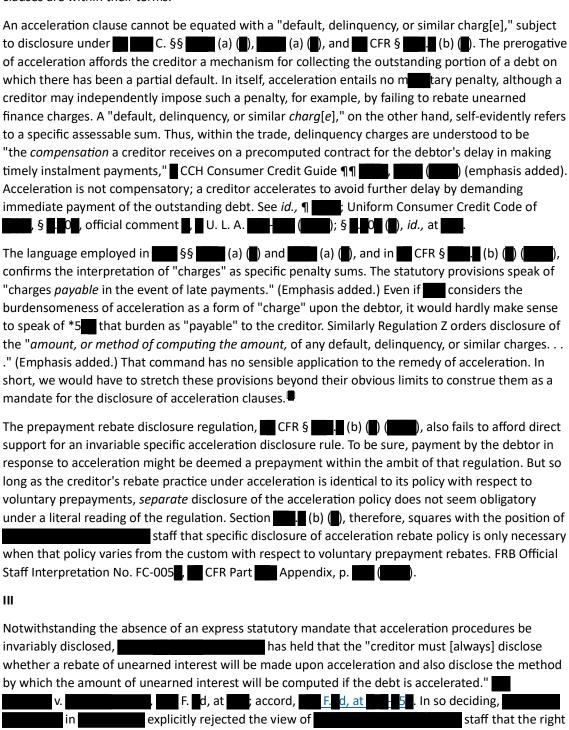


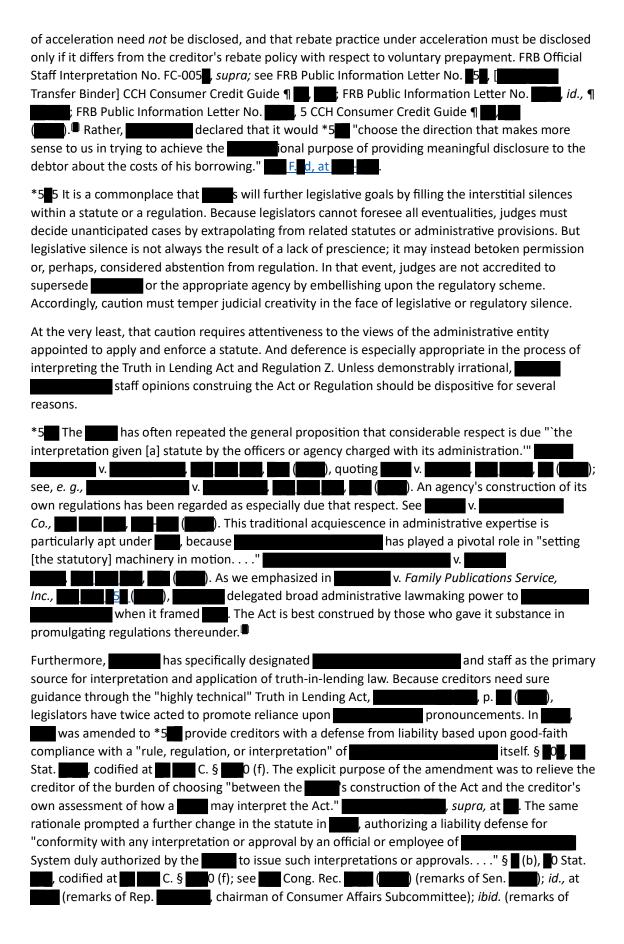
The face of the contract also stated that temporary default on a particular installment would result in a predetermined *55 delinquency charge. Not mentioned do not the disclosure page was a clause in the body of the contract giving the creditor a right to accelerate payment of the entire debt upon the buyer's default.

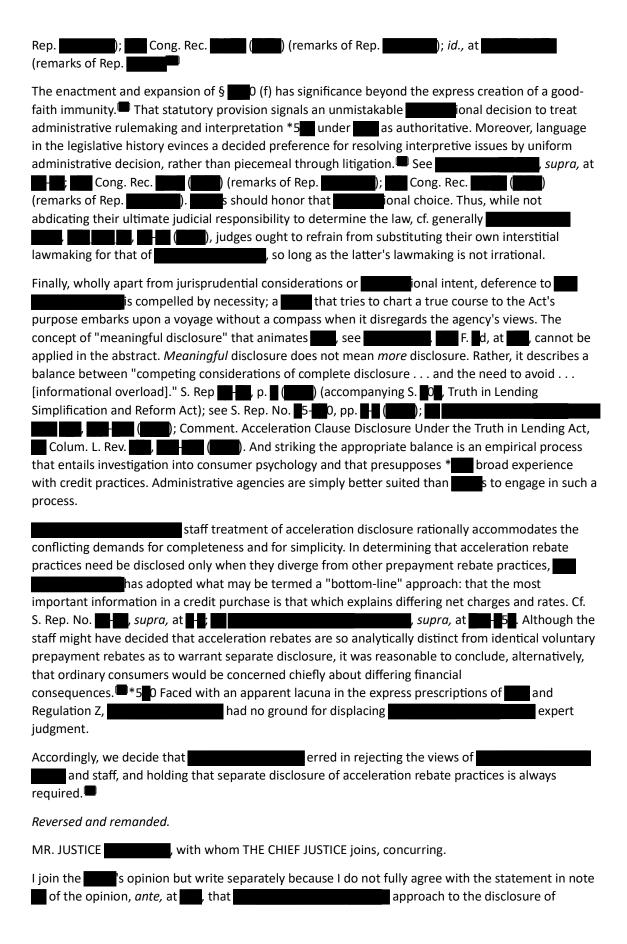
Respondents subsequently commenced separate suits against in for for all separates, alleging, inter alia, that had violated and Regulation Z by failing to disclose on the front page of the contract that the creditor retained the right to accelerate payment of the debt. In the of the suits, that compels publication of the acceleration clauses was mandated by the provision of that compels publication of "default, delinquency, or similar charges payable in the event of late payments," C. §§ (a) (b), App. O-m, m, m. Respondents in the other cases were consolidated on appeal to cases were consolidated on appeal to cases were consolidated on appeal to cases.
agreed with that imposes a general acceleration-clause disclosure requirement. Rather than resting on holding that acceleration is a default charge, however, based its decision on the narrower principle that under Regulation Z "[t]he creditor must disclose whether a rebate of unearned interest will be made upon acceleration *55 and also disclose the method by which the amount of unearned interest will be computed if the debt is accelerated." F. d (
II
The Truth in Lending Act has the broad purpose of promoting "the informed use of credit" by assuring "meaningful disclosure of credit terms" to consumers. C. § C. S Because of their complexity and variety, however, credit transactions defy exhaustive regulation by a single statute. Therefore delegated expansive authority to to elaborate and expand the legal framework governing commerce in credit. C. S C.
and staff in determining what resolution of that issue is implied by the truth-in-lending enactments.
Respondents have advanced theories to buttress their claim that the Act and regulation expressly mandate disclosure of acceleration clauses. In they contended that acceleration clauses were comprehended by the general statutory prescription that a creditor shall disclose "default, delinquency, or similar charges payable in the event of late payments," C. §§ (a) (b), and were included within the provision of Regulation Z requiring disclosure of the "amount, or method of computing the amount, of any default, delinquency, or similar charges payable in the event of late payments," CFR § (b) (b) (c) Before this in arguing that CFR § (b) (c) may be the source of an obligation to disclose procedures governing the rebate of unearned finance charges that accrue under acceleration. That section commands

"[i]dentification of the method of computing any unearned portion of the finance charge in the event of prepayment in full of an obligation which includes precomputed *5 finance charges and a statement of the amount or method of computation of any charge that may be deducted from the amount of any rebate of such unearned finance charge that will be credited to an obligation or refunded to the customer."

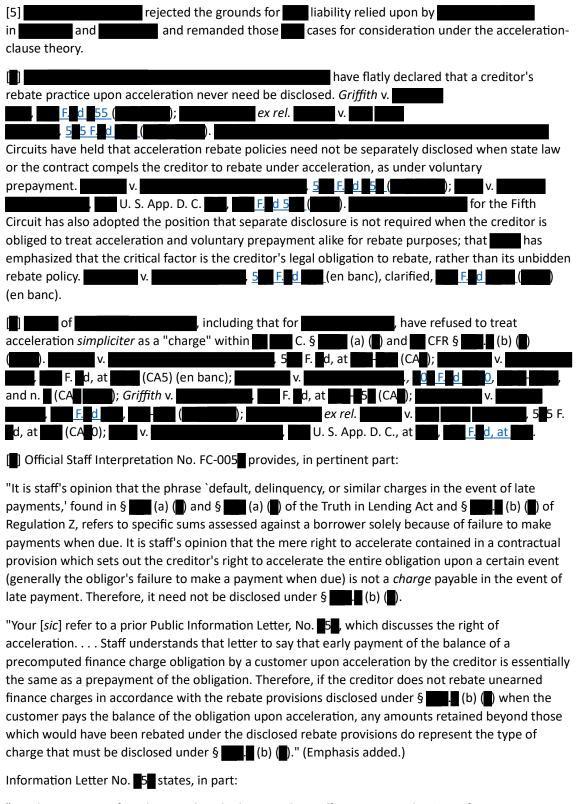
A fair reading of the pertinent provisions does not sustain respondents' contention that acceleration clauses are within their terms.







acceleration rebates is "equally logical" with other alternatives it might have chosen. In particular, I am concerned that the seems is emphasis on a creditor's rebate policy rather than its contract rights steers the Truth in Lending Act away from the moorings of contract law in a manner that may not prove salutary for the welfare of consumers of financial credit. To be sure, consumers contemplating installment purchases are concerned with the "bottom line," ante, at and, of how much they will be required to pay. But there is little doubt, in my view, that consumers who read the required disclosures *5 think that they are reading a description of their legal rights and obligations, and not merely an explanation of "practices" or "policies" of the creditor that may be changed to their detriment at the creditor's will. Although there may be reason to , will adhere to its rebate believe that a major finance company, such as practices despite the legal right to demand more upon acceleration than it said it would, I am not sanguine that a less responsible organization always will do the same. The result could be confusion and unanticipated financial loss, as well as fruitless litigation. Ultimately, I think the interpretation adopted by the Fifth Circuit in , 5 F. d (en banc), clarified, F. d (en banc), which requires disclosure of the creditor's right to retain finance charges upon acceleration when it differs from the right to such charges upon prepayment, may prove to be a sounder and more durable application of the statute 's approach is reasonable. In order to uphold the seems sposition, "we need not find that its construction is the only reasonable ..., or even that it is the result we would have reached had the question arisen in the first instance in judicial proceedings." v.). Accordingly, I agree that the s should not add to the disclosure obligations that the has outlined through its staff opinions. **NOTES** [*] Although respondents spell their name " throughout this litigation their name has been misspelled as "Because legal research catalogs and computers are governed by the principle of consistency, not correctness, we feel constrained to adhere to the error ous spelling. Briefs of amici curiae urging reversal were filed by Association; by for the Consumer Bankers Association; and and for the National Consumer Finance Association et al. filed a brief for the National Clients Council, Inc., as amicus and curiae urging affirmance. 🔳 "In the event Buyer defaults in any payment . . . Seller shall have the right to declare all amounts due or to become due hereunder to be immediately due and payable. . . . " The individual suits were , Civ. No. **5**-. Civ. No. and supra n. . and *supra* n. .



"For the purposes of Truth in Lending disclosures, this staff views an acceleration of payments as essentially a prepayment of the contract obligation. As such, the disclosure provisions of § (b) . . . of the Regulation, which require the creditor to identify the method of rebating any unearned portion of the finance charge or to disclose that no rebate would be made, apply. If the creditor

rebates under method for acceleration and another for voluntary prepayment, both methods would need to be identified under § (b) ()
"If, under the acceleration provision, a rebate is made by the creditor in accordance with the disclosure of the rebate provisions of § (b) (), we believe that there is no additional `charge' for late payments made by the customer and therefore no need to disclose under the provisions of § (b) (). On the other hand, if upon acceleration of the unpaid remainder of the total of payments, the creditor does not rebate unearned finance charges in accordance with the rebate provisions disclosed in § (b) (), any amounts retained beyond those which would have been rebated under the disclosed rebate provisions represent a `charge' which should be disclosed under § (b) ()."
Information Letter No. states, in part:
"In FC-005, staff took the position that a creditor's right of acceleration upon default by the obligor need not be disclosed as a default, delinquency, or late payment charge within the context of § (b) (a). The interpretation went on to state, however, that since early payment of the balance of an obligation upon acceleration is essentially the same as voluntary prepayment, if the creditor does not rebate unearned finance charges in the former situation in accordance with the rebate provisions disclosed under § (b) (a), any extra amounts retained represent the type of charge that must be disclosed under § (b) (b)."
Information Letter No. states, in part:
"The staff's position is that if a creditor rebates unearned finance charges in connection with prepayment upon acceleration using the same method as for voluntary prepayment and that method has been properly disclosed in accordance with § (b) (), there is no default charge. However, any amounts retained by a creditor upon acceleration which would have been rebated under the disclosed rebate provisions would represent the type of default charge which must be disclosed pursuant to § (b) ()."
spurned these administrative opinions as a source of interpretive guidance on the ground that the several letters were "conflicting signals." F. d., at Same read the Staff Opinion and Letters, however, they are fundamentally consistent, if somewhat inartfully drafted. The staff's position in each appears to be that separate disclosure of acceleration rebate practices is unnecessary when those practices parallel voluntary prepayment rebate policy. On the other hand, where acceleration rebates are less than voluntary prepayment rebates, acceleration policy must be separately explained under § Same (b) (c) and, perhaps as well, under § Same (b) (c). Neither the Opinion nor the Letters suggest that acceleration rebate policy must be separately disclosed in all instances.
Transfer Binder] CCH Consumer Credit Guide 1 0, 0. At any rate, it is unnecessary to explore the large staff difference at length, because has conferred special status upon official staff interpretations. See

