relate to typical instalment or closed-end *loan* transactions. For example in the typical loan transaction there is no "cash sale price," "down payment," or "time sale price." It is apparent that through obvious inadvertence this provision was designed to apply to consumer credit sales rather than to loans.

It is suggested that difficulties in terminology and application of the advertising disclosure provision may be resolved by deleting the existing provision and, in lieu thereof, adopting the approach to disclosure in advertising which has been developed by the Uniform Law Commissioners in the NCCUSL Second Tentative Draft of the Uniform Consumer Credit Code. The Code contains advertising disclosure provisions for both sales and loans in Section 2.302 and 3.303, respectively. These provisions state that an advertisement is misleading (and the advertiser is subject to penalties) (1) if it states the rate of the finance charge in a form other than the form in which the rate is required to be disclosed by the Code, or (2) if it states the dollar amount of the finance charge or the installment payment, and does not also state the rate of the loan finance charge, and the number and amount of installment payments. The advertising provisions of the Code also authorize the Administrator in each State to adopt rules which establish guidelines for determining the legality of advertising practices within the framework of the substantive Code provisions on advertising.

We urge that, if the Congress should determine that it is appropriate to incorporate provisions governing advertising practices in consumer transactions in a Federal finance charge disclosure Act, the Uniform Consumer Credit Code approach to this subject above summarized be followed. Moreover, it is our recommendation that the Board of Governors of the Federal Reserve System be expressly authorized to promulgate rules and regulations for the purpose of establishing guidelines to implement such a provision.

LIMITATIONS ON CREDITORS' RIGHTS

H.R. 11601 would prohibit creditors from accepting a confession of judgment against a debtor and would also prohibit the garnishment of wages or salary to satisfy an unpaid obligation in connection with consumer credit transactions. The A.B.A. is opposed to these limitations on creditors' rights or remedies, provisions which are entirely outside the scope of the accepted legislative intent of the bills before this Committee—the disclosure of finance charges in consumer credit transactions.

Historically, the question of creditors' rights or remedies with respect to collection of unsatisfied obligations has been within the jurisdiction of the several States. Limitations on creditors' remedies have been the subject of a serious and impartial study by the Uniform Law Commissioners. The proposed Uniform Consumer Credit Code contains some limitations on garnishment but these limitations by no means constitute an absolute prohibition on this traditional remedy. In short, the Code proposes to prohibit garnishments prior to a creditor's obtaining a judgment against the debtor. After the creditor's claim has been reduced to judgment, the Code permits the creditor to garnishee the debtor's earnings in excess of a minimum total earnings figure. This figure is subject to adjustment by action of the State administrator or agency charged with administering the provisions of the Code. The point to be stressed here is that the Code would leave matters affecting creditors remedies to the jurisdictions of the individual States.

Any prohibition or stringent limitation on the traditional right of a creditor to follow and collect on an obligation clearly will have the ultimate effect of hurtings consumers generally. Such restrictions will doutless cut off or reduce the availability of credit to less effluent borrowers and other consumers who are in marginal economic circumstances. It is important to note that this situation may be influenced by the area and the size of the creditors. A large creditor for example a nationwide retailer or a bank with outlets or offices in major urban centers, may not find it necessary to resort to garnishment as frequently as a small creditor to collect on unpaid obligations. This may be due to a number of factors, including the volume of creditor's business, the efficiency of his collection procedures, the creditor's delinquency ratio generally, and any other considerations which affect the creditor's ability and need to collect on the obligations. On the other hand, a small bank or retail merchant operating under limited capitalization and with less effective collection procedures may well have to resort to wage attachment or garnishment in order to stay in business.