had signed a negotiable instrument which was now in the hands of a finance company. Thinking the transaction was terminated, with the TV set having been returned to the seller, they ignored the payment book and were later sued. Meanwhile the seller, who had received money from the finance company for the note, went out of business. Unless there is proof that the finance company had knowledge of the defects of the underlying transaction, the finance company will be entitled to recover the full amount of the indebtedness. I have explained time and again to my clients the law in the area. Yet they cannot understand why the law permits them to be saddled with a $600 debt when they are even without the use of the TV set which they had purchased. They feel they have been swindled, and that the legal system is completely inadequate to enforce their expectations with which they entered the transaction.

Where the buyer's goods are repossessed, he may be credited with a re-sale price that is but a small percentage of the original contract price. Repossession, loss of the goods purchased, is followed by suit for a deficiency judgment that, coupled with collection costs and attorney's fees, is often the same as or even higher than the amount of the unpaid balance of his account at the time of his default. Garnishment and harassing collection practices accompany the creditor's final efforts to extract money from the buyer.

How can these practices be stopped? Consumer education is a partial solution. Another partial, but peculiarly effective solution, can be effected through substantial legislative reform aimed at correcting the current inbalance in the rights and bargaining positions between sellers and buyers.

Unfortunately, we believe that S. 316 is a weak and insufficient response to the abuses that occur in the retail market. What began in a commendable spirit of concern about consumer problems and commercially reasonable remedies ended as a compromise bill that fails to focus on the worst problems in the retail market. S. 316 does not regulate finance charges. S. 316 does not change the statute of frauds to require contracts to be in writing and signed by the buyer. I question whether it contains sufficient authority for the council to delve into the most unfair advertising and sales techniques. S. 316 does not sufficiently protect buyers from onerous fine-print clauses. It fails to provide the means to correct abuses in repossession. The sanctions it proposes are too weak to produce any substantial deterrent effect. It provides no administrative remedies for its violation. It does not give the administrator the tools for investigation and enforcement that will be so necessary to the department's successful performance.

The most important failure of S. 316 lies in its treatment of the problems caused by negotiation of installment paper to finance companies. The remedy proposed by S. 316 is that finance companies be required to obtain a certificate from the buyer that he has received his goods and they appear to be the same goods that he purchased. The certification process fails to provide a means for the buyer to raise many of his most important defenses—e.g., fraud and breach of warranty where the defense is not readily apparent on initial cursory examination, breach of contract, alteration of essential contract terms, etc. In addition, current practices can serve as a useful basis to predict that some sellers and finance companies will defeat the intended protection of the provisions by misleading buyers as to the significance of the certificate.

I support S. 2589, 2590, and 2591 because these bills contain strong and effective provisions in precisely the areas in which S. 316 is weak. These bills provide strong remedies for some of the worst consumer abuses. S. 2589 changes the statute of frauds to require all retail installment contracts to be in writing and signed by the buyer. I support the provisions of the bill requiring the disclosing of carefully defined contract terms. I support disclosure of finance charges as an annual percentage rate. We expect these requirements for uniform disclosure to stimulate comparative shopping habits in the community. I believe that uniform disclosure of all contract terms will influence all buyers in both their choice of sellers and credit arrangements and their ability to judge the feasibility of a given installment purchase.

The restrictions on contract terms contained in Title IV of S. 2589 represent a more thorough attack on the fine print contract than S. 316. S. 2589 contains all the protections offered by S. 316, relating to balloon payments, acceleration clauses, add-on security interests and waivers of buyer's defenses against contract assignees. But, in addition S. 2589 prohibits acceleration of a debt before-substantial default, confessions of judgment, waivers of claims for illegalities in collection and repossession, and disclaimer of warranties. These additions are too important to the rights of consumers to be neglected.

I believe that section 4.102 of S. 2589 restricting the use of negotiable instrument in retail installment contracts represents the most effective solution to the