



1 cost thereof to the user. It is the purpose of this Act to  
2 assure a full disclosure of such cost with a view to preventing  
3 the uninformed use of credit to the detriment of the national  
4 economy.

5 **DEFINITIONS**

6 **SEC. 3.** As used in this Act, the term—

7 (1) "Board" means the Board of Governors of the Fed-  
8 eral Reserve System.

9 (2) "Credit" means any loan, mortgage, deed of trust,  
10 advance, or discount; any conditional sales contract; any  
11 contract to sell, or sale, or contract of sale of property or  
12 services, either for present or future delivery, under which  
13 part or all of the price is payable subsequent to the making  
14 of such sale or contract; any rental-purchase contract; any  
15 contract or arrangement for the hire, bailment, or leasing of  
16 property; any option, demand, lien, pledge, or other claim  
17 against, or for the delivery of, property or money; any  
18 purchase, or other acquisition of, or any credit upon the se-  
19 curity of, any obligation or claim arising out of any of the  
20 foregoing; and any transaction or series of transactions hav-  
21 ing a similar purpose or effect.

22 (3) "Finance charge" includes interest, fees, service  
23 charges, discounts, and such other charges incident to the  
24 extension of credit as the Board may by regulation prescribe.

25 (4) "Creditor" means any person engaged in the bus-

1 iness of extending credit (including any person who as a  
2 regular business practice makes loans or sells or rents prop-  
3 erty or services on a time, credit, or installment basis, either  
4 as principal or as agent) who requires, as an incident to the  
5 extension of credit, the payment of a finance charge.

6 (5) "Person" means any individual, corporation, part-  
7 nership, association, or other organized group of persons,  
8 or the legal successor or representative of the foregoing, and  
9 includes the United States or any agency thereof, or any  
10 other government, or any of its political subdivisions, or  
11 any agency of the foregoing.

12 **DISCLOSURE OF FINANCE CHARGES**

13 **SEC. 4.** Any creditor shall furnish to each person to  
14 whom credit is extended, prior to the consummation of the  
15 transaction, a clear statement in writing setting forth, to  
16 the extent applicable and in accordance with rules and regu-  
17 lations prescribed by the Board, the following information—

18 (1) the cash price or delivered price of the property  
19 or service to be acquired;

20 (2) the amounts, if any, to be credited as down-  
21 payment and/or trade-in;

22 (3) the difference between the amounts set forth  
23 under clauses (1) and (2) ;

24 (4) the charges, individually itemized, which are  
25 paid or to be paid by such person in connection with the

1 transaction but which are not incident to the extension  
2 of credit;

3 (5) the total amount to be financed;

4 (6) the finance charge expressed in terms of dol-  
5 lars and cents; and

6 (7) the percentage that the finance charge bears  
7 to the total amount to be financed expressed as a simple  
8 annual rate on the outstanding unpaid balance of the  
9 obligation.

10 REGULATIONS

11 SEC. 5. (a) The Board shall prescribe such rules and  
12 regulations as may be necessary or proper in carrying out  
13 the provisions of this Act. Any rule or regulation prescribed  
14 hereunder may contain such classifications and differentia-  
15 tions, and may provide for such adjustments and exceptions  
16 as in the judgment of the Board are necessary or proper to  
17 effectuate the purposes of this Act or to prevent circum-  
18 vention or evasion, or to facilitate the enforcement of this  
19 Act, or any rule or regulation issued thereunder. In pre-  
20 scribing any exceptions hereunder with respect to any par-  
21 ticular type of credit transaction, the Board shall consider  
22 whether in such transactions compliance with the disclosure  
23 requirements of this Act is being achieved under any other  
24 Act of Congress. The Board shall exempt those credit  
25 transactions between business firms as to which it deter-

1 mines adherence to the disclosure requirements of this Act  
2 is not necessary to carry out the purpose of this Act.

3 (b) In the exercise of its powers under this section,  
4 the Board shall request the views of other Federal agencies  
5 exercising regulatory functions with respect to creditors, or  
6 any class of creditors, which are subject to the provisions of  
7 this Act, and such agencies shall furnish such views upon  
8 request of the Board.

9 EFFECT ON STATE LAWS

10 SEC. 6. (a) This Act shall not be construed to annul,  
11 or to exempt any creditor from complying with, the laws of  
12 any State relating to the disclosure of information in con-  
13 nection with credit transactions, except to the extent that  
14 such laws are directly inconsistent with the provisions of  
15 this Act.

16 (b) The Board shall by regulation except from the re-  
17 quirements of this Act any credit transactions or class of  
18 transactions which it determines are effectively regulated  
19 under the laws of any State so as to require the disclosure  
20 by the creditor of the same information as is required under  
21 section 4 of this Act.

22 PENALTIES

23 SEC. 7. (a) Any creditor who in connection with any  
24 credit transaction fails to disclose to any person any infor-  
25 mation in violation of this Act or any regulation issued

1 thereunder shall be liable to such person in the amount of  
2 \$100, or in an amount equal to twice the finance charge  
3 required by such creditor in connection with such transac-  
4 tion, whichever is the greater, except that such liability  
5 shall not exceed \$2,000 on any credit transaction. Action  
6 to recover such penalty may be brought by such person  
7 within one year from the date of the occurrence of the viola-  
8 tion, in any court of competent jurisdiction. In any action  
9 under this subsection in which any person is entitled to a  
10 recovery, the creditor shall be liable for reasonable attorneys'  
11 fees and court costs as determined by the court. As used in  
12 this subsection, the term "court of competent jurisdiction"  
13 means either any Federal court of competent jurisdiction  
14 regardless of the amount in controversy or any State court  
15 of competent jurisdiction.

16 (b) Except as specified in subsection (a) of this sec-  
17 tion, nothing contained in this Act or any regulation there-  
18 under shall affect the validity or enforceability of any con-  
19 tract or transaction.

20 (c) Any person who willfully violates any provision of  
21 this Act or any regulation issued thereunder shall be fined  
22 not more than \$5,000 or imprisoned not more than one  
23 year, or both.

24 (d) No punishment or penalty provided by this Act  
25 shall apply to the United States, or any agency thereof, or

1 to any State, any political subdivision thereof, or any agency  
2 of any State or political subdivision.

3 (e) A final judgment hereafter rendered in any criminal  
4 proceeding brought by or on behalf of the United States  
5 under this Act to the effect that a defendant has willfully  
6 violated this Act shall be prima facie evidence against such  
7 defendant in an action or proceeding brought by any other  
8 party against such defendant under this Act or by the  
9 United States under this Act as to all matters respecting  
10 which said judgment would be an estoppel as between the  
11 parties thereto.

12 **EFFECTIVE DATE**

13 SEC. 8. This Act shall become effective on January 1,  
14 1963.