SUBCHAPTER I—CONSUMER CREDIT COST DISCLOSURE

PART A—GENERAL PROVISIONS

§ 1601. Congressional findings and declaration of purpose

(a) Informed use of credit

The Congress finds that economic stabilization would be enhanced and the competition among the various financial institutions and other firms engaged in the extension of consumer credit would be strengthened by the informed use of credit. The informed use of credit results from an awareness of the cost thereof by consumers. It is the purpose of this subchapter to assure a meaningful disclosure of credit terms so that the consumer will be able to compare more readily the various credit terms available to him and avoid the uninformed use of credit, and to protect the consumer against inaccurate and unfair credit billing and credit card practices.

(b) Terms of personal property leases

The Congress also finds that there has been a recent trend toward leasing automobiles and other durable goods for consumer use as an alternative to installment credit sales and that these leases have been offered without adequate cost disclosures. It is the purpose of this subchapter to assure a meaningful disclosure of the terms of leases of personal property for personal, family, or household purposes so as to enable the lessee to compare more readily the various lease terms available to him, limit balloon payments in consumer leasing, enable comparison of lease terms with credit terms where appropriate, and to assure meaningful and accurate disclosures of lease terms in advertisements.

(Pub. L. 90–321, title I, § 102, May 29, 1968, 82 Stat. 2136, provided that:

(1) Regulations.—The regulations required to be prescribed under this title [see Tables for classification] or the amendments made by this title shall—

(A) be prescribed in final form before the end of the 18-month period beginning on the designated transfer date; and

(B) take effect not later than 12 months after the date of issuance of the regulations in final form.

(2) Effective date established by rule.—Except as provided in paragraph (3), a section, or provision thereof, of this title shall take effect on the date on which the final regulations implementing such section, or provision, take effect.

Editorial Notes

AMENDMENTS

1976—Pub. L. 94–240 designated existing provisions as subsec. (a) and added subsec. (b).

1974—Pub. L. 93–495 inserted provisions expanding purposes of subchapter to include protection of consumer against inaccurate and unfair credit billing and credit card practices.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111–203, title XIV, § 1400(c), July 21, 2010, 124 Stat. 2136, provided that:

“(1) Regulations.—The regulations required to be prescribed under this title [see Tables for classification] or the amendments made by this title shall—

“(A) be prescribed in final form before the end of the 18-month period beginning on the designated transfer date; and

“(B) take effect not later than 12 months after the date of issuance of the regulations in final form.

“(2) Effective date established by rule.—Except as provided in paragraph (3), a section, or provision thereof, of this title shall take effect on the date on which the final regulations implementing such section, or provision, take effect.
“(3) EFFECTIVE DATE.—A section of this title for which regulations have not been issued on the date that is 18 months after the designated transfer date shall take effect on such date.”

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94–240 effective on expiration of one year after Mar. 22, 1976, see section 6 of Pub. L. 94–240, set out as an Effective Date note under section 1667 of this title.

EFFECTIVE DATE OF 1974 AMENDMENT

For effective date of amendment by Pub. L. 93–496, see section 306 of Pub. L. 93–496, set out as an Effective Date note under section 1666 of this title.

EFFECTIVE DATE

Pub. L. 90–321, title V, §504(a), May 29, 1968, 82 Stat. 167, provided that: “Except as otherwise specified, the provisions of this Act [see Short Title note set out below] take effect upon enactment [May 29, 1968].”

SHORT TITLE OF 2018 AMENDMENT


SHORT TITLE OF 2015 AMENDMENT

Pub. L. 114–94, div. G, title LXXXIX, §80001, Dec. 4, 2015, 129 Stat. 1799, provided that: “This title [amending sections 1639b and 1639d of this title and enacting provisions set out as a note under section 5512 of Title 12, Banks and Banking, and enacting provisions set out as notes under sections 1638 and 1640 of this title] may be cited as the ‘Helping Ex-

SHORT TITLE OF 2010 AMENDMENT

Pub. L. 111–319, §1, Dec. 18, 2010, 124 Stat. 3457, provided that: “This Act [amending section 1681m of this title and enacting provisions set out as a note under section 1681m of this title] may be cited as the ‘Red Flag Program Clarification Act of 2010’.”


SHORT TITLE OF 2009 AMENDMENT

Pub. L. 111–93, §1, Nov. 6, 2009, 123 Stat. 2598, provided that: “This Act [amending section 1669 of this title] may be cited as the ‘Credit CARD Technical Corrections Act of 2009’.”

Pub. L. 111–24, §1(a), May 22, 2009, 123 Stat. 1734, provided that: “This Act [amending sections 1616, 1618, 1650c to 1665e, 16661–1, 16661–2, 16831–1 of this title and section 1a–7b of Title 16, Conservation, amending sections 1602, 1632, 1637, 1649, 1650, 16660, 1666c, 1666g, 16682, 16681, and 16833 of this title, enacting provisions set out as notes under sections 1602, 1637, 1638, 1666b, 1681, and 16831–1 of this title and section 5311 of Title 31, Money and Finance, and amending provisions set out as notes under sections 1638 and 1640 of this title] may be cited as the ‘Credit CARD Accountability Responsibility and Disclosure Act of 2009’ or the ‘Credit CARD Act of 2009’.”

SHORT TITLE OF 2008 AMENDMENT


Pub. L. 110–289, div. B, title V, §2501, July 30, 2008, 122 Stat. 2855, provided that: “This title [enacting sections 1638 and 1640 of this title and sections 24 and 338a of Title 12, Banks and Banking, and enacting provisions set out as a note under section 1638 of this title] may be cited as the ‘Mortgage Disclosure Improvement Act of 2008’.”

Pub. L. 110–241, §1, June 3, 2008, 122 Stat. 1565, provided that: “This Act [amending section 1681n of this title and enacting provisions set out as notes under section 1681m of this title] may be cited as the ‘Credit and Debit Card Receipt Clarification Act of 2007’.”

SHORT TITLE OF 2008 AMENDMENT

Pub. L. 108–199, §1(a), Dec. 4, 2003, 117 Stat. 1952, provided that: “This Act [amending section 1616c–1, 1661e–2, 1681e–3, 1681w, and 1681x of this title and sections 9701 to 9708 of Title 20, Education, amending sections 1681a, 1681b, 1681c, 1681g, 1681l, 1681m, 1681n, 1681p, 1681q, 1681s, 1681s–2, 1681u, 1681z, and 1681z of this title and section 5318 of Title 31, Money and Finance, enacting provisions set out as notes under this section, sections 1681, 1681a, 1681b, 1681c, 1681l, 1681m, 1681n, 1681p, 1681q, 1681s, 1681s–2, 1681s–3 of this title, and section 9701 of Title 20, and amending provisions set out as a note under this section] may be cited as the ‘Fair and Accurate Credit Transactions Act of 2003’.”

SHORT TITLE OF 1999 AMENDMENT


SHORT TITLE OF 1998 AMENDMENT

Pub. L. 105–347, §1, Nov. 2, 1998, 112 Stat. 3208, provided that: “This Act [amending sections 1681a to 1681e, 1681g, 1681l, 1681k, and 1681s of this title and enacting provisions set out as a note under section 1681a of this title] may be cited as the ‘Consumer Reporting Employment Clarification Act of 1998’.”

SHORT TITLE OF 1996 AMENDMENT


SHORT TITLE OF 1995 AMENDMENTS


Pub. L. 104–12, §1, May 18, 1995, 109 Stat. 161, provided that: “This Act [amending sections 1605, 1631, 1635, 1640, and 1641 of this title, and enacting sections 1681a to 1681e, 1681g to 1681l, 1681m to 1681e, 1681q, and 1681t of this title, and enacting provisions set out as notes under sections 1681a to 1681b, 1681d, 1681l, and 1681s of this title] may be cited as the ‘Fair and Accurate Credit Transactions Act of 1995’.”

SHORT TITLE OF 1994 AMENDMENTS


SHORT TITLE OF 1993 AMENDMENTS

Pub. L. 102–537, §2, Oct. 27, 1992, 106 Stat. 3531, provided that: “This Act [amending sections 1681a–1 of this title...
title, amending section 1681a of this title, and enacting provisions set out as a note under section 1681a of this title] may be cited as the "Fair Credit Card Disclosure Act of 1988".

**Short Title of 1988 Amendments**

Pub. L. 100–709, § 1, Nov. 23, 1988, 102 Stat. 4725, provided that: "This Act [amending sections 1632, 1633, 1637, 1640, and 1646 of this title and enacting provisions set out as a note under section 1637 of this title] may be cited as the "Cash Discount Act.""

**Short Title of 1981 Amendment**

Pub. L. 97–25, § 1, July 27, 1981, 95 Stat. 144, provided that: "That this Act [amending sections 1602 and 1666 of this title, section 29 of Title 12, Banks and Banking, and sections 205 and 212 of Title 42, The Public Health and Welfare; enacting provisions set out as notes under this section and sections 1602 and 1666 of this title; and amending provisions set out as notes under sections 1602 and 1666 of this title] may be cited as the "Cash Discount Act.""

**Short Title of 1980 Amendment**

Pub. L. 96–221, title VI, § 601, Mar. 31, 1980, 94 Stat. 168, provided that: "This title [amending sections 1646 to 1666 of this title, amending sections 57a, 1602 to 1607, 1610, 1612, 1613, 1631, 1632, 1635, 1637, 1638, 1640, 1641, 1643, 1663, 1664, 1665a, 1666, 1666a, 1667a, and 1691f of this title, repealing sections 1614, 1636, and 1639 of this title, and enacting provisions set out as notes under sections 1602 and 1607 of this title] may be cited as the 'Truth in Lending Simplification and Reform Act.'"

**Short Title of 1976 Amendments**

Pub. L. 94–240, § 1, Mar. 23, 1976, 90 Stat. 257, provided that: "This Act [amending sections 1667 to 1667e of this title, amending this section and section 1640 of this title, and enacting provisions set out as a note under section 1667 of this title] may be cited as the 'Consumer Leasing Act of 1976.'"

**Short Title of 1976 Amendment**

Pub. L. 94–239, § 1(a), Mar. 23, 1976, 90 Stat. 251, provided that: "This Act [amending section 1691f of this title, amending this section and sections 1691b, 1691c, 1691d, 1691e of this title, repealing section 1609 of this title, enacting provisions set out as notes under this section, and repealing provision set out as a note under this section] may be cited as the 'Equal Credit Opportunity Act Amendments of 1976.'"

**Short Title of 1974 Amendment**

Pub. L. 93–495, title III, § 301, Oct. 28, 1974, 88 Stat. 1511, provided that: "This title [amending sections 1666 to 1666f of this title, amending this section and sections 1602, 1610, 1631, 1632, and 1637 of this title, and enacting provision set out as a note under section 1666 of this title] may be cited as the 'Fair Credit Billing Act.'"

**Short Title of 1974**


**Short Title**

Pub. L. 90–321, § 1, May 29, 1968, 82 Stat. 146, provided that: "This Act [enacting this chapter, sections 891 to 896 of Title 18, Crimes and Criminal Procedure, and provisions set out as notes under this chapter, sections 1631 and 1671 of this title, and section 891 of Title 18] may be cited as the 'Consumer Credit Protection Act.'"
"(B) The extent to which consumers are currently utilizing existing statutory and voluntary mechanisms to avoid receiving offers of credit or insurance.

"(C) The benefits provided to consumers as a result of receiving written offers of credit or insurance.

"(D) Whether consumers incur significant costs or are otherwise adversely affected by the receipt of written offers of credit or insurance.

"(E) Whether further restricting the ability of lenders and insurers to provide written offers of credit or insurance to consumers would affect—

"(i) the cost consumers pay to obtain credit or insurance;

"(ii) the availability of credit or insurance;

"(iii) consumers' knowledge about new or alternative products and services;

"(iv) the ability of lenders or insurers to compete with one another; and

"(v) the ability to offer credit or insurance products to consumers who have been traditionally underserved."

[For definitions of terms used in section 213(e) of Pub. L. 108-159, set out above, see section 2 of Pub. L. 108-159, set out as a Definitions note under section 1981 of this title.]

FEDERAL RESERVE STUDY OF HOME EQUITY LENDING AND APPROPRIATE INTEREST RATE INDEX

Pub. L. 103-325, title I, §157, Sept. 23, 1994, 108 Stat. 2197, provided that during the period beginning 180 days after Sept. 23, 1994, and ending 2 years after that date, the Board of Governors of the Federal Reserve System was to conduct a study and submit to the Congress a report, including recommendations for any appropriate legislation, regarding whether consumers engaging in open-end credit transactions as defined in section 1602(bb)(1)(A) of this title than the yield on Treasury securities.

HEARINGS ON HOME EQUITY LENDING


"(a) HEARINGS.—Not less than once during the 3-year period beginning on the date of enactment of this Act [Sept. 23, 1994], and regularly thereafter, the Bureau, in consultation with the Advisory Board to the Bureau, shall conduct a public hearing to examine the home equity loan market and the adequacy of existing regulatory and legislative provisions and the provisions of this subtitle [see Short Title of 1994 Amendment note above] in protecting the interests of consumers, and low-income consumers in particular.

"(b) PARTICIPATION.—In conducting hearings required by subsection (a), the Bureau shall solicit participation from consumers, representatives of consumers, lenders, and other interested parties."

STUDY BY FEDERAL RESERVE BOARD OF GOVERNORS GOVERNING EFFECT OF CHARGE CARD TRANSACTIONS UPON CARD ISSUERS, MERCHANTS, AND CONSUMERS


INFORMATION OF LEGISLATIVE INTENT IN SECTION CAPTIONS AND CATCHLINES

Pub. L. 90-321, title V, §502, May 29, 1968, 82 Stat. 167, provided that: "Captions and catchlines are intended solely as aids to convenient reference, and no inference as to the legislative intent with respect to any provision enacted by this Act [enacting this chapter, section 891 to 896 of Title 18, Crimes and Criminal Procedure, and provisions set out as notes under this section, sections 1631 and 1671 of this title, and section 891 of 'Title 18' may be drawn from them."

GRAMMATICAL USAGES

Pub. L. 90-321, title V, §503, May 30, 1968, 82 Stat. 167, provided that: "In this Act [enacting this chapter, sections 891 to 896 of Title 18, Crimes and Criminal Procedure, and provisions set out as notes under this section, sections 1631 and 1671 of this title, and section 891 of 'Title 18']:

"'(1) The word 'may' is used to indicate that an action either is authorized or is permitted.

"'(2) The word 'shall' is used to indicate that an action is both authorized and required.

"'(3) The phrase 'may not' is used to indicate that an action is both unauthorized and forbidden.

"'(4) Rules of law are stated in the indicative mood.'"

DEFINITION

Pub. L. 111-203, title XIV, §1495, July 21, 2010, 124 Stat. 2207, provided that: "For purposes of this title [see Tables for classification], the term 'designated transfer date' means the date established under section 1062 of this Act [12 U.S.C. 5582]."

§1602. Definitions and rules of construction

(a) The definitions and rules of construction set forth in this section are applicable for the purposes of this subchapter.

(b) BUREAU.—The term "Bureau" means the Bureau of Consumer Financial Protection.

(c) The term "Board" refers to the Board of Governors of the Federal Reserve System.

(d) The term "organization" means a corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(e) The term "person" means a natural person or an organization.

(f) The term "credit" means the right granted by a creditor to a debtor to defer payment of debt or to incur debt and defer its payment.

(g) The term "creditor" refers only to a person who both (1) regularly extends, whether in connection with loans, sales of property or services, or otherwise, consumer credit which is payable by agreement in more than four installments or for which the payment of a finance charge is or may be required, and (2) is the person to whom the debt arising from the consumer credit transaction is initially payable on the face of the evidence of indebtedness or, if there is no such evidence of indebtedness, by agreement. Notwithstanding the preceding sentence, in the case of an open-end credit plan involving a credit card, the card issuer and any person who honors the credit card and offers a discount which is a finance charge are creditors. For the purpose of the requirements imposed under part D of this subchapter and sections 1637(a)(5), 1637(a)(6), 1637(a)(7), 1637(b)(1), 1637(b)(2), 1637(b)(3), 1637(b)(8), and 1637(b)(10) of this title, the term "creditor" shall also include card issuers whether or not the amount due is payable by agreement in more than four installments or the payment of a finance charge is or may be required, and the Bureau shall, by regulation, apply these requirements to such card issuers, to the extent appropriate, even though the requirements are by their terms applicable only to creditors offering open-end credit plans. Any person who origin-