

"to protect the public from such exploitative contracts" as it found the retail installment contracts in that case to be.²

Thereupon, the District of Columbia Commissioners directed the Corporation Counsel of the District of Columbia to draft legislation. The Corporation Counsel organized a drafting committee, on which were representatives of¹

Metropolitan Washington Board of Trade.
District of Columbia Bar Association.
National Business League.
Better Business Bureau of Metropolitan Washington.
Washington Urban League.
United Planning Organization.
Neighborhood Legal Services Project.
Community Relations Committee of the Jewish Community Council.
And others.

The bill has resulted from extensive deliberations of these participants over a period of nearly two years. We are informed that a number of the provisions of the bill represent compromises among the participants, but that there is general agreement among them that the bill will effectively deal with the most serious problems arising in connection with retail installment sales and revolving charge-account sales, without being so oppressive as to drive legitimate businessmen out of the field.

(b) *Context.*—The bill is in part patterned somewhat after the Act relating to retail installment sales of motor vehicles in the District of Columbia. (D.C. Code, §§ 40-901 through 910), but is adapted to be applicable to the retail sale of consumer goods (other than motor vehicles) and services. The bill is also quite similar to the Maryland Retail Installment Sales Act. (Maryland Code, §§ 83-128 through 153), and to legislation in many other states, although it is broader in coverage than most such Acts.² Consumer protection is its goal, and disclosure is its primary method.

Possibly, other types of legislation might more surely protect consumers from their own folly, but only at the cost of such unacceptable regimentation as price control or prohibitions upon categories of persons from buying categories of goods. Thus, this bill will not flatly prohibit a person living on welfare from buying "on time" a combination hi-fi-TV set costing \$500.00. But it is designed to ensure that installment-purchase consumers have some information about what they are buying, the terms of payment, and the costs of deferred payment; and its prohibitions against balloon-installment clauses (providing for a final monthly payment which is substantially larger than the prior monthly payments), before—or after—acquired property clauses (providing that property other than that which is the subject of the sale shall become security for payment of the sale price) and other provisions may discourage installment sellers from making such sales to such persons.

So far as known, no comprehensive study of the effectiveness of retail installment sales acts as consumer protection measures has been undertaken, but the fact that forty-five jurisdictions in the United States have adopted such acts (including the District of Columbia as to motor vehicles) would seem to be some indication that they have value.

A proposed Uniform Retail Installment Sales Act is now under consideration by the ALI-ABA Commissioners on Uniform State Laws, but it is likely to be several years, we are told, before this proposal achieves its final form, and it includes a Small Loan Law in addition to retail installment sales regulation. Thus, it would not be appropriate to recommend deferring action on the instant bill pending consideration of the Uniform Act.

(c) *Provisions.*—(i) *Coverage.*—The bill covers retail sales of both consumer goods and services, if the price is to be paid in *one or more* deferred installments, regardless of whether or not there is any extra cost or finance charge involved, and regardless of whether or not the seller retains any lien on or interest in the goods or services. Sec. 2(3) and 2(7). (The sole exception to this broad coverage is charge-account type sales in which the price is to be paid in full in 90 days or

¹ The United States Court of Appeals remanded the case to the trial court because of possible legal unconscionability of the contracts involved in the case. 350 F. 2d 445 (1965).

² Virginia's statute is much less detailed. See Virginia Code, §§ 46.1-454 through 548. For a list of the forty-five jurisdictions which have retail installment sales acts see Footnote 2, p. 2072, in William E. Hogan, "The Code and State Retail Installment Sales Legislation," in Coogan et al., *Secured Transactions Under the Uniform Commercial Code* (1966). The Federal Trade Commission has recently proposed "Guides Relating to Retail Credit Transactions" along the same lines.