In 1968, after years of legislative study, fact-finding, compromise, and struggle, the United States Congress adopted and President Lyndon B. Johnson signed the Consumer Credit Protection Act (CCPA), which consisted of the Truth in Lending Act (Title I) and Restrictions on Garnishment (Title III). Passage allowed followed decades of developments at the state level, which informed these federal developments. The Truth in Lending Act was landmark legislation. Its enactment marked the birth of modern consumer legislative activism. Subsequently, the Truth in Lending Act became just one of several titles in the Consumer Credit Protection Act, which encompasses much of the other federal consumer legislation that followed. Some states now have enacted their own truth in lending acts or similar consumer credit disclosure laws.

TILA was primarily a disclosure statute. It compelled creditors extending credit to consumers to disclose the cost of the credit using a standardized format and terminology defined by the Act itself and by the Federal Reserve Board (FRB), the agency then assigned the task of implementing TILA. This information had to be given to the consumer either on the note or contract on the same side of the page or on one side of a separate disclosure statement, prior to the consummation of the transaction. Violations of these disclosure provisions subjected a creditor to civil suit for actual damages, statutory damages, and attorney fees, and could even cause criminal liability.

Although TILA emphasized disclosure of credit terms rather than direct regulation of credit, the Act did contain a few substantive consumer protections. The most important of these protections applied to transactions in which a creditor received a security interest in the consumer’s home. Consumers were given the right to cancel (i.e., “rescind”) for three days after the transaction or until proper disclosures were made.

Footnotes


CCPA subch. I. Title III, the federal garnishment restrictions, were codified at 15 U.S.C. §§ 1671–1677; CCPA subch. II. (Title II of Pub. L. No. 90-321 contained amendments to the federal criminal code to address loan-sharking.) See also § 1.1.1 [2], supra (additional discussion of the legislative history of the original TILA). The House and Senate reports issued in 1967 and 1968 in connection with the original enactment of TILA, and the 1967 and 1968 bills that became TILA, are available online as companion material to this treatise. The House Report quoted President Johnson on TILA: “The consumer has the right to know the cost of this key item [credit] in his budget just as much as the price of any other commodity he buys.” H.R. Rep. No. 1040 [3] (1967), reprinted in 1968 U.S.C.C.A.N. 1962, 1965.


30 [30] The right of rescission is discussed at Ch. 10 [5], infra.

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