

H. R. 797

IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 1963

Mr. Nix introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To assist in the promotion of economic stabilization by requiring the disclosure of finance charges in connection with extensions of credit.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Truth in Lending Act".

4 DECLARATION OF PURPOSE

5 SEC. 2. The Congress finds and declares that economic
6 stabilization is threatened when credit is used excessively for
7 the acquisition of property and services. The excessive use
8 of credit results frequently from a lack of awareness of the
9 cost thereof to the user. It is the purpose of this Act to
10 assure a full disclosure of such cost with a view to preventing

1 the uninformed use of credit to the detriment of the national
2 economy.

3 DEFINITIONS

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

5 (1) "Board" means the Board of Governors of the Fed-
6 eral Reserve System.

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

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

23 (4) "Creditor" means any person engaged in the busi-
24 ness of extending credit (including any person who as a
25 regular business practice makes loans or sells or rents prop-

1 erty or services on a time, credit, or installment basis, either
2 as principal or as agent) who requires, as an incident to the
3 extension of credit, the payment of a finance charge.

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

10 DISCLOSURE OF FINANCE CHARGES

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

16 (1) the cash price or delivered price of the property
17 or service to be acquired;

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

20 (3) the difference between the amounts set forth
21 under clauses (1) and (2);

22 (4) the charges, individually itemized, which are
23 paid or to be paid by such person in connection with the
24 transaction but which are not incident to the extension
25 of credit;

1 (5) the total amount to be financed;

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

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

8 REGULATIONS

9 SEC. 5. (a) The Board shall prescribe such rules and
10 regulations as may be necessary or proper in carrying out
11 the provisions of this Act. Any rule or regulation prescribed
12 hereunder may contain such classifications and differentia-
13 tions, and may provide for such adjustments and exceptions,
14 as in the judgment of the Board are necessary or proper to
15 effectuate the purposes of this Act or to prevent circum-
16 vention or evasion, or to facilitate the enforcement of this
17 Act, or any rule or regulation issued thereunder. In pre-
18 scribing any exceptions hereunder with respect to any par-
19 ticular type of credit transaction, the Board shall consider
20 whether in such transactions compliance with the disclosure
21 requirements of this Act is being achieved under any other
22 Act of Congress. The Board shall exempt those credit
23 transactions between business firms as to which it deter-
24 mines adherence to the disclosure requirements of this Act
25 is not necessary to carry out the purpose of this Act.

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

7 EFFECT ON STATE LAWS

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

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

20 PENALTIES

21 SEC. 7. (a) Any creditor who in connection with any
22 credit transaction fails to disclose to any person any infor-
23 mation in violation of this Act or any regulation issued
24 thereunder shall be liable to such person in the amount of
25 \$100, or in an amount equal to twice the finance charge

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

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

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

22 (d) No punishment or penalty provided by this Act
23 shall apply to the United States, or any agency thereof, or
24 to any State, any political subdivision thereof, or any agency
25 of any State or political subdivision.

