill will fortunately have trouble in the Senate

Sincerely
Sissy T. F.