Here Comes "Truth in Savings"

Alvin C. Harrell, Oklahoma City University School of Law

Available at: https://works.bepress.com/alvin_harrell/267/
Here Comes
"Truth in Savings"
By Alvin C. Harrell

I. Introduction

In November 1991, Congress passed what was described as a "narrow" banking bill, so called because it did not include the broader insurance, securities, and branching powers being sought by some banks. Nonetheless the term "narrow" was accurate only in comparison to the very wide-ranging changes that were included in some prior versions of this bill. The 1991 banking bill contains a vast array of technical provisions tightening the regulatory view on the economy and financial system, and creating new legal pitfalls for bank and thrift executives and their counsel. These issues will be discussed in detail in a forthcoming Banking Law 1992 symposium issue of the Quarterly Report. In the meantime, as just one small example, consider the new provisions entitled "Truth in Savings."

II. Truth in Savings – An Overview

The Truth in Savings Act ("TIS") was enacted as Subtitle F of Title II ("Regulatory Improvement") of the FDIC Improvement Act of 1991, cleared for the President on November 26, 1991, and signed into law on December 19, 1991. The stated purpose of TIS is to promote competition between depository institutions by enhancing the ability of consumers to make informed decisions regarding deposit accounts. TIS requires uniform disclosure of the terms and conditions for the payment of interest and the charging of fees in connection with such accounts, for the purpose of allowing consumers to make comparisons between the competing claims of depository institutions.

TIS becomes effective six months after publication of final regulations by the Federal Reserve Board ("FRB"). Proposed regulations were published in the Federal Register on April 13, 1992. Final regulations are expected to be issued by September 19, 1992. The regulations must be effective no later than March 19, 1993, and compliance will be mandatory as of that date.

(Continued on page 106)

INDEX

Initial Chapter 11 Issues For Individual and Small Business Debtors .................................. 97
by Lynn A. Pringle

How Much Is That Doggie In The Window: Valuation Issues In Bankruptcy ....................... 107
by Robin E. Phelan and Mark X. Mullin

Confirmation Of A Chapter 11 Plan ..................................................................................... 130
by G. Blaine Schwab III and Sarah A. Hall

Selected Post-Confirmation Issues ...................................................................................... 150
by David A. Lander

ERISA Basics For Creditors and Attorneys ......................................................................... 156
by Jay Conlon

Pension Benefit Plans In Bankruptcy — Recent Cases ......................................................... 165
by Richard E. Coulson

Casenote: Model Right of Rescission Form Inappropriate for Certain Refinancings ........... 172
by Leonard A. Bernstein

by Alvin C. Harrell

Vol. 46
Summer, 1992
No. 3
Here Comes "Truth in Savings" (Continued from page 96)

(1) the date a task is performed;
(2) a brief, concise explanation of the task indicating its relevance to the case;
(3) the time expended, recorded to the nearest tenth of an hour; and
(4) the identity of the person who performed the task.90

Seneca also held that "[t]ime used to educate or familiarize oneself with the general Code provisions or basic law" is not compensable as such matters are merely efforts to "make one competent."91 Competence was found to be a "minimal" standard for bankruptcy practice, which is both presumed and expected. Seneca also points out that fees may be reduced as a result of duplication of services and that unproductive travel time is not compensable. However, reversing a position previously taken by the same court in the Wilson Foods case, Judge Bohanon ruled that a portion of the time expended in preparing and presenting fee applications would be compensable.92

Seneca continues to constitute the rule of thumb for attorney fee standards in the Western District of Oklahoma.93 In order to fully comply with standards such as those established in Seneca, and therefore be successful in pursuing the award of attorneys' fees, counsel should take care to preserve and detail time records and billing statements in a manner which assures compliance with the applicable guidelines. With today's computers and sophisticated time and billing software packages, this should be a relatively painless effort, but obviously it is one that deserves appropriate attention.

IV. Pre-packaged Chapter 11s

Assuming that all of the pre-filing considerations have been properly dealt with, one last consideration should perhaps be the possibility of a "pre-packaged" Chapter 11. The concept of "pre-packaging" is in vogue today and really consists of completing debtor's and debtor counsel's homework before, rather than after, the Chapter 11 petition has been filed. The goal of a pre-packaged Chapter 11 is to reduce the amount of time during which the debtor finds itself embroiled in the case, and the resultant financial and other vulnerability.

In the pre-packaged scenario, the debtor's plan and disclosure statement are typically prepared before the Chapter 11 petition is filed. Usually most, if not all, of the negotiations between debtor and the creditors have already occurred. This, of course, raises the issue of improper solicitation. The basic rule in this regard is that votes solicited prior to the filing of a Chapter 11 petition may be used in confirmation of a pre-packaged plan, so long as the solicitation complies with "... any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such solicitation."94 Assuming that such disclosure and solicitation issues are properly resolved, a pre-packaged Chapter 11 may be the best alternative for debtor and creditors alike.95

V. Conclusion

Once these initial issues have been dealt with, and the Chapter 11 case has been properly considered and commenced, the parties can move on to issues involving valuation of collateral, confirmation of the plan, and, perhaps, post confirmation issues. But unless the Chapter 11 case has been properly conceived and initiated, the subsequent evolution of that case may be adversely affected by unnecessary errors and complications. All parties interested in the case should be made aware of the crucial issues to be addressed prior and immediately subsequent to the filing of a Chapter 11 petition.

90. Id. at 908-99.
91. Id. at 909.

3. TIS § 265(c).
4. TIS § 265(c)(3).
5. TIS § 263(b)(3).
6. TIS § 265(b)(3).
7. TIS § 263(c).
the secured lender to protect itself so as to ensure reasonable treatment under the plan. Thus section 1111(b) protects the legitimate expectations of the secured lender that the bankruptcy laws will be used only as a shield to protect debtors and not as a sword to enrich debtors at the expense of secured creditors.145

Section 1111(b) corrects the Pinegate result in two ways. First, the nonrecourse mortgagee who is substantially unsecured may desire to dominate the vote of a class of unsecured claims. This may be accomplished by retaining the recourse status created under section 1111(b)(1)(A). The plan may not be confirmed under these circumstances absent a cramdown under section 1111(b)(2)(B). Cramdown under section 1111(b)(2)(B) requires either that the secured claim be paid in full or that the junior interest receive nothing under the plan. Hence, the debtor must propose a plan which satisfies the unsecured debt or which eliminates the debtor's retained interest in the property.

Pinegate's harsh result was also modified in another way by section 1111(b). With the new section, the creditor who elects under section 1111(b)(2) will lose recourse status as to any unsecured claim for the amount of the debt exceeding the value of the property. This results because the lien will be for the full amount of the debt. Hence, unlike the lender in Pinegate, a creditor may benefit from any increase in the value of the property.

In choosing the 1111(b) election, a secured creditor should consider the following factors: (1) the proposed treatment of the secured claim which would include an analysis of the interest rate to be paid, the number of payments and the valuation assigned by the debtor to the collateral; (ii) the secured creditor's ability to control the outcome of the voting in the unsecured creditor's class by voting a deficiency claim, i.e., by not electing under section 1111(b)(2); (iii) the debtor's ability to pay off the secured portion of the secured creditor's claim if the 1111(b) election is made; (iv) a market evaluation for the collateral and the likelihood of appreciation or depreciation after confirmation; (v) plan feasibility and the creditor's ability to foreclose on property upon the debtor's likely default soon after confirmation; and (vi) the liquidation value of the collateral if the plan is defeated.

XI. Lien Stripping in Chapter 7 Cases

In Chapter 7 cases, courts were split on whether the debtor can use section 506 to "strip down" a property lien.146 The United States Supreme Court, however, resolved this dispute, ruling in Downey v. Timm that Chapter 7 debtors may not "strip down" liens.147 The Court ruled that section 506(d) does not allow debtors to reduce a lien securing an undersecured claim to the value of the collateral. The Court noted that the phrase "allowed secured claim" in section 506(d) differs from the phrase "allowed claim . . . secured by a lien" in section 506(a). Therefore, a value given to a secured claim by a court pursuant to section 506(a) cannot be read into section 506(d) to give a permanent value to the creditor's lien.

To allow "lien stripping" in Chapter 7 cases would allow what the Pinegate court attempted to avoid in Chapter 11 cases.148 Congress specifically enacted section 1111(b) to avoid the Pinegate result in Chapter 11 cases. Finally, section 722 of the Code, the only redemption provision for Chapter 7 debtors, specifically excludes real property.149 In Chapter 13 cases courts remain split on whether a Chapter 13 debtor may bifurcate and partially void an unsecured home mortgage.150

Here Comes "Truth in Savings" (Continued from page 106)

Regulation DD. Regulation DD is required to specify the content of this schedule. It must require at least the following:14

A. A description of all fees, periodic service charges, and penalties which may be charged or assessed, the amounts of such or the method of calculation, and the conditions governing the assessment.15

B. All minimum balance requirements and a "clear" description of the calculation method, plus a description of any minimum amount necessary to open the account.16

The schedule must also include the following information with regard to the interest being paid on the account:17

A. The annual percentage yield.18

B. The period during which the yield will be in effect.19

C. The annual rate of simple interest.20

D. The frequency of crediting and compounding of interest.21

(Continued on page 149)
many different tests exist to determine whether an infusion of new capital is sufficient to pass muster under the exception. Generally, the infusion of new capital must be substantial and must take the form of money or money's worth.312 The contribution constituting "money's worth" should be reasonably equivalent, in view of all circumstances, to the retained participation of the equity security holder in the debtor; in essence, the contribution must at least equal the value of the retained interest, i.e., the going concern value of the debtor.313 Courts will likely find that plans violating the fair and equitable standards and fail to satisfy the infusion of new capital exception to the absolute priority rule where the new capital infused equals a mere percentage of the pre-petition total debt or debt discharge in the bankruptcy case.314

Other courts require that the capital contribution be substantial and necessary in order to ensure that a debtor's equity holders will not eviscerate the absolute priority rule by means of gratuitous or token cash infusions proposed primarily to obtain cheap financing.315 Although somewhat questionable given the failure of Congress to codify the infusion of new capital exception to the absolute priority rule, which it explicitly and expressly codified in section 1129(b)(2)(B), the majority of courts hold that the infusion of new capital exception continues to retain validity under the Bankruptcy Code.

C. Classes of Interests

In order for a plan to be deemed fair and equitable with respect to a class of impaired interests which has not accepted the plan, the plan must provide either that:

1. Each holder will receive or retain property of a value, as of the effective date of the plan, equal to the greater of the allowed amount of any fixed liquidation preference, any fixed redemption price or the value of such interest; or

2. The holder of any interest which is junior to the interest in such class will not receive or retain any property under the plan.316

A curiosity exists: If there is no fixed liquidation preference or redemption price for a given class of interests, the plan may be confirmed so long as it provides that the holders of such interests receive or retain property of a value as of the effective date of the plan equal to the value of such interests. In many bankruptcy cases, the debtor will be "under water" and the equity interests in the debtor will be valueless. Given this scenario, a plan may be confirmed notwithstanding the dissent of the class of such interests if the plan terminates such interests or provides that the holders of such interests will not receive any property on account of such interests.317 Additionally the plan may be confirmed so long as no class of interests junior to the impaired and nonaccepting class of interests is to receive or retain any property on account of their interests.

X. Conclusion

As the foregoing indicates, plan confirmation involves a lengthy, complicated and often costly process which must comply with a variety of statutory requirements. Only parties who are serious about reorganizing and restructuring debts and equity interests should, therefore, undertake the process of plan confirmation.

Here Comes "Truth in Savings" (Continued from page 129)

E. "A clear description of the method used to determine the balance on which interest is paid."318

F. All of the above information (or the method for calculating such) for any period after the period referred to at paragraph B supra.320

G. Any minimum balance requirement and a "clear" description of how it is calculated.321

A "clear" description of any time requirements for earning the rates and yields noted above, and all of the information noted above as applicable if the time requirement is not met.322

I. "A statement, if applicable, that any interest which has accrued but has not been credited to an account at the time of a withdrawal from the account will not be paid . . . or credited . . . by reason of such withdrawal."323

The schedule must also include any other information that the FRB determines to be "necessary to allow consumers to understand and compare (Continued on page 155)"

22. Id. at § 264(c)(18).
23. Id. at § 264(c)(9). See proposed Regulation E/D (Continued on next column)

24. Id. at 264(c)(10).
In Reliable Electric Company, Inc. v. Olson Construction Co., the United States Court of Appeals held that a creditor was denied constitutional due process of law by being deprived of the opportunity to respond to the debtor's plan where the creditor had only general knowledge of a reorganization proceeding but had not received any statutory notices. The effect of the court's decision was not to set aside the confirmation but rather to provide that the objecting creditor's claim was not discharged. Likewise, in In re Spring Valley Ford, Inc., the Eleventh Circuit held that so long as the creditor did not have actual knowledge of the claim bar date section 1141 does not discharge the debt of a creditor who failed to receive notice under Rule 2002(a)(8), even if the creditor had actual knowledge of the general existence of the bankruptcy proceedings.

In In re Sullivan Ford Sales, Inc., the court held that the movant was barred from pursuing its claim even though it had not received official notice of the reorganization case because no individual creditor should be able to set aside a confirmed plan absent a showing of fraud.

Here Comes “Truth in Savings”
(Continued from page 149)

If any change is made in any term or condition required to be disclosed in the schedule of accounts under TIS section 264, and the change “may reduce the yield or adversely affect any holder of the account, all account holders who may be affected” must be notified and given a written description of the change, by mail, at least 30 days before the change takes effect.

Where there are multiple account holders, any required distribution of the schedule of accounts (and, presumably, most of the other notices and disclosures required by TIS, although the statute does not say so) may be given to any one of those who opened the account or a representative of the person on whose behalf the account was established.

There is a special rule governing the initial disclosures required for existing accounts (i.e., those in existence when the FRB regulations became effective). If the depository institution provides the customer with an account statement on a quarterly or more frequent basis, then within 180 days after issuance of final FRB regulations the depository institution must include within its next regular mailing a statement that the account holder has the right to request a schedule of account information (as described supra at Part V), and “that the account holder may wish to request such an account schedule.”

VII. Payment of Interest

The amount of interest paid on an interest-bearing account must be calculated “on the full amount of principal in the account for each day of the calculation period at the rate disclosed pursuant to [the TIS Act].” No particular method of compensated or crediting is stipulated in the statute, but interest must begin to accrue no later than the business day specified in section 606 of the Expedited Funds Availability Act (“EFAA”). The EFAA requires that interest accrue “not later than the business day on which the depository institution receives provisional credit for such funds.” However, this is subject to a special rule for credit unions, and an exception allowing nonpayment of interest for deposited checks which are later returned to the depository unpaid. The reference to provisional credit may require reference to Uniform Commercial Code Article 4, since provisional settlement between banks is recognized in Article 4 but not in the EFAA or its implementing regulation.

VIII. Periodic Statements

In addition to the disclosures previously discussed, each periodic statement provided to an account holder must contain a “clear and conspicuous” disclosure that includes:

A. The annual percentage yield earned on the account;
B. The amount of interest earned;
C. The amount of any fees or charges imposed; and
D. The number of days in the reporting cycle.

(Continued on page 164)
the sponsor and to distribute the plan's assets in accordance with the allocation provisions.\textsuperscript{163} Termination proceedings are judicial proceedings, and are within the exclusive jurisdiction of the United States district courts. The PBGC may apply for termination "notwithstanding the pendency in the same or any other court of any bankruptcy, mortgage foreclosure, or equity receivership proceeding, or any other proceeding to reorganize, conserve, or liquidate such plan or its property, or any other proceeding to enforce a lien against property of the plan."\textsuperscript{164} The court "shall have exclusive jurisdiction of the plan involved and its property wherever located with the powers ... of a court of the United States having jurisdiction under chapter 11 of title 11." Concurrence proceedings may be stayed by the court.\textsuperscript{165} Under the plan termination insurance program of Title IV, the PBGC guarantees the payment to participants and beneficiaries of their nonforfeitable benefits (except those becoming nonforfeitable only on account of plan termination\textsuperscript{166}), up to a specified maximum and subject to certain exceptions.\textsuperscript{167} The program is funded in part through premiums paid by plans subject to Title IV.\textsuperscript{168} Participation in the program is mandatory.

C. Restoration of Plans

Where the PBGC determines, "as a result of such circumstances as the [PBGC] determines to be relevant," that a plan which is in the process of being terminated should not be terminated, it may take "whatever action is necessary and within its power to restore the plan" to its prior status. Similarly, whenever the PBGC "determines such action to be appropriate and consistent with its duties," it may take such action "as may be necessary to restore the plan to its pretermination status." In a restoration, the sponsors resume all liabilities for funding the benefits under the plan.\textsuperscript{169}

The PBGC has broad discretion to order restoration of plans, and may order restoration to prevent abuses of the termination insurance program. An abuse that has been of special concern to the PBGC is the practice of employers terminating underfunded plans while in reorganization proceedings, shifting responsibility for the underfunding to the PBGC, and then establishing a new plan that offers benefits substantially identical to the one terminated.\textsuperscript{170}

D. Liability to the PBGC

Sponsors are liable to the PBGC under Title IV for all of the unfunded benefit liabilities of a plan.\textsuperscript{171} Liability attaches as of the date of termination.\textsuperscript{172} If a sponsor fails to pay, a lien arises in favor of the PBGC for the amount of the liability, up to 30 percent of the collective net worth of all persons liable.\textsuperscript{173} The lien may be enforced through proceedings in federal district court.\textsuperscript{174} In the event of a sponsor's bankruptcy, it has the same priority as a judgment lien of the federal government for unpaid taxes.\textsuperscript{175}

\begin{thebibliography}{99}
\bibitem{164} ERISA § 4042(e), 29 U.S.C. § 1342(e).
\bibitem{165} ERISA § 4042(f), 29 U.S.C. § 1342(f).
\bibitem{166} As part of its nondiscrimination rules, the Internal Revenue Code requires, as a condition of qualification, that upon termination or partial termination of a plan, accrued benefits become vested to the extent funded, I.R.C. § 411(a)(3).
\bibitem{168} ERISA § 4062(a) & (b), 29 U.S.C. § 1302(a) & (b).
\bibitem{169} ERISA § 4062(b)(2), 29 U.S.C. § 1302(b)(2).
\bibitem{171} Pension Benefit Guaranty Corp. v. LIV Corp., 469 U.S. 631 (1984) (termination of plan after commencement of bankruptcy proceedings would have violated statutory provisions of Bankruptcy Code).
\bibitem{172} ERISA § 468B(d), 29 U.S.C. § 1368B(d).
\bibitem{173} ERISA § 4014(a), 29 U.S.C. § 13614(a).
\end{thebibliography}

Here Comes "Truth in Savings" (Continued from page 155)

IX. Implementing Regulations and Model Forms; Enforcement; Civil Liability

As noted, the FRB recently proposed regulations to implement TIS.\textsuperscript{43} These regulations are to be effective no later than six months after publication in final form.\textsuperscript{44} As always, the statute leaves much room for interpretation and adjustment and therefore the final regulations will be of great importance.\textsuperscript{45}

The FRB is directed to provide model forms and clauses for "common disclosures," and to consider the needs of automated processing systems.\textsuperscript{46} As with Truth in Lending ("TIL"), use of these forms is not mandatory but proper use of the model forms will constitute compliance with TIS.\textsuperscript{47} Obviously this provides a strong incentive for use of the FRB forms.

Enforcement of TIS is delegated to the respective financial institution regulatory agencies.\textsuperscript{48} A violation of TIS will also be considered a regulatory and statutory violation under the Federal Deposit Insurance Act, the Federal Reserve Act, or the Federal Credit Union Act,\textsuperscript{49} thereby triggering the usual array of regulatory enforcement powers and penalties. In addition, the civil liability provisions of TIS create a private right of action with liability for actual damages plus statutory damages of $100-$1,000 per violation.\textsuperscript{50} In the case of a class action, TIS provides that there will be no minimum recovery (leaving that to the court) but establishes a maximum liability of $500,000 or one percent of the net worth of the institution (whichever is less), plus attorney's fees and court costs.\textsuperscript{51} There are also the usual guidelines to assist the court in determining the amount of class action liability.\textsuperscript{52} Also like TIL, there is a "bona fide error" defense.\textsuperscript{53} Like TIL, this requires evidence that (Continued on page 172)
Casenote: Model Right of Rescission Form: Inappropriate for Certain Refinancings??

By Leonard A. Bernstein*

A decision issued by the United States Court of Appeals for the Third Circuit on April 16, 1992 in Porter v. Mid-Penn Consumer Discount Co., may cause lenders operating in the Third Circuit to consider making immediate changes to their Truth-in-Lending Notice of Right to Cancel forms for certain refinance transactions. The modified Notice may be needed for the rescission of an existing loan by the same lender where there is an advance of additional funds (“New Money Refinances”).

In Porter, the lender made an initial consumer loan secured by a mortgage on the borrower’s property. Thereafter, the lender made two more loans to the same borrower. For each New Money Refinance, the lender recorded a new mortgage and removed the prior one. (Some lenders modify, amend or supplement the initial mortgage which is retained).

The borrower sought to rescind the second loan, asserting that it was incorrect for the lender to have used Regulation Z “H-8 Rescission Model Form (General).” The Third Circuit agreed, and found that the Model Form H-8 notice was improper because the form says that the entire transaction is rescindable. Since that second loan was a New Money Refinance with the same lender, the rescission notice should have disclosed that the borrower had a right to rescind only to the extent of the new money advanced.

In addition to rejecting the use of Model Form H-8, the Third Circuit concluded that it would also have been inappropriate for the lender to use “H-9-Rescission Model Form (Refinancing),” the model form designated for refinances. Since this lender’s mortgage recording procedure for New Money Refinances was to satisfy the existing mortgage and replace it with a new one for the increased amount, the court indicated that Model Form H-9 was misleading because its wording presumes that the lender’s prior mortgage is “retained.” According to the court, the lender should have prepared a nonstandard rescission notice that was a “hybrid” of Model Forms H-8 and H-9.

In view of this case, if a lender’s mortgage recording procedure for New Money Refinances is to replace the existing mortgage with a new one, the lender and its counsel may wish to review the lender’s form of rescission notice to determine whether changes are appropriate, especially if the lender operates in New Jersey, Pennsylvania, Delaware or the Virgin Islands.

Here Comes “Truth in Savings”

(Continued from page 164)

the error was not intentional and that it occurred "notwithstanding the maintenance of procedures reasonably adapted to avoid any such error." The statute lists the following examples: "clerical, calculation, computer malfunction and programming, and printing errors except that an error of legal judgment with respect to a depositor's institution's obligations under this Act is not a bona fide error." The depository institution is excused from liability for a violation resulting from overpayment of interest to a customer, and is excused from liability for an act done in good faith in conformity with a FRB order, regulation, interpretation, or approval which is later amended, rescinded, or invalidated.

An institution which discloses and notifies the customer of an error and corrects that error within 60 days (and before legal action is instituted or notice of the violation is received from the account holder) will not be liable under TIS. Where there is a continuing disclosure violation relating to a single account, e.g., due to subsequent renewals, it will be treated as a single violation, unless it occurs after judgment has been entered in favor of the institution with regard to the prior violation.

X. Other TIS Provisions

There is a provision exempting credit unions from TIS but directing the National Credit Union Administration Board to prescribe a regulation "substantially similar" to that prescribed by the FRB under the TIS Act, within 90 days of the effective date of the latter, “taking into account the unique nature of credit unions and the limitations under which they may pay dividends on member accounts.”

There is also a section preempting inconsistent state law (but only to the extent of the inconsistency), and a section defining certain terms as used in the TIS Act. The defined terms include "account," "annual percentage yield," "annual rate of simple interest," and "multiple rate account.

XI. Conclusion

The 1991 banking bill continues a three-year tradition, beginning with FIRREA in 1989, of Congressional micromanagement of the regulated banking system. This time, depository transactions were caught up in the sweep of deregulation fever.

It is not clear from where the specific measures for this carve--TIS proposals have been aimed for years but there was no public outcry against confusion on the part of the public that would justify this new regulatory burden. Depository cost

(Continued on back cover)

55. TIS § 271(c)(1).
56. Id. § 271(c)(2).
57. Id. at § 271(d). Apparently it represents a concession to the industry that consumers cannot sue for receiving too much money.
58. Id. at § 271(f).
59. Id. at § 271(g).
60. Id. at § 271(h).
61. Id. at § 272(a)(b).
62. Id. at § 273.
63. Id. at § 274.
64. Id. at § 274(a).
65. "[The] true amount of interest that would be received on a $500 deposit, based on the annual rate of simple interest, of 8.46% compounded for a 365 day period."
The
66. FRB in regulations: "TIS § 274(a)."
67. Id. at § 274(b).
68. Id. at § 274(c).
Conference Schedules
1992 Annual Meeting

The 1992 Annual Meeting of the Conference on Consumer Finance Law will be held at the Hyatt Regency Hotel in San Francisco, California, from 2:30-6:00 p.m. on Sunday, August 9, 1992.

This will include a business meeting from 2:30-4:00 p.m., and the annual Fred B. Fisher Memorial Program (featuring a presentation on a current consumer credit topic) from 4:00-5:00 p.m., followed by a cocktail reception from 5:00-6:00 p.m.

Members and their guests are invited to attend the annual meeting, program, and reception free of charge. This event is being held in conjunction with the Annual Meeting of the American Bar Association, but Conference members are not required to be a member of the ABA or to register for the ABA meeting in order to attend the Conference meeting.

New ABA Subcommittee on Yacht Financing Formed

The Subcommittee on Maritime Financing, a Subcommittee of the American Bar Association Commercial Financial Services Committee, has formed a Subcommittee on Yacht Financing. It will next meet at the ABA Annual Meeting in San Francisco at 2:30 p.m. on August 9, 1992. Presentation of a paper on maritime lines will precede the business meeting of the Yacht Financing Subcommittee. All members of the ABA Section of Business Law are eligible to join. Those interested may contact Bruce A. King, Beagle & Gates, Two Union Square, 601 Union Street, Seattle, Washington 98101-2346, Chairman of the Subcommittee on Maritime Financing.

Invitation to Join New Article 7 Task Force

In January, 1992, at the request of the Permanent Editorial Board of the UCC (PEB), Professor Amelia Boss, as Chair of the American Bar Association UCC Committee, created a new Task Force on UCC Article 7 (Documents of Title). In recent years, the PEB has revised or proposed revisions to all the articles of the UCC except Article 7. The charge to the new Task Force is to survey issues, problems, and concerns that relate to Article 7, to determine whether Article 7 needs revision, and to report conclusions to the PEB.

Professor Drew L. Kershen has been appointed Chair of the Task Force. If you have any interest in or work with Article 7, you are invited to join the Task Force. If you would like to join the Article 7 Task Force, or if you just want to be on the Article 7 Task Force mailing list, please contact:

Drew L. Kershen, Professor of Law
University of Oklahoma
College of Law
Norman, OK 73109-0701
(405) 325-4702
FAX (405) 325-6282

Here Comes “Truth in Savings”

(Continued from page 172)

omers have become quite sophisticated and seem far more interested in the specific interest rate and terms of the account (which in your author’s experience have been fully disclosed for years, as a matter of basic contract law) than in being flooded with this new mass of regulatory disclosures. If (as seems likely) this becomes another Truth in Lending Act, tremendous uncertainties and legal risks will be created, and enormous sums will be expended in regulatory compliance and litiga-

TIS is further evidence of the public policy changes that are reshaping the financial system. As banks, thrifts, and credit unions begin to grapple with the new requirements and liabilities imposed under FDICIA, it will become more and more apparent to even the most complacent banker that the complexion of the American financial system has been radically and unnecessarily altered by the government’s response to the deposit insurance crisis.

Correction

The previous issue of the Quarterly Report, Volume 46, No. 2, contains an error in the article by Ronald N. Zimmerman, New Insights On Home Loan Affordability. From the Atlanta Mortgage Consortium. On page 79 the article states that the participating lenders had made 221 loans as of December 31, 1991; the correct figure is 821 loans. Our apologies to Mr. Zimmerman for this error.