May 26, 1970.

Honorable Thomas Hunter Lowe
Speaker of the House of Delegates
State House
Annapolis, Maryland

Dear Mr. Speaker:

In accordance with Article II, Section 17, of the Maryland Constitution, I have today vetoed House Bill 31.

This bill would increase the maximum annual interest allowed to be charged on unsecured loans of less than $500. The purpose of the bill was to enable banks profitably to make such loans.

The Attorney General has advised me that the provisions of this bill could raise several serious problems. For the reasons given in the attached copy of his opinion, which is to be considered a part of this message, I believe that this measure must be vetoed.

Sincerely,

/s/ MARVIN MANDEL,
Governor.

Letter from State Law Department on House Bill 31.

May 13, 1970.

The Honorable Marvin Mandel
Governor of Maryland
State House
Annapolis, Maryland 21404

Re: House Bill No. 31

Dear Governor Mandel:

At your request, we have reviewed the provisions of the above-captioned Bill. We advise you that this measure appears to be constitutional, but we would like to point out several serious problems with the Bill.

This measure would permit banks within this State to make loans up to $500.00 at a rate not exceeding 18% per annum, simple interest. Under the present law only small loan companies may make such loans at an interest rate in excess of the rates presently allowed by the general interest and usury laws of this State. If this Bill is signed into law, none of the existing regulations pertaining to small loans will be applicable to loans described in this measure, in that only the small loan companies are subject to the safeguards and regulations of Article 58A of the Code.

Additionally, we find nothing in this Bill, or in the existing law, that defines the term "direct installment loans"; nor can we resolve the apparent conflict between the use of the term "interest" in certain sections and "service charge" in others.

We believe that these terms, as used in this measure, are vague and may lead to substantial problems in the interpretation of the Bill in the future, if it is enacted into law. This measure, in our view, will add to the problems existing in the lending industry, and