

in interstate commerce. The definition, therefore, covers all forms of consumer credit advertising.

A definition of specific credit terms should be added to Section 202 (i) :

"An advertisement contains specific credit terms if it states any of the following: (A) a rate or rates of any finance charge; (B) the amount of any finance charge; or (C) the amount of any installment or installments."

The definition is important because under the vague language of H.R. 11601 any advertisement containing any specific information must apparently disclose all of the detail required by Sections 203 (j) and 203 (k).

Creditors should not be required to add a mass of detail to all advertising. Advertisements stating only "loans to \$2,500" or "terms up to 24 months" are unlikely to mislead consumers and provide valuable information about the services offered by creditors. The detailed requirements of Section 203 (j) and 203 (k) would lead creditors to limit advertising to "tombstone" notices. Consumers would, as a result, receive even less information about credit terms than they now do.

The advertising provisions of H.R. 11601 should be designed to prevent misleading credit advertising instead of requiring disclosure of detailed and often meaningless information. The suggested definition of specific credit terms accomplishes the purpose by enumerating the kinds of information which have sometimes been stated in a misleading or confusing fashion.

Section 203(j) and subsection (1) of that section require a creditor advertising "specific" credit terms to disclose in the advertisement, clearly and conspicuously: (a) the cash price, (b) the number, amount and period of each installment payment, (c) the down payment, (d) the time sale price, and (e) the finance charge expressed in an annual percentage rate.

It would be difficult for creditors to comply with Section 203(j). In automobile sales, for example, the cash sale price frequently depends upon competitive factors, the time of the year, the dealer's inventory, and the like. The cash sale price also reflects the options selected by the purchaser. It would, therefore, be difficult to state a true cash sale price in an advertisement.

The number and amount of payments depend on the needs of the customer, his credit standing and other factors. The amount of the down payment is similarly variable. The time sale price and the finance charge reflects the down payment and the number of installments. The annual percentage rate depends not only on all these factors but on additional variables such as the date of the first installment payment.

Section 203(j), therefore, should be amended to shift its emphasis from disclosure of detailed and often meaningless information to prevention of misleading credit advertising. The interpretation to 203(j) and subsection (1) of that section should be revised to read:

"No creditor in any advertisement containing specific credit terms and designed to promote or induce, directly or indirectly, any credit or consumer credit sale shall state:

(1) a rate or rates of finance charge, unless the annual percentage rate is also stated

(2) the amount of any finance charge or installment payment, unless the annual percentage rate and the number, interval and amount of installment payments are also stated."

The suggested amendment will not deprive consumers of any substantial protections. The detailed information required by Section 203(j)(1) must be disclosed by a creditor "before the credit is extended." E.g., Section 203(b). On the other hand, there is likely to be more advertising of helpful information if creditors are relieved from the overly detailed requirements now contained in Section 203(j)(1).

Failure of a creditor to comply with Sections 203(j) or 203(k) is, apparently, a violation of Section 206. Under Section 206, any creditor who, in violation of Section 203, fails to disclose, to any person to whom information is required to be given, is liable to such person for \$100 or twice the finance charge required by the creditor in connection with the transaction, whichever is greater, plus attorneys' fees.

The civil penalty section, thus, raises the possibility that anyone who reads a newspaper or watches a television program containing an advertisement which does not comply with the requirements of Section 203 would have a right to a penalty of \$100 and attorneys' fees. In addition, any obligor able to show that