

1 cost thereof to the user. It is the purpose of this Act to
2 assure a full disclosure of such cost with a view to preventing
3 the uninformed use of credit to the detriment of the national
4 economy.

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DEFINITIONS

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SEC. 3. As used in this Act, the term—

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(1) "Board" means the Board of Governors of the Fed-
eral Reserve System.

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(2) "Credit" means any loan, mortgage, deed of trust,
advance, or discount; any conditional sales contract; any con-
tract to sell, or sale, or contract of sale of property or serv-
ices, either for present or future delivery, under which part
or all of the price is payable subsequent to the making of
such sale or contract; any rental-purchase contract; any con-
tract or arrangement for the hire, bailment, or leasing of
property; any option, demand, lien, pledge, or other claim
against, or for the delivery of, property or money; any pur-
chase, or other acquisition of, or any credit upon the security
of, any obligation or claim arising out of any of the fore-
going; and any transaction or series of transactions having a
similar purpose or effect.

1 (3) "Finance charge" means the sum of all the charges
2 (including but not limited to interest, fees, service charges,
3 and discounts) which any person to whom credit is extended
4 incurs in connection with, and as an incident to, the exten-
5 sion of such credit.

6 (4) "Creditor" means any person engaged in the busi-
7 ness of extending credit (including any person who as a
8 regular business practice makes loans or sells or rents prop-
9 erty or services on a time, credit, or installment basis, either
10 as principal or as agent) who requires, as an incident to the
11 extension of credit, the payment of a finance charge.

12 (5) "Person" means any individual, corporation, part-
13 nership, association, or other organized group of persons, or
14 the legal successor or representative of the foregoing, and
15 includes the United States or any agency thereof, or any
16 other government, or any of its political subdivisions, or any
17 agency of the foregoing.

18 DISCLOSURE OF FINANCE CHARGES

19 SEC. 4. (a) Except as provided in subsection (b),
20 any creditor shall furnish to each person to whom credit is
21 extended, prior to the consummation of the transaction, a

1 clear statement in writing setting forth, to the extent ap-
2 plicable and in accordance with rules and regulations pre-
3 scribed by the Board, the following information—

4 (1) the cash price or delivered price of the prop-
5 erty or service to be acquired;

6 (2) the amounts, if any, to be credited as down-
7 payment and/or trade-in;

8 (3) the difference between the amounts set forth
9 under clauses (1) and (2);

10 (4) the charges, individually itemized, which are
11 paid or to be paid by such person in connection with the
12 transaction but which are not incident to the extension
13 of credit;

14 (5) the total amount to be financed;

15 (6) the finance charge expressed in terms of dollars
16 and cents; and

17 (7) the percentage that the finance charge bears to
18 the total amount to be financed expressed as a simple
19 annual rate on the average outstanding unpaid balance
20 of the obligation.

21 (b) Any creditor agreeing to extend credit to any per-
22 son pursuant to a revolving or open-end credit plan shall, in
23 accordance with rules and regulations prescribed by the
24 Board and in lieu of the information described in subsection

25 (a) --

1 (1) furnish to such person, prior to agreeing to
2 extend credit under such plan, a clear statement in writ-
3 ing setting forth the simple annual percentage rate or
4 rates at which a finance charge will be imposed; and

5 (2) furnish to such person, at the end of each
6 monthly period (which need not be a calendar month)
7 following the entering into of any such agreement, a
8 clear statement in writing setting forth—

9 (A) the outstanding balance in the account of
10 such person as of the beginning of such monthly
11 period;

12 (B) the amount of each extension of credit to
13 such person (including the cash price or delivered
14 price of any property or service acquired by such
15 person) during such period, together with the date
16 thereof and a brief identification of any property or
17 services so acquired;

18 (C) the total amount received from, or credited
19 to the account of, such person during such period;

20 (D) the finance charge (in dollars and cents)
21 required for such period;

22 (E) the outstanding balance in the account of
23 such person as of the end of such monthly period;
24 and

1 (F) the simple annual percentage rate or rates
2 providing a yield equal to the finance charge
3 imposed.

4 As used in this subsection, the term "revolving or open-end
5 credit plan" means a credit plan under which the total
6 amount of credit to be utilized, the dollar amount of the
7 finance charge to be assessed, and the amounts and times of
8 repayment are not specified at the time an agreement to ex-
9 tend credit pursuant to such plan is entered into.

10 REGULATIONS

11 Sec. 5. (a) The Board shall prescribe such rules and
12 regulations as may be necessary or proper in carrying out the
13 provisions of this Act. Such rules and regulations shall (1)
14 include a description of (A) the methods which may be used
15 in determining the "simple annual rate" or "simple annual
16 percentage rates" for the purpose of section 4, and (B) the
17 size of type or lettering which shall be used in setting forth
18 information required by such section, and (2) require that
19 such information be set forth with sufficient prominence to
20 insure that it will not be overlooked by the person to whom
21 credit is extended. Any rule or regulation prescribed here-
22 under may contain such classifications and differentiations,
23 and may provide for such adjustments and exceptions as in
24 the judgment of the Board are necessary or proper to effectu-
25 ate the purposes of this Act or to prevent circumvention or

1 evasion, or to facilitate the enforcement of this Act, or any
2 rule or regulation issued thereunder. In prescribing any ex-
3 ceptions hereunder with respect to any particular type of
4 credit transaction, the Board shall consider whether in such
5 transactions compliance with the disclosure requirements of
6 this Act is being achieved under any other Act of Congress.
7 The Board shall exempt those credit transactions involving
8 extensions of credit to business firms, governments, or gov-
9 ernmental agencies or instrumentalities as to which it deter-
10 mines adherence to the disclosure requirements of this Act
11 is not necessary to carry out the purpose of this Act.

12 (b) In the exercise of its powers under this section, the
13 Board shall request the views of other Federal agencies
14 exercising regulatory functions with respect to creditors, or
15 any class of creditors, which are subject to the provisions of
16 this Act, and such agencies shall furnish such views upon
17 request of the Board.

18 **EFFECT ON STATE LAWS**

19 **SEC. 6.** (a) This Act shall not be construed to annul, or
20 to exempt any creditor from complying with, the laws of any
21 State relating to the disclosure of information in connection
22 with credit transactions, except to the extent that such laws
23 are directly inconsistent with the provisions of this Act.

24 (b) The Board shall by regulation except from the re-
25 quirements of this Act any credit transactions or class of

1 transactions which it determines are effectively regulated
2 under the laws of any State so as to require the disclosure
3 by the creditor of the same information as is required under
4 section 4 of this Act.

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PENALTIES

6 SEC. 7. (a) Any creditor who in connection with any
7 credit transaction fails to disclose to any person any informa-
8 tion in violation of this Act or any regulation issued there-
9 under shall be liable to such person in the amount of \$100,
10 or in an amount equal to twice the finance charge required
11 by such creditor in connection with such transaction, which-
12 ever is the greater, except that such liability shall not exceed
13 \$2,000 on any credit transaction. Action to recover such
14 penalty may be brought by such person within one year
15 from the date of the occurrence of the violation, in any court
16 of competent jurisdiction. In any such action, no person
17 shall be entitled to recover such penalty solely as the result
18 of the erroneous computation of any percentage required by
19 section 4 (a) (7), 4 (b) (1), or 4 (b) (2) (F) of this Act to
20 be disclosed to such person, if the percentage disclosed to such
21 person pursuant to this Act was in fact greater than the per-
22 centage required by such section to be disclosed. In any
23 action under this subsection in which any person is entitled
24 to a recovery, the creditor shall be liable for reasonable
25 attorneys' fees and court costs as determined by the court.

1 As used in this subsection, the term "court of competent
2 jurisdiction" means either any Federal court of competent
3 jurisdiction regardless of the amount in controversy or any
4 State court of competent jurisdiction.

5 (b) Except as specified in subsection (a) of this section,
6 nothing contained in this Act or any regulation thereunder
7 shall affect the validity or enforceability of any contract or
8 transaction.

9 (c) Any person who willfully violates any provision of
10 this Act or any regulation issued thereunder shall be fined
11 not more than \$5,000 or imprisoned not more than one
12 year, or both.

13 (d) No punishment or penalty provided by this Act
14 shall apply to the United States, or any agency thereof, or
15 to any State, any political subdivision thereof, or any agency
16 of any State or political subdivision.

17 **EFFECTIVE DATE**

18 **SEC. 8.** This Act shall become effective on January 1,
19 1964.