

equivalent, in force in the District of Columbia, we could grant appellant appropriate relief. We think Congress should consider corrective legislation to protect the public from such exploitive contracts as were utilized in the case at bar."¹

When the foregoing statement by the District of Columbia Court of Appeals came to the attention of the Board of Commissioners, they directed the Corporation Counsel to take appropriate action to draft legislation to deal with the problem. The Corporation Counsel proceeded to organize a drafting committee consisting of representatives of the following organizations:

- Metropolitan Washington Board of Trade.
- Bar Association of the District of Columbia.
- Washington Bar Association.
- National Business League.
- Better Business Bureau of Metropolitan Washington.

The foregoing soon were joined by representatives of the Washington Urban League, the United Planning Organization, Neighborhood Legal Services Project, the Community Relations Committee of the Jewish Community Council, and numbers of other persons representing various groups and organizations, many of whom joined together to form an Ad Hoc Committee for Consumer Protection. The bill which resulted from the extensive deliberations of these participants over a period of nearly two years can be said to represent the thinking of a very broad cross section of the community. S. 316 is identical to the bill formulated by these participants. A number of the provisions represent compromises between those participating in the preparation of the bill, and, while it is not unanimously approved by its drafters, nevertheless there is general agreement among them that the bill will effectively deal with the most serious problems arising in connection with the sale of consumer goods and services on the installment basis or under a revolving charge account agreement.

S. 316 would provide essentially "disclosure-type" legislation; that is, it would enable the District of Columbia Council (as drafted the bill contains references to the Commissioners, which should be amended to reflect the newly reorganized city government) to make regulations requiring sellers under retail installment contracts to make full disclosure to the buyers of all of the terms of any such contract. To this extent, the proposed legislation is designed to permit the buyer to protect himself against unconscionable business practices by requiring that he have all the facts placed before him by the seller. The bill does, however, require certain actions and prohibits still other actions for the purpose of affording to a buyer protection against practices which may operate to his detriment.

The bill provides specific authority for the regulation of insurance requirements relating to retail installment transactions; the size and interval of installment payments; conditions that may be imposed with regard to cancellation of contracts, prepayments of debts and refunding of unearned credit charges; and the repossession of goods and rights of redemption to be afforded the buyer.

Further, the bill specifically prohibits or modifies certain types of contract provisions. It prohibits clauses allowing acceleration of payments, and the so-called "balloon installment"; it forbids clauses that would provide that goods purchased under one contract to be security for other indebtedness arising out of other contracts and clauses that would waive the buyer's claims or defenses that he may have against an assignee.

One of the bill's most significant features is the manner in which it modifies the doctrine of holder in due course. These provisions, contained in section 9 of the bill, state that no claim or defense which would be cut off by negotiation is to be cut off by a provision in the contract or by transfer or negotiation to any third person of the contract or of a related promissory note unless such contract or note is accompanied by a certificate. This certificate must be signed by both the buyer and the seller or their respective representatives, stating that the consumer goods have been delivered to and received by the buyer or his representatives and *appear* to be those consumer goods which were purchased. If the contract is one for services, such certificate must state that they have been completely performed in accordance with the terms of the contract. This section also provides that if a note be taken by the seller under a retail installment contract, such note shall refer to the contract, "and no subsequent holder shall be entitled to hold such note as a holder in due course unless the note or the contract out of which the note arose is accompanied by the [required] certificate". Thus, a holder of a note

¹ The United States Court of Appeals, in *Ora Lee Williams v. Walker-Thomas Furniture Company*, decided August 11, 1965 (No. 18934), remanded the case to the trial court for further proceedings, with particular reference to the possible unconscionability of the contracts involved in the case.