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BOOK REVIEW

The Law of Truth in Lending. By Ralph J. Rohner* and contributing authors. Boston, Mass.: Warren, Gorham & Lamont, Inc., 1984.

*Reviewed by Milton W. Schober***

The adoption by Congress of the 1980 "simplification" amendments¹ to the Truth in Lending Act,² together with the 1981 redraft and restructuring of Regulation Z,³ created the perfect climate for this comprehensive, well written exegesis on the Law of Truth in Lending.⁴ It was written, in part, by Professor Ralph J. Rohner of the Columbus School of Law, Catholic University of America, who served as editor of the entire work. The contributing authors also are practitioner/scholars who bring to this splendid book intellectual depth and candor that are not commonplace in works of this sort.

The chapter on credit advertising was written by Julia Leah Greenfield, counsel to a Newport Beach, California savings and loan association. Mark Leymaster of the National Consumer Law Center in Boston authored the chapter on annual percentage rates. Professor Fred H. Miller of the University of Oklahoma College of Law wrote three chapters dealing with the scope of covered transactions, the determination of the finance charge, and the right of rescission. Peter D. Schellie and Katherine H. Wheatley, Washington, D.C. attorneys, likewise contributed three chapters on closed end disclosures, real estate transactions, and enforcement by the supervisory

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1. Truth In Lending Simplification and Reform Act, Pub. L. No. 96-221, 94 Stat. 168 (1980).

2. 15 U.S.C. §§ 1601-1667 (1982).

3. Truth in Lending, 12 C.F.R. pt. 226 (1984).

4. Appendix 1 to this book contains the text of §§ 101-171 of the Truth in Lending Act, 15 U.S.C. §§ 1601-1666j, as amended, through October 15, 1982. Appendix 2 contains the text of Regulation Z, including the regulation's appendices A-J, all as amended through May 1983. The Official Staff Commentary is not included in the book but will be available in the first annual supplement to be published summer 1985.

agencies. D. Edwin Schmelzer, with the assistance of Robert P. Chamness and Arthur B. Axelson, all Washington, D.C. attorneys, contributed the chapters on open end credit and billing error resolution. Finally, the principal author/editor, Professor Rohner, wrote the introductory overview chapter and the chapters on the substantive rights of credit card holders, civil penalties, and the relationship of the Truth in Lending Act to other laws.

Unlike some other works on Truth in Lending, this book does not lapse into a tedious recital of the lengthy legislative and regulatory history and the theory behind the law. The discussion of these subjects is succinct, yet full enough to be of use to practitioners in the field. That is the secret of this book: it was obviously designed to serve as a working tool for the busy practitioner. It is well organized and carefully documented. The law, the regulation, the Official Staff Commentary, and the current cases have been analyzed carefully. In addition, the book contains many citations to current material in business and legal periodicals for the dedicated researcher. In this reviewer's opinion, the book will serve admirably the express purpose for which it was intended: "to permit the practitioner—at any level of expertise—to discern the present state of the law, in detail and in context."⁵

The format of the book is that of a reference work meant to be supplemented (probably annually) with relevant new material. It is written in the style of a law review article, with plentiful footnotes—3,026 to be exact. In fact, the frequency with which footnotes are used renders the book unsuited to cover-to-cover reading as though it were a narrative or novel. But then, few practitioners will have the need or the time to read it in such a fashion. Most will use it as a source book.

The pagination also renders the book somewhat awkward to use. Like many books by this publisher, the pages are identified by hyphenated numbers. The first is the chapter number and the second is the sequential page number within that particular chapter. Each chapter, therefore, begins at page one. The difficulty is exacerbated by the fact that references in the index are to paragraph numbers—not to page numbers—in the text. Thus, in locating a reference indexed as 11.05[2][a], the reader must locate chapter 11, then section 5 of that chapter, and then paragraph [2][a] of that section. This is not an unknown method of paginating and cross-referencing a book; however, this reviewer finds the use of standard sequential page numbers to be far more workable.

The first of the work's fourteen chapters presents an overview of the Truth

5. Rohner, *Preface* to R. ROHNER, J. GREENFIELD, M. LEYMASTER, F. MILLER, P. SCHELLIE, D. SCHMELZER & K. WHEATLEY, *THE LAW OF TRUTH IN LENDING* iv (1984) [hereinafter cited as *THE LAW OF TRUTH IN LENDING*].

in Lending Act and Regulation Z. It chronicles the entry of the federal government into the area of consumer credit protection, including references to related legislation that followed in Congress on the heels of the Truth in Lending Act: laws such as the Real Estate Settlement Procedures Act, the Home Mortgage Disclosure Act, and the Interstate Land Sales Full Disclosure Act.⁶ This chapter contains an excellent chart summarizing the various citations to the original Truth in Lending Act and to all of the amendments that had been enacted when this book went to press.⁷ It explains the role of Regulation Z and the Official Staff Commentary in the administration and interpretation of the Truth in Lending Act, and contains a useful, though at times disregarded, glossary of terms used throughout the book.⁸ Thus, in broad brush strokes, chapter 1 paints the background to which the other chapters add the necessary detail.

Chapter 2 is devoted to a discussion of the criteria for coverage of a transaction by the Truth in Lending Act. In this chapter, Professor Miller reviews the role of the courts in shaping the definition of "creditor" in the early days under the Act. He points out the areas in which the Simplification Act added certainty to the requirement that the credit be extended by a "creditor."⁹ He also discusses the "consumer purpose" requirement and summarizes in some detail the circumstances in which "credit" is extended for purposes of the act and those in which it is not.¹⁰ In short, chapter 2 identifies the transactions for which the remainder of the book was written.

In chapter 3, Professor Miller examines the rules, set forth in Regulation Z, for determining the finance charge. Unfortunately, Regulation Z is drafted in such a way that the general rules for inclusion in the finance charge are set out by way of example in one subsection,¹¹ but the exclusions from the finance charge, which are item-specific, are set out in a different subsection of the regulation.¹² Thus, the general rules for including certain types of charges in the finance charge (e.g., property insurance) are separated from the exceptions pursuant to which those charges may be excluded. To the uninitiated, this cumbersome format makes the concept of finance

6. *Id.* ¶ 1.02[2].

7. *Id.* ¶ 1.03[1].

8. *Id.* ¶ 1.04. For example, the glossary states that "TIL Act" is used throughout the book to mean Title I of the Consumer Credit Protection Act, i.e. the Truth in Lending Act. Notwithstanding this explanation, the term is explained, again, in the first section of each of the following 13 chapters.

9. *Id.* ¶ 2.02.

10. *Id.* ¶ 2.04.

11. Regulation Z, 12 C.F.R. § 226.4(b) (1984).

12. *Id.* § 226.4(c).

charge a difficult one to grasp. Professor Miller obviates that difficulty by discussing the related inclusionary and exclusionary rules in one place.

Easily, the most technical concept in all of Truth in Lending is that of the annual percentage rate (APR). For those of us with limited actuarial skills, it is difficult to compute. Fortunately, there are computers and APR tables from which to glean the rate. Even one using the rate table/computer, however, must know the underlying nonactuarial rules, such as the minor irregularities that may be disregarded, the irregular first payment intervals that may be considered as regular, and the rule for using a single add-on rate for a range of maturities. These are but a few of the nonmathematical rules that Mr. Leymaster sets out clearly and concisely in chapter 4.

One of the most intellectually stimulating discussions in the entire book, although somewhat academic, is that in chapter 4 dealing with the legislative origins of, and rationale for, the annual percentage rate. The author concludes that interest rates are applied (as, for example, to a balance to determine the total interest due), whereas the annual percentage rate is derived.¹³ In the usual transaction, the finance charge is computed from the contract interest rate plus other charges, and the APR is then derived by finding a rate that will generate that dollar amount of finance charge. The author concludes that it is "virtually a truism . . . that no APR calculation is possible until the dollar amounts of finance charge are known . . ." ¹⁴ This should give second thoughts to those practitioners who attempt to derive the finance charge disclosure from a stated APR.

In chapters 5 and 6, Mr. Schellie and Ms. Wheatley discuss closed end disclosures (chapter 5) and disclosures (and related issues) for transactions involving real estate and dwellings (chapter 6). Chapter 5 presents a very practical approach to determining who must give disclosures and who must receive them;¹⁵ when disclosures must be furnished;¹⁶ and the format of and basis for the disclosures.¹⁷ In commenting on the "directly related" requirement for information included in the federal disclosure box, the authors observe that similar state disclosure laws that do not actually conflict with the federal Act and regulation have not been designated as preempted by the Federal Reserve Board. This results in integrated contract/disclosure documents even more lengthy and cumbersome than those that existed before simplification, inasmuch as the disclosures required by the states probably

13. THE LAW OF TRUTH IN LENDING, *supra* note 5, at ¶ 4.01[2].

14. *Id.* ¶ 4.01[2][c][i].

15. *Id.* ¶ 5.02.

16. *Id.* ¶ 5.03.

17. *Id.* ¶ 5.04.

are not "directly related" under the federal rules.¹⁸ The authors also discuss the specific disclosure requirements and explain the sharp differences between the former and the current law with respect to such disclosure items as prepayment penalties and rebates,¹⁹ security interests,²⁰ and required deposit balances.²¹

In chapter 6, Mr. Schellie and Ms. Wheatley discuss the special rules relating to disclosures in transactions involving real estate and dwellings. Because the consumer credit and mortgage credit markets essentially are dynamic rather than static, they tend to be quite innovative in response to consumer demand. This spirit of innovation has led to the development of such specialized instruments as wraparound mortgages, graduated payment mortgages, growth equity instruments, and buydowns. These specialized financing arrangements, in turn, have led to specialized rules for the Truth in Lending disclosures. Hence, the necessity for this chapter. The authors discuss the specialized disclosure rules for these types of transactions and include a very practical analysis of variable rate transactions and the Truth in Lending requirements for such transactions.²²

This chapter also deals in a very enlightening way with an issue that must have caused great consternation to some practitioners. Section 226.19(a) of Regulation Z imposes special rules for the timing of disclosures in residential mortgage transactions subject to the Real Estate Settlement Procedures Act (RESPA).²³ However, neither the regulation nor the Official Staff Commentary identifies with specificity the transactions that are subject to RESPA. Instead, the commentary merely states that "[t]o be covered by this section, a transaction must be both a residential mortgage transaction under § 226.2(a) and a federally related mortgage loan under RESPA" as defined in 24 C.F.R. section 3500.5(b).²⁴ The practitioner, searching section 3500.5(b) of the RESPA regulation, will find that it contains a cross-reference to another subsection of the RESPA regulation as well as a cross-reference to the Truth in Lending Act, thus giving at least the appearance of circularity. The authors in chapter 6 explain in practical detail the relationship of Regulation Z to transactions covered by RESPA and identify the types of transactions subject to that act.²⁵

18. *Id.* ¶ 5.04[1][a].

19. *Id.* ¶ 5.05[11].

20. *Id.* ¶ 5.05[13].

21. *Id.* ¶ 5.05[18].

22. *Id.* ¶ 6.05.

23. 12 U.S.C. §§ 2601-2617 (1982).

24. Official Staff Interpretations, comment 19(a)-1, 12 C.F.R. 744 (1984).

25. THE LAW OF TRUTH IN LENDING, *supra* note 5, at ¶ 6.06[2][a].

In chapter 7, Mr. Schmelzer and the chapter's coauthors acknowledge that the Simplification Act made few changes to the open end credit disclosure and credit card provisions of Truth in Lending. Although this statement, may understate the importance of the changes that were made, the authors, nonetheless, discuss all of those changes in some detail in the material that follows. They also note one of the most important changes made by the Simplification Act. To qualify as an "open end credit" plan the Simplification Act now requires that the creditor "reasonably contemplates repeated transaction."²⁶ This change is significant, not so much because of its immediate impact on open end creditors, but because of the philosophical shift that it portends. For the first and only time in the entire Act, the validity of a disclosure (indeed, all disclosures to all consumer accountholders in the plan) is made to depend upon the creditor's *state of mind*. Proving the creditor's state of mind, perhaps several years later, could be extremely difficult.

One final comment on the open end disclosure chapter is warranted. The authors state that credit balances on periodic statements must be distinguished from debit balances and that creditors may accomplish this by use of a minus sign or a "CR" notation.²⁷ They fail to note, however, that use of a code or symbol such as "FC" or "APR" or "CR" is only permissible "so long as a legend or description of the code or symbol is provided on the disclosure statement."²⁸ Having to explain the meaning of such a widely used abbreviation as "CR" undoubtedly will come as a shock to creditors, accountants, and others in the business world. Nevertheless, it appears to be a requirement.

Chapter 8 deals with the right of rescission in both open end and closed end credit transactions. Professor Miller traces the interesting, though relatively academic, legislative history of the rescission provisions and outlines the 1980 Simplification Act amendments establishing special rules for open end credit transactions subject to the right of rescission. Originally, these rules were scheduled to expire on September 30, 1985. The sunset provision was repealed in 1984,²⁹ however, after the reviewed work went to press, and the open end rescission provisions are now a permanent part of the Truth in Lending Act.

Under prior law, authority conflicted over whether an error in or omission of a given disclosure should be considered "material" so as to postpone the running of the right of rescission. Although the Simplification Act was in-

26. 15 U.S.C. § 1602(i) (1982).

27. THE LAW OF TRUTH IN LENDING, *supra* note 5, at ¶ 7.06[3].

28. Official Staff Interpretation, comment 5(a)(1)-1, 12 C.F.R. 699 (1984).

29. Housing and Community Development Technical Admendment Act of 1984, Pub. L. No. 98-479, § 205, 98 Stat. 2218, 2234.

tended to resolve this conflict by defining "material disclosures,"³⁰ Professor Miller refers to several issues that may continue to cause disagreement and breed litigation.³¹ For example, if the required term "amount financed" is omitted even though the correct figure for that amount is furnished, is this a "material error"? Alternatively, suppose there is a material disclosure violation, such as a five percent error in the annual percentage rate, but the consumer knew of the error because the creditor orally had informed the consumer of the correct rate. Does this constitute a failure to furnish all "material disclosures"? Professor Miller suggests how he thinks these issues should be resolved. He adds, however, that courts probably will face these issues in "real cases" more complex than these hypotheticals.³²

In chapter 9, Mr. Schmelzer and his coauthors review the procedural and substantive provisions of the billing error resolution provisions of the Act and regulation. Although the shortest chapter in the book, chapter 9 can prove to be a valuable resource to the practitioner for several reasons. The chapter contains an excellent discussion of the procedures that must be followed when an alleged billing error (a) is found to have occurred as alleged;³³ (b) is found to have occurred, but in an amount or manner different from that alleged;³⁴ and (c) is found not to have occurred.³⁵ Additionally, this chapter very effectively covers the constraints on creditors' reports of delinquency regarding accounts on which a billing error has been alleged—constraints that apply during and after the error resolution period.³⁶

Professor Rohner is the author of chapter 10 covering the substantive rights of credit card holders and open end accountholders. In this chapter, Professor Rohner covers such topics as the ban against unsolicited issuance of credit cards,³⁷ the limitation on issuance of renewal or substitute cards,³⁸ and consumer liability for unauthorized use of a credit card.³⁹ In the section on unauthorized use, the author refers to the 1980 consent decree entered into by Shell Oil Company⁴⁰ with the Federal Trade Commission. Under the consent decree, Shell agreed to honor a cardholder's notification that a previously designated authorized user was no longer authorized to use the

30. 15 U.S.C. § 1602(u) (1982).

31. THE LAW OF TRUTH IN LENDING, *supra* note 5, at ¶ 8.03[1][c][iii].

32. *Id.* ¶ 8.03[1][c] n.148.

33. *Id.* ¶ 9.04[2][a].

34. *Id.* ¶ 9.04[2][b].

35. *Id.*

36. *Id.* ¶ 9.04[3].

37. *Id.* ¶ 10.02[2].

38. *Id.* ¶ 10.02[2][d].

39. *Id.* ¶ 10.03.

40. *Id.* ¶ 10.03[2][a] n.44.

account. Additionally, Shell agreed promptly to stop honoring charges by the previously authorized user. Prior to the issuance of the order, Shell had taken the position in letters to inquiring cardholders that it would refuse to honor any such "deauthorization" requests until the cardholder returned the credit card that had been issued to the previously authorized user. This chapter fails to mention, however, a 1983 decision to the contrary by the Supreme Court of Utah on which the United States Supreme Court denied certiorari.⁴¹ In that opinion, the court held that use of a credit card by an authorized user is governed by the contractual agreement between the cardholder and the card issuer, where the cardholder agreement clearly and unequivocally requires the return of all cards to terminate this liability. Mere notification to the card issuer revoking a users' authorization does not terminate the cardholder's liability.⁴² The court ruled that the card issuer in the case before it was justified in holding the cardholder responsible for all charges that accrued until all cards issued on the account were returned.

This chapter also contains an excellent discussion of the claims and defenses that may be raised against card issuers. Specifically, the chapter discusses the procedure through which those claims and defenses may be raised, the types that may be raised, their limitations, and the credit reporting limitations on disputed amounts.⁴³ In this chapter, the author also reviews the prohibitions against setoffs of credit card account balances,⁴⁴ the handling of payments, returns, and refunds,⁴⁵ and the requirements for handling credit balances.⁴⁶ In each discussion, Professor Rohner notes which, if any, of the relevant requirements were changed in the revision of Regulation Z.

Credit advertising is the subject of chapter 11, where Ms. Greenfield reviews the scope of the advertising provisions, noting that responsibility for compliance with the advertising rules rests on any "person" who advertises credit terms.⁴⁷ Thus, to come within the scope of the advertising restraints, the advertiser need not be a "creditor," but may be the provider of goods or services who finances through a third-party creditor. For example, a building contractor advertising mortgage credit available through third-party lenders would be subject to the advertising rules.

41. *Walker Bank & Trust Co. v. Jones*, 672 P.2d 73 (Utah 1983), *cert. denied*, 104 S. Ct. 1911 (1984).

42. *Walker Bank*, 672 P.2d at 76.

43. THE LAW OF TRUTH IN LENDING, *supra* note 5, at ¶ 10.04.

44. *Id.* ¶ 10.05.

45. *Id.* ¶ 10.06.

46. *Id.* ¶ 10.07.

47. *Id.* ¶ 11.02[4].

The author notes that under the revised regulation, credit terms stated in advertisements of both open end and closed end credit are considered to be "disclosures."⁴⁸ Thus, advertisements of credit terms are subject to the "clear and conspicuous" standard for all disclosures. This change in advertising standards has not been a source of trouble to date. Because civil penalties do not apply to advertising violations, the advertising provisions will have no effect on penalty recoveries. Moreover, the enforcement agencies in general and the Federal Trade Commission in particular, have not brought any enforcement actions under the new advertising provisions, thus indicating at least preliminarily that those provisions present no compliance problems. Nonetheless, in this reviewer's opinion, it is a change that should be noted; creditors should take care to make their advertisements of credit terms both clear and conspicuous.

Chapter 11 also mentions the rules for oral disclosure in credit advertising of annual percentage rates and notes that "violations will be hard to detect and even more difficult to prove."⁴⁹

Probably the most thoughtful and thought-provoking chapter in the entire work is chapter 12 by Professor Rohner on private remedies for Truth in Lending violations. The average practitioner focuses primarily on compliance and how to assure it. Chapter 12, on the other hand, focuses on the effects of violations and consumers' rights to pursue statutory civil penalties. In this chapter, Professor Rohner carefully analyzes current case law (often conflicting) on pendent⁵⁰ and ancillary jurisdiction.⁵¹ He notes that federal courts, including the United States Supreme Court, are especially reluctant to hear cases involving essentially state matters. This makes it difficult for a creditor to present to a federal court a counterclaim for a delinquent debt in the Truth in Lending action. Similarly, in a state court collection action brought by a creditor, a federal court may deny removal on the ground that it lacks ancillary jurisdiction to hear the defendant's Truth in Lending counterclaim.

Professor Rohner also explores the possible bases for recovery of actual damages. He notes that there is almost no case law involving this issue.⁵² In his discussion of automatic statutory damages, the author states that although the 1980 simplification amendments were intended to limit the disclosures to which civil penalties apply, they may not have done so with pre-

48. Regulation Z, 12 C.F.R. §§ 226.16(b), 226.24(c) (1984).

49. THE LAW OF TRUTH IN LENDING, *supra* note 5, at ¶ 11.09[1].

50. *Id.* ¶ 12.02[1][b].

51. *Id.* ¶ 12.02[1][c].

52. *Id.* ¶ 12.04[1].

cision.⁵³ For example, the rule that disclosures must be made clearly and conspicuously is not among those to which civil penalties apply. The courts have yet to determine whether civil penalties apply to required disclosures that are made unclearly, inconspicuously, or not in the format (that is, not in the federal box) prescribed by law.

Similarly, courts have not ruled whether statutory damages are recoverable for violations of requirements imposed exclusively by Regulation Z. The Act specifies that only the disclosures required by certain designated sections and paragraphs of the Act are subject to civil penalties. These designated sections do not cover such disclosures as notice of change in terms required for open end credit and the assumption rules for closed end credit, both exclusive products of Regulation Z. The question is whether and to what extent civil penalties apply to violations involving such disclosures as these. The author also notes that, unlike the disclosure requirements, section 130 of the Act relating to civil penalties contains no limitation on civil penalties for violation of the Fair Credit Billing provisions of the Act. Thus, failure to comply with any provision of chapter 4 is subject to civil penalties.

In this chapter, the author additionally reviews the current cases dealing with the award of attorney fees.⁵⁴ He notes that the individual courts have considerable latitude to fix the amount of the attorney fee award and that specific awards are reversed at the appellate level only for abuse of discretion.⁵⁵

The section of chapter 12 on creditor defenses should become the bible for litigators who defend creditors. In it, Professor Rohner reviews at length and in detail defenses based on conformity with Federal Reserve Board guidance,⁵⁶ bona fide error,⁵⁷ timely correction,⁵⁸ and the statute of limitations.⁵⁹ The author also discusses the liability of assignees for civil penalties.⁶⁰ He raises the question whether the Federal Trade Commission's rule on preservation of consumer's claims and defenses subjects an assignee to all claims and defenses that the consumer might have asserted against the original seller. These include claims and defenses based on liability for Truth in Lending violations to which assignees are not subject under the Truth in Lending Act. Professor Rohner concludes that the FTC rule

53. *Id.* ¶ 12.04[2][a].

54. *Id.* ¶ 12.04[3].

55. *Id.* ¶ 12.04[3][a].

56. *Id.* ¶ 12.05[2].

57. *Id.*

58. *Id.* ¶ 12.05[3].

59. *Id.* ¶ 12.05[4].

60. *Id.* ¶ 12.06.

should not be construed as enlarging an assignee's liability for Truth in Lending violations.⁶¹ He reasons that 1) this was not the primary purpose of the FTC rule, and 2) there was no indication that Congress would have limited an assignee's liability so carefully in the 1980 amendments to the Truth in Lending Act if it had meant for the FTC rule to override those amendments.

Chapter 13 is devoted to the public enforcement of Truth in Lending; that is, to administrative agency enforcement and criminal penalties. Any discussion of agency enforcement necessarily includes an explanation (to the extent that an explanation is possible) of section 108(e),⁶² the most convoluted and confusing section of the entire Truth in Lending Act. And in this chapter, Mr. Schellie and Ms. Wheatley give that explanation with great skill.⁶³

Section 108(e) is the subsection of the Truth in Lending Act that vests in the administrative agencies the authority under specified circumstances to require a creditor to make an adjustment to the account of a person to whom credit was extended. This assures that that person will not be required to pay a finance charge in excess of the finance charge actually disclosed or the dollar equivalent of the annual percentage rate actually disclosed, whichever is lower. It sounds simple, does it not? In truth, and in fact, the idea is relatively straightforward: by law, make the Truth in Lending disclosure, in effect, a part of the contract documents and stipulate that the consumer need pay no greater finance charge than the lower of the finance charge disclosed or the dollar equivalent of the annual percentage rate disclosed. The complexity and convolution comes in establishing different tolerances under different conditions for different types of transactions. This is complicated by further differences for different time intervals. The idea could have been more clearly expressed, understood, and implemented by a reasonably small number of tolerances, applying them across the board to all transactions, and requiring adjustments only to amounts exceeding those tolerances. Congress, however, chose complexity over simplicity.

In this chapter, the authors were able to sort through the lexicographical morass of section 108(e) and explain with great clarity the various tolerances that must be used in determining whether an adjustment may be ordered and, if so, the size of that adjustment. Because of its clarity, that part of chapter 13 devoted to administrative agency enforcement and restitution will (or should soon) become the standard reference work for counsel with a

61. *Id.* ¶ 12.06[3].

62. 15 U.S.C. § 1607 (1982).

63. THE LAW OF TRUTH IN LENDING, *supra* note 5, at ¶ 13.04.

client undergoing or about to undergo review/examination by an administrative agency.

The final chapter, chapter 14, by Professor Rohner, deals with the relationship of Truth in Lending to other federal and state laws. It contains a very scholarly discussion of the standards that are applied to determine when and under what circumstances state laws are preempted.⁶⁴ The discussion compares the standards governing preemption of the disclosure provisions with the standards governing preemption of the Fair Credit Billing provisions. Although the statutory standard for preemption of the disclosure provisions was not changed by the Simplification Act and remains an "inconsistency," the Federal Reserve Board changed its regulatory interpretation of that standard when it rewrote Regulation Z. Under the old regulation, state law was preempted if it imposed requirements "different from the requirements of [Regulation Z] with respect to form, content, terminology, or time of delivery."⁶⁵ Under the revised regulation, the Board has interpreted "inconsistent" to mean "contradictory."⁶⁶ In one of the most interesting sections of chapter 14, the author explores the Board's shift in perspective, noting that "some ominous clouds [are] already gathering over this approach to preemption."⁶⁷

The remainder of the chapter is devoted to a discussion of state exemptions and the criteria that the Board applies in evaluating each application for exemption.⁶⁸ To date, only five states have obtained an exemption from portions of the revised Act and regulation: Connecticut, Maine, Massachusetts, Oklahoma, and Wyoming.⁶⁹ The discussion in chapter 14 on state exemptions is *must* reading for counsel with clients operating in any one of those five states.

64. *Id.* ¶ 14.03.

65. Prior Regulation Z, 12 C.F.R. § 226.6(b)(1) (repealed as of Oct. 1, 1982).

66. Regulation Z, 12 C.F.R. § 226.28(a)(1) (1984).

67. THE LAW OF TRUTH IN LENDING, *supra* note 5, at ¶ 14.03[1][c].

68. *Id.* ¶ 14.05.

69. *Id.* ¶ 14.05[1]. These same five states are the only states that held partial exemptions under prior Regulation Z.