

(B) Underlying purposes and policies of this Act are—

- (1) to regulate retail installment sales of consumer goods (other than motor vehicles) and services and to safeguard consumers from unfair, unconscionable, or fraudulent advertising, sales, credit, and collection practices;
- (2) to permit and encourage the development of fair and economically sound consumer credit practices;
- (3) to further consumer understanding through disclosure of the terms of retail installment transactions and to promote and enhance competition among retail sellers of consumer goods and services; and
- (4) to promote and develop programs for the education of retail credit consumers.

SEC. 1.102. CONSTRUCTION AGAINST IMPLICIT REPEAL.—This Act being a general Act relating to the retail installment sale of consumer goods and services, no part of it shall be deemed to be impliedly repealed by subsequent legislation if such construction can reasonably be avoided.

SEC. 1.103. GENERAL REPEALER.—All Acts or parts of Acts inconsistent herewith are hereby repealed.

SEC. 1.104. SEVERABILITY.—If any provision of this Act or the application thereof to any person or circumstance is held invalid, such invalidity shall not effect other provisions or the application of this Act which can be effected without the invalid provision or application, and to this end the provisions of this Act are severable.

SEC. 1.105. EFFECTIVE DATE.—

(A) This Act shall take effect on the first day of the first month which begins more than ninety days after the enactment of this Act.

(B) This Act and the regulations adopted and promulgated by the Council under the authority of this Act shall be applicable to retail installment contracts, open-end credit agreements and extension or refinancing agreements entered into on or after the effective date of this Act, notwithstanding the provisions of any retail installment contract, refinancing or extension agreement, promissory note, or other instrument to the contrary.

SEC. 1.201. DEFINITIONS.—

(1) “Annual percentage rate”; “equivalent annual percentage rate”:

(a) “Annual percentage rate” means, for the purposes of section 3.104, the nominal annual rate determined by the actuarial method (United States rule). For purposes of this calculation it may be assumed that:

(i) The total time for repayment of the total amount to be financed is the time from the date of the transaction to the date of the final scheduled payment.

(ii) All payments are equal if all scheduled payments are substantially equal.

(iii) All payments are scheduled at equal intervals, if all payments are so scheduled except the first payment which may be scheduled to be paid before, on, or after one period from the date of the transaction. A period of time equal to one-half or more of a payment period may be considered one full period.

(b) The Council may prescribe methods other than the actuarial method if the Council determines that the use of such other methods will materially simplify computation while retaining reasonable accuracy as compared with the rate determined under the actuarial method.

(c) For the purposes of section 3.104(b) and (c), the term “equivalent annual percentage rate” means the rate or rates computed by multiplying the rate or rates used to compute the finance charge for any period by the number of periods in a year.

(d) Where the same finance charge is imposed for all balances within a specified range, the annual percentage rate or equivalent annual percentage rate shall be computed on the median balance within the range for the purposes of section 3.104.

(2) “Cash price” of goods or services means the price at which the goods or services are offered for sale by the seller to cash buyers in the ordinary course of business and may include, if separately itemized, any applicable taxes. The cash price of goods may not include the cash price of delivery, installation, servicing, repairs, alterations, or improvements. The amount by which the cash price stated in a retail installment contract pursuant to sections 3.104 and 3.108 exceeds the cash price of goods or services offered for sale by the seller to retail or cash buyers in the ordinary course of business shall be deemed a finance charge.