

cial Code from our statute books. We fought hard to get that code into our statute books. I think it would be better to draft it by stating:

1.104 (1) The following acts are hereby repealed [setting out the particular acts or provisions in such acts to be repealed]

(2) This act does not repeal the Uniform Commercial Code being §§ 28:1-101 et seq. of the District of Columbia Code, but in respect to transactions falling within the provisions of this act, this act shall control in so far as such provisions are inconsistent with those of the Uniform Commercial Code.

(3) Except as provided in this section all acts and parts of acts inconsistent with this act are hereby repealed.

Finally, I would like to put in evidence an analysis of the two approaches adopted by S. 316 and S. 2589, S. 2590 and S. 2592, prepared by Mr. Kass for the ad hoc committee.

Senator TYDINGS. Without objection, we will insert that in the record at this point.

(The document entitled "Ten Principles" follows:)

TEN PRINCIPLES

(An analysis of Senator Morse's bill (S. 316) and Senator Tydings' bills (S. 2589, 2590, 2591, and 2592) relating to consumer protection legislation)

The Ad Hoc Committee on Consumer Protection has endorsed the following ten principles as the minimum protection which any consumer credit legislation must contain:

1. Standardization of terms and form of retail installment contracts, including full disclosure of terms and enumeration of rights and remedies of the parties.
 - a. *Senator Morse*—would authorize the Commissioners (the City Council) to make and enforce such regulations as they deem appropriate to accomplish principle #1. (§ 4a (1)-(10)).
 - b. *Senator Tydings*—specifically spells out these points in the legislation itself. Generally speaking, the disclosure requirement roughly parallels the disclosure format of the Truth-in-Lending Bills, with some modifications. Revolving charge account agreements are subject to annual rate disclosure.
2. Reasonable limitation of finance charges and other fees, costs and penalties.
 - a. *Senator Morse*—contains no provision limiting finance charges, or other fees.
 - b. *Senator Tydings*—limits finance charges, delinquency charges, court costs and attorney's fees that may be imposed on consumers. (S. 2590.) This bill would require that interest charges not exceed 20% per annum for the first \$500, and 16% per annum for all debts above that amount. Revolving charge account agreements (open end credit plans) are limited in that service charges can not exceed 1½% per month on the unpaid balances not exceeding \$500, nor 1% per month on unpaid balances exceeding \$500.
3. Provision that the only collateral for a contract shall be the goods covered by the contract. (Ora Lee Williams clause.)
 - a. *Senator Morse*—requires this in § 8.
 - b. *Senator Tydings*—§ 4.104 (S. 2589) is identical to the Morse proposal.
4. Regulation of allocation of payments to buyer's several contracts with one seller so that first contract will be paid off at original rate and each subsequent contract will be paid off in turn.
 - a. *Senator Morse*—provides that Commissioners (City Council) shall have authority to issue regulations governing this principal (§ 4a(9)).
 - b. *Senator Tydings*—no provision made, since prohibition against add-on security clauses (§ 4.104) could be held to prohibit formal consolidation of obligations. Consolidation of payments for convenience is not prohibited, as long as the consolidation does not violate § 4.104 or S. 2590, relating to finance charges.
5. Prohibition of "add-on" contracts and "balloon notes".
 - a. *Senator Morse*—Balloon notes are covered in § 4(a)(6), where Commissioners (City Council) are authorized to issue regulations requiring that payments, other than the down payment, under retail installment contracts, be made in substantially equal amounts and at regular intervals.

"Add-on" contracts are prohibited by § 8 (see principle 3).