

SEC. 4.102. NEGOTIABLE INSTRUMENTS PROHIBITED.—Notwithstanding sections 28: 3-301 through 307 of the District of Columbia Code, no instrument or series of instruments payable to order or to bearer which when negotiated will cut off as against third parties any right of action or defense which the buyer may have against the seller shall be executed as evidence of the obligation of the buyer in connection with a retail installment transaction. Any such instrument issued in violation of this section is void and may not be enforced by any subsequent holder.

SEC. 4.103. PROHIBITED CONTRACT CLAUSES.—No seller or subsequent assignee shall at any time take or receive any retail installment contract or extension or refinancing agreement from a buyer which contains—

(A) any provision for the acceleration of the time when any part or all of the indebtedness becomes payable other than for a substantial default in payment or performance by the buyer, or on the same grounds as would authorize an attachment before judgment under paragraphs (2) through (5) of subsection (d) of section 16-501 of the District of Columbia Code, notwithstanding section 28: 1-208 of the District of Columbia Code;

(B) 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 differ substantially, except that—

- (1) the intervals for the first installment payment may be longer than the other intervals,
- (2) the final installment payment may be less in amount than the preceding installment payment, and
- (3) where a buyer's livelihood is dependent upon seasonal or intermittent income, the seller and the buyer may agree that one or more installment payments in the schedule of payments may be reduced or deferred;

(C) any confession of judgment or any power or warrant of attorney to appear for the buyer or for any surety or guarantor for him to confess judgment;

(D) any provision by which the buyer agrees not to assert against a seller or, notwithstanding section 28: 9-206 of the District of Columbia Code, against an assignee, a claim or defense arising out of the sale of the consumer goods or services which are the subject matter of such contract.

(E) any provision by which the buyer relieves the seller from liability for any legal remedies which the buyer may have against the seller under the contract or under any separate instrument executed in connection therewith;

(F) any provision by which the buyer grants authority to the seller or assignee to enter the buyer's premises in the repossession of the collateral, if any;

(G) any provision by which the buyer waives any right of action against the seller, assignee or other person acting on behalf of either, for any illegal act committed in the collection of payments under the contract or in the repossession of goods;

(H) notwithstanding section 28: 2-316 of the District of Columbia Code, any provision limiting, excluding, modifying, or in any manner altering the terms of express or implied warranties made in connection with the original sale; and

(I) any provision whereby the buyer executes a power of attorney appointing the seller, assignee, or other person acting in the seller's behalf, as the buyer's agent in the collection of payments under the contract or in the repossession of collateral security.

SEC. 4.104. Notwithstanding section 28: 9-204 of the District of Columbia Code, the consumer goods which are the subject of a retail installment contract shall serve as security only for the obligation arising out of the sale of such goods and related collection and default charges and such goods shall not be made to secure any past or future advance or obligation of the buyer to the seller or to seller's assignee. This section shall not affect the right of a seller to take a security interest in accessions or in other goods to which such accessions are to be installed or affixed and shall not affect the right to place an encumbrance upon fixtures or real estate.

SEC. 4.105. INVALIDITY OF PROHIBITED CONTRACT PROVISIONS.—Any provision in a contract which is prohibited by this part shall be void and unenforceable, but shall not otherwise affect the validity of the contract.