

As I interpret H.R. 11601, under title II: Credit Transactions, provision is made for such full disclosure of the terms and conditions of credit in virtually all credit transactions extended to consumers.

As I understand this particular title of the bill, it is in substance the same as S. 5 as passed by the Senate. However, there are changes upon which I will comment.

One of the most significant of these changes is that section 203(d) of H.R. 11601 would require disclosure of the finance charges expressed as an annual percentage rate in open-end credit plans or revolving credit transactions, whereas S. 5, as passed by the Senate, would require disclosure in such transactions expressed as a percentage rate per period.

It is my opinion that in this regard H.R. 11601 is preferable. The bill's requirement of such disclosure has the advantage of requiring that all creditors be treated alike. I know of no valid reason why revolving credit transactions should be excluded from the requirement of disclosing the finance charges expressed as an annual percentage rate. I believe there should be a uniform standard for credit transactions, thereby enabling those seeking credit to have a truly informed basis for comparing the offers of competing creditors.

A significant addition to truth-in-lending legislation is the requirement of disclosure that any advertisement specifying credit terms in or affecting interstate commerce must clearly and conspicuously set forth: the cash sale price; the number and amount of each installment period; the downpayment, if any; the time sale price; and the finance charge expressed as an annual percentage rate; it also would require additional information in advertisements of open-end credit plans. None of these provisions is in S. 5.

I am in favor of such disclosure requirements in advertising, in spite of the fact that, assuming jurisdiction, some of the information to be required might be required by the Federal Trade Commission under section 5 of its existing statute. Enforcing such standards of disclosure presently is receiving study by our staff, but this does not obviate the necessity for enactment of the legislation proposed. However, I believe that any legislation pertaining to the advertising of credit transactions should be contained in a separate bill in order to assure speedy passage of needed truth-in-lending legislation during this session.

Madam Chairman, as an aside, I think this legislation is so sorely needed that it would be tragic if this was the sole stumbling block. But I have faith in the ability of the two branches of the Congress to get together on the matter and if it can be so arrived at, and if it is the desire of the Congress that this facet of this legislation be vested in the Federal Trade Commission as Congressman Hanna has proposed in a bill, that he has introduced, I feel certain that we would do the best we could to do a competent job in this regard.

Mrs. SULLIVAN. Mr. Dixon, do you not think that the advertising provision is needed in a disclosure act? When we are requiring the disclosure of the amount and percentage rate, and yet allow credit advertising to go on that is definitely misleading, are we not helping to defeat the purpose of the legislation?

Mr. DIXON. I am sure you are aware there is quite a bit of a difference of a jurisdictional track. One comes out of Commerce—section 5