

## **2. Motor Vehicles**

Under Massachusetts General Laws, Chapter 255D Section 1, the term "goods" includes all things movable purchased primarily for personal, family or household purposes other than motor vehicles, which are covered by a separate law in Massachusetts. H.R. 11601 Section 202c does not appear to exclude motor vehicles from its scope of operation.

## **3. Cancellation of Agreement**

Massachusetts General Laws, Chapter 255D Section 14 allows the consumer to cancel his retail installment agreement other than for a breach by the seller, where the seller has failed to send a written copy of the agreement signed by the seller to the consumer or where there has been no substantial performance on the seller's part. Notice of cancellation must be given by certified mail by five o'clock post meridian on the next business day following execution of the agreement.

## **4. Security Interests**

Massachusetts General Laws, Chapter 255D Section 15 provides that the retail agreement shall create no security interest in the property of the purchaser other than on the goods sold under the agreement.

## **5. Protection for Buyer**

Massachusetts General Laws, Chapter 255D Section 10 provides that no seller, sales finance company or holder shall at any time take or receive any retail installment sale agreement from a buyer which contains:

(1) Blank spaces for terms required by this chapter or for terms upon which the parties at the consummation of the sale have agreed to the extent of the then available information except that items 10 and 11 of subsection C of section 9 must always be disclosed;

(3) Any schedule of payments under which any one installment, except the down payment, is not equal or substantially equal to all other installments, excluding the down payment, or under which the intervals between any consecutive installments except the down payment differ substantially, unless (a) the buyer is given an absolute right upon default in any such excess or irregular installments, including that in default, revised to conform in both amounts and intervals to the average of all preceding installments and intervals, or (b) unless the time and amounts of the buyer and a statement appears in the contract to that effect.

## **9. Regulation of Credit for Commodity Future Trade:**

Our Truth in Credit laws do not cover the amount of credit that may be extended under commodity future contracts as provided for H.R. 11601 Section 207.

## **10. Emergency Control of Consumer Credit:**

Our credit law is in no way tied in with the economic condition of the state of Massachusetts or the county as provided in H.R. 11601, Section 208.

## **11. Interest Rate on Loans:**

H.R. 11601 applies to all extensions of credit. In Massachusetts we have one regulation covering retail installment agreement and another which regulates the loan businesses of Massachusetts. Our Truth in Lending Laws, Massachusetts General Laws Chapter 140A, however, does not establish the rates for loans, but merely regulates the procedure under which loans are to be made. The rate setting power is in the hands of a state regulatory board.

I hope this report will be of help to you in evaluating whether H.R. 11601 provides sufficient protection for the consumer.

Very truly yours,

ROBERT L. MEADE,  
*Chief, Consumer Protection Division.*