b. *Senator Tydings*—language for both "balloon notes" and "Add-on" contracts is similar to Senator Morse. The main difference between the two bills is that Tydings does not leave this up to the City to regulate, but specifically controls the problems from the Congress (§ 4.103(B); § 4.104).

6. Strict regulation of installment selling by salesmen who solicit buyers in their homes, including licensing of salesmen, clear labeling of cash price, and requirement that cash price be same as that for same article in seller's store.

a. *Senator Morse*—the bill is regrettably silent on this principle.

b. *Senator Tydings*—this principle is not covered.

7. Right of buyer to cancel contract prior to delivery of goods or within a specified time, such as 48 hours.

a. *Senator Morse*—no such provision.

b. *Senator Tydings*—this is the subject of S. 2591. Where door-to-door solicitations result in sales, a buyer is given a three-day "cooling off" period in which to cancel his contract at no loss to himself. Exceptions include:

(1) home-improvement sales contracts—cancellation by buyer permitted within three days or before good-faith performance of any services, whichever is earlier.

(2) buyer must return the goods to seller if contract is cancelled, and has duty to take reasonable care of the goods in his possession prior to cancellation and until the tender to seller.

8. Provision that where installment contract is sold by the seller to finance company or bank, the installment buyer's rights and defenses will be good against the finance company or bank (e.g., breach of warranty). This would affect the traditional holder in due course concept, (h-d-c).

a. *Senator Morse*—bill adopted a certification procedure, whereby the third party taking a note cannot enforce it as a h-d-c, unless the retail installment contract is accompanied by the buyer's certification that he has received the goods purchased and that they appear to conform to his contract. A note—accompanied by a properly signed certificate—is fully negotiable and the assignee enjoys the position of h-d-c. (§ 9b).

b. *Senator Tydings*—§ 4.102 of S. 2589 provides that third parties shall take instruments arising in connection with retail installment transactions subject to *all* defenses which the buyer could raise as against the seller. This provision, for practical purposes, eliminates the h-d-c concept in retail installment sales transactions. It does not limit a seller's ability to obtain financing, however, because the instrument remains assignable.

9. Limitation of secured party's right to accelerate payments and/or repossess collateral.

a. *Senator Morse*—

(1) acceleration of payments—§ 5 permits this only in the case of a default in payment or performance by the buyer, or on the same grounds which would authorize an attachment before judgment, i.e.:

(a) buyer is evading service of ordinary process;

(b) buyer has removed or is about to remove some or all of the property from the District;

(c) buyer has assigned . . . or about to assign his property with intent to hinder, delay or defraud his creditors;

(d) buyer fraudulently contracted the debt or incurred the obligation.

(2) repossession—§ 11 limits the demands which may be made on the defaulting buyer for expenses which do not exceed the amount realized from the disposition of the collateral. The section provides, however, that nothing in it is to be construed to relieve the debtor of liability for reasonable costs in connection with the collection of a deficiency allowed to be recovered under the Act.

b. *Senator Tydings*—

(1) acceleration—basically same as Morse proposal, but need *substantial* default in payment of performance by buyer to permit acceleration of indebtedness (§ 4.103 (A)—S. 2589).

(2) repossession—in order to give reasonable protection to the buyer's equity in rapidly depreciating consumer goods, the seller is given an election of alternative remedies:

(a) repossession without subsequent deficiency judgment, *or*

(b) action on the unpaid balance without retaking the goods. (§ 6.101–106, S. 2589).