ments. The latter need not be equal, consecutive and regular payments, as they often accommodate seasonal patterns of income, as in the case of teachers, farmers and fishermen.

12. A dealer who sells an article on time includes in the total price of the transaction an amount to compensate for collecting the balance due by instalments instead of cash. The amount of this "finance charge" is agreed upon between the buyer and the seller and it is incorporated into the contract of sale as an integral part of the price of the article. The contract is the dealer's property, to do with as he determines for himself. He may keep it or he may sell it, but this does not affect the time price paid by the consumer. If he decides to sell it to a sales finance company, the terms of the sale of the contract are subject to negotiation and agreement between the parties, which are part of an overall relationship embracing a package of services between the dealer and the sales finance company. Taking a contract where there is an unpaid cash balance of $1,000 and a finance charge of $100 as an example, the dealer now owns a contract on which the purchaser has agreed to pay $1,100. If the dealer decides to sell this contract, he will do so at the best price he can obtain. And he goes into a highly competitive market to look for the best price and terms; this may involve selling the contract to a sales finance company, or pledging it as collateral to secure a loan from other sources. The parties in this transaction must first agree on a price. In the normal relationship between sales finance companies and dealers, there will not be a separate negotiation for each particular contract, as the parties will have previously agreed upon a formula for establishing the price of the contract. Let us assume that the agreed price is $1,010. The sales finance company may simply pay the dealer the $1,010 and thus end the transaction. More generally, however, because of his outstanding direct and contingent liabilities, the dealer will receive only part of this amount, e.g. $1,000, at the time of the sale of the contract. Payment of the remaining $10 owed to him as part of the price of the paper will be deferred, and the amount set aside, or "reversed" in an account set up to the dealer's credit. This credit account, representing sums withheld from the proceeds of individual contracts has come to be called the reserve account, or the "dealer reserve". It is clear that this dealer reserve is merely a part of the purchase price of the paper, which except for the deferment arrangement, he would have received in cash at the time he sold the paper.

13. The basic legal instrument under which a sales finance transaction is conducted is a conditional sale contract. Based on its experience, the Council takes the position that all of the following information should be clearly stated on a conditional sale contract:

(*a*) Total Cash Price
(*b*) Down Payment and Trade-in (if any)
(*c*) Unpaid Balance
(*d*) Insurance Premium (if any)
(*e*) Registration Fee
(*f*) Amount to be Financed
(*g*) Finance Charges
(*h*) Total Deferred Balance
(*i*) Number, Amount and Date of Instalments

With this information at his disposal, the consumer is in a position to make an intelligent choice either between a cash or a credit purchase, or among competing credit sources.