

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 506 Session of 2009

INTRODUCED BY ROSS, BEYER, EVERETT, FRANKEL, GEIST, GIBBONS,
GINGRICH, HENNESSEY, KILLION, MANN, MILLARD, MILLER, MILNE,
MOUL, SCAVELLO AND SIPTROTH, FEBRUARY 18, 2009

REFERRED TO COMMITTEE ON COMMERCE, FEBRUARY 18, 2009

AN ACT

1 Amending Title 12 (Commerce and Trade) of the Pennsylvania
2 Consolidated Statutes, codifying the provisions of the Motor
3 Vehicle Sales Finance Act and the Goods and Services
4 Installment Sales Act; making conforming amendments to Title
5 42; and making related repeals.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Title 12 of the Pennsylvania Consolidated
9 Statutes is amended by adding a part heading to read:

PART IV

ECONOMIC DEVELOPMENT AND FINANCING

12 Section 2. Title 12 is amended by adding a part to read:

PART V

CONSUMER CREDIT

15 Chapter

16 61. General Provisions

17 62. Motor Vehicle Sales Finance

18 63. Goods and Services Installment Sales

19 CHAPTER 61

1 GENERAL PROVISIONS

2 Sec.

3 6101. Scope of part.

4 6102. Definitions.

5 6103. Contracts and agreements.

6 6104. Electronic transactions.

7 § 6101. Scope of part.

8 This part relates to consumer credit.

9 § 6102. Definitions.

10 The following words and phrases when used in this part shall
11 have the meanings given to them in this section unless the
12 context clearly indicates otherwise:

13 "Department." The Department of Banking of the Commonwealth.

14 "Financial institution." A bank, bank and trust company,
15 trust company, savings bank, private bank, savings association
16 or credit union organized and doing business under the
17 provisions of any law of this Commonwealth, another state or the
18 United States.

19 "Records." Books, accounts, papers, documents, files and
20 other similar business records and information, including
21 information that is:

22 (1) stored in an electronic or other medium that uses
23 technology having electrical, digital, magnetic, wireless
24 optical, electromagnetic or similar capabilities; and

25 (2) retrievable in perceivable form.

26 § 6103. Contracts and agreements.

27 (a) General rule.--A contract or agreement under this part
28 shall be dated and in writing.

29 (b) Clear and conspicuous provisions.--The headings, notices
30 and language of a contract or agreement under this part shall be

clear and conspicuous and meet the following requirements:

(1) Except as otherwise provided in this subsection, the language in a contract or agreement under this part shall be in at least eight-point type.

(2) A heading in a contract or agreement under this part shall be in at least ten-point bold type.

(3) A notice or disclosure in a contract or agreement under this part shall be in at least ten-point bold type.

(4) An acknowledgment under this part shall be in at least ten-point bold type.

§ 6104. Electronic transactions.

(a) Effect on other law.--Nothing in this part shall be construed to supersede the provisions of the act of December 16, 1999 (P.L.971, No.69), known as the Electronic Transactions Act.

(b) Department procedures.--The department may establish procedures for electronic transactions under this part, including:

(1) the filing of applications and renewals for licenses and registrations;

(2) the filing of reports and other required records; and

(3) the verification of records and signatures on forms.

CHAPTER 62

MOTOR VEHICLE SALES FINANCE

Subchapter

A. General Provisions

B. Licenses

C. Installment Sale Contracts

D. Costs and Charges

E. Repossession

1 F. Penalties and Liability

2 SUBCHAPTER A

3 GENERAL PROVISIONS

4 Sec.

5 6201. Scope of chapter.

6 6202. Definitions.

7 6203. Authority of department.

8 6204. Records.

9 6205. Appeals.

10 6206. Deposit of fees and fines.

11 6207. Distribution of information.

12 6208. Venue.

13 6209. Applicability.

14 6210. Markups.

15 § 6201. Scope of chapter.

16 This chapter relates to motor vehicle sales finance.

17 § 6202. Definitions.

18 The following words and phrases when used in this chapter
19 shall have the meanings given to them in this section unless the
20 context clearly indicates otherwise:

21 "Buyer."

22 (1) A person who buys, hires or leases a motor vehicle
23 under an installment sale contract or a legal successor in
24 interest to the person, even if the person may have entered
25 into an extension, deferment, renewal or other revision of
26 the contract.

27 (2) The term includes a person who as surety, endorser,
28 guarantor or otherwise is liable on an obligation created by
29 a buyer under an installment sale contract.

30 "Collateral security."

1 (1) Security, other than a security interest in a motor
2 vehicle, which is the subject of an installment sale contract
3 and given to secure performance of an obligation of a buyer
4 or the buyer's surety or guarantor under an installment sale
5 contract or an extension, deferment, renewal or other
6 revision of the contract.

7 (2) The term includes the following:

8 (i) The undertakings of a surety or guarantor for a
9 buyer.

10 (ii) An interest in, encumbrance on or pledge of
11 real or personal property other than the motor vehicle
12 that is the subject of an installment sale contract.

13 "Collector-repossessor."

14 (1) A person who, as an independent contractor and not
15 as a regular employee of an installment seller or a sales
16 finance company, collects payments on installment sale
17 contracts or repossesses motor vehicles that are the subject
18 of installment sale contracts.

19 (2) The term excludes the following:

20 (i) A duly constituted public official or an
21 attorney-at-law acting in an official capacity.

22 (ii) A licensed seller or licensed sales finance
23 company making collections or repossessions on
24 installment sale contracts, if the seller or sales
25 finance company:

26 (A) was previously a holder; or

27 (B) was not a holder but occasionally makes
28 collections or repossessions for other licensed
29 sellers or licensed sales finance companies.

30 "Commercial purpose." A purpose related to the production,

exhibition, marketing, transportation, processing or manufacture of goods or services.

"Debt cancellation agreement." A contractual arrangement in which a person agrees to pay all or part of a buyer's obligation to repay an extension of credit from a holder upon the occurrence of a specified event.

"Debt suspension agreement." A contractual arrangement in which a person agrees to pay for a specific period of time all or part of a buyer's obligation to repay an extension of credit from a holder upon the occurrence of a specified event.

"Down payment." Partial payments made in cash or otherwise and received by or for the benefit of an installment seller prior to or substantially contemporaneous with either the execution of an installment sale contract or the delivery of the items sold under the contract, whichever occurs later.

"Finance charge." Either of the following:

(1) The amount of the consideration in excess of the purchase price, which a buyer is required to pay to an installment seller for:

(i) the privilege of purchasing a motor vehicle under an installment sale contract; or

(ii) the credit extended by the seller to the buyer in conjunction with the sale of a motor vehicle under an installment sale contract.

(2) The difference between the cash sale price of the motor vehicle and the time balance, exclusive of insurance charges, late charges and other charges that are necessary or incidental to an installment sale and specifically authorized by this chapter to be included in an installment sale contract.

1 "Heavy commercial motor vehicle." A new or used motor
2 vehicle, excluding a recreational vehicle, that is:

3 (1) a truck or truck tractor having a manufacturer's
4 gross vehicular weight of 13,000 pounds or more; or

5 (2) a semitrailer or trailer designed for use in
6 combination with a truck or truck tractor.

7 "Holder." An installment seller or a sales finance company
8 with the rights of the installment seller under the installment
9 sale contract.

10 "Installment sale contract."

11 (1) A contract for the retail sale of a motor vehicle,
12 or a contract that has a similar purpose or effect, whether
13 or not the installment seller has retained a security
14 interest in the motor vehicle or has taken collateral
15 security for a buyer's obligation, if:

16 (i) all or part of the purchase price is payable in
17 two or more scheduled payments subsequent to the making
18 of the contract; or

19 (ii) a buyer undertakes to make two or more
20 scheduled payments or deposits that may be used to pay
21 all or part of the purchase price.

22 (2) The term includes any form of contract, however
23 nominated, for the bailment or leasing of a motor vehicle,
24 which contains both of the following, or any other
25 arrangement having a similar purpose or effect:

26 (i) The buyer contracts to pay as compensation a sum
27 substantially equivalent to or in excess of the value of
28 the motor vehicle.

29 (ii) Ownership of the motor vehicle may be
30 transferred to the buyer.

1 (3) The term includes and applies to an extension,
2 deferment, renewal or other revision of the installment sale
3 contract.

4 (4) The term excludes the following:

5 (i) A sale or contract for sale upon an open book
6 account, if both of the following conditions are met:

7 (A) The installment seller has not retained or
8 taken a security interest in the motor vehicle sold
9 or a collateral security for the buyer's obligation.

10 (B) The buyer:

11 (I) is not required to pay a sum other than
12 the purchase price of the motor vehicle sold in
13 connection with the sale or extension of credit;
14 and

15 (II) is obligated to pay for the motor
16 vehicle in full within 90 days from the time the
17 sale or contract for sale was made.

18 (ii) A right to acquire possession of goods under a
19 lease, unless the lease:

20 (A) constitutes a security interest as defined
21 in 13 Pa.C.S. § 1201 (relating to general
22 definitions); and

23 (B) is subject to 13 Pa.C.S. Div. 9 (relating to
24 secured transactions).

25 "Installment seller." A person engaged in the business of
26 selling, hiring or leasing a motor vehicle under an installment
27 sale contract or a legal successor in interest to the person.

28 "Insurance charges." Premiums, commissions and other
29 payments authorized by insurance statutes or regulations of this
30 Commonwealth.

1 "Licensee." A person who has been issued a license as an
2 installment seller, a sales finance company or a collector-
3 repossessor under this chapter, which license has not expired
4 and has not been surrendered or revoked.

5 "Manufactured home." The term as it is defined under section
6 603(6) of the National Manufactured Housing Construction and
7 Safety Standards Act of 1974 (Public Law 93-383, 42 U.S.C. §
8 5402(6)).

9 "Motor vehicle."

10 (1) A device in which, upon which or by which a person
11 or property is or may be transported or drawn upon a public
12 highway.

13 (2) The term includes a trailer, semitrailer,
14 manufactured home and recreational vehicle.

15 (3) The term excludes the following:

16 (i) A tractor, a power shovel, road machinery,
17 agricultural machinery and other machinery not designed
18 primarily for highway transportation, but which may
19 incidentally transport persons or property on a public
20 highway.

21 (ii) A device that moves upon or is guided by a
22 track or travels through the air.

23 "Principal amount financed." The unpaid purchase price
24 balance plus the following:

25 (1) The charges for any insurance required or obtained
26 as security for or by reason of the sale of a motor vehicle
27 under an installment sale contract.

28 (2) Other costs or charges necessary or incidental to
29 the sale of the motor vehicle under an installment sale
30 contract.

1 (3) Amounts representing payment of a prior credit or
2 lease balance to discharge a security interest, lien or lease
3 interest on a motor vehicle or other property traded or
4 returned.

5 "Purchase price." The price measured in dollars at which an
6 installment seller would in good faith sell to a buyer, and the
7 buyer would in good faith buy from the seller, a motor vehicle
8 that is the subject matter of an installment sale contract, if
9 the sale were a cash sale instead of an installment sale.

10 "Recreational vehicle." As defined in section 2 of the act
11 of December 22, 1983 (P.L.306, No.84), known as the Board of
12 Vehicles Act.

13 "Retail sale." The sale of a motor vehicle for the buyer's
14 use or another's use from which the buyer derives a benefit or
15 satisfaction.

16 "Sales finance company."

17 (1) A person engaged as principal, agent or broker in
18 the business of financing or soliciting the financing of an
19 installment sale contract made between other parties.

20 (2) The term includes the following:

21 (i) A person in the business of acquiring, investing
22 in or lending money or credit on the security of an
23 installment sale contract or any interest in the
24 contract, whether by discount, purchase or assignment of
25 the contract, or otherwise.

26 (ii) An installment seller, whether or not licensed
27 under this chapter, who finances an installment sale
28 contract for another seller or a sales finance company.

29 (3) The term excludes a person to the extent that the
30 person is exempt under section 6229(e) (relating to

1 transfer).

2 "Security interest." A security interest as provided by 13
3 Pa.C.S. Div. 9 (relating to secured transactions).

4 "Service contract." A written contract, optional on the part
5 of a buyer, to perform over a fixed period of time or for a
6 specified duration services regarding the maintenance or repair
7 of a motor vehicle.

8 "Time balance." The sum of the principal amount financed and
9 the finance charge.

10 "Unpaid purchase price balance." The difference between the
11 purchase price and the down payment.

12 "Warranty."

13 (1) Either of the following, which becomes part of the
14 basis of the bargain between a buyer and an installment
15 seller for purposes other than resale:

16 (i) A written declaration of fact or written promise
17 made in connection with the sale of a motor vehicle by an
18 installment seller or manufacturer to a buyer that
19 relates to the nature of the materials or workmanship
20 regarding the motor vehicle and affirms or promises that
21 the motor vehicle is free of defects or will meet a
22 specified level of performance over a specified period of
23 time.

24 (ii) Any undertaking in writing in connection with
25 the sale of a motor vehicle by an installment seller or
26 manufacturer to refund, repair, replace or take other
27 remedial action with respect to the motor vehicle if the
28 motor vehicle fails to meet the specifications set forth
29 in the undertaking.

30 (2) The term excludes a service contract and an extended

1 warranty with the characteristics of a service contract.

2 § 6203. Authority of department.

3 (a) Powers.--The department has the authority to do any of
4 the following:

5 (1) Investigate the business activities of a licensee
6 and person engaged in a business contemplated by this chapter
7 by the following means:

8 (i) Examining the records of the licensee and
9 person.

10 (ii) Accessing the offices and places of business of
11 the licensee and person and the records of the licensee
12 and person.

13 (2) Examine the records, safes and vaults of a person
14 described under subsection (b)(2) for the purpose of
15 discovering violations of this chapter.

16 (3) Require the attendance and testimony of witnesses
17 and the production of records relating to a business that the
18 department has the authority to investigate. For the purposes
19 of this subsection, a duly authorized representative of the
20 department may sign subpoenas, administer oaths and
21 affirmations, examine witnesses and receive evidence.

22 (4) Prescribe the minimum information to be shown in the
23 records of a licensee so as to enable the department to
24 determine compliance with the provisions of this chapter.

25 (5) Promulgate regulations and issue orders, statements
26 of policy and written interpretations as necessary or
27 appropriate for the interpretation or enforcement of this
28 chapter.

29 (6) Reduce the amount of or prohibit entirely a cost
30 regarding the retaking, storing or repairing of a motor

1 vehicle under section 6256 (relating to buyer's liability for
2 costs) if the cost:

3 (i) appears to be fictitious, unnecessary,
4 unreasonable or exorbitant; or

5 (ii) would not have been incurred by a prudent
6 person under similar circumstances.

7 (7) Adopt a statement of policy that contains guidelines
8 determining mark-ups that the department finds, after
9 reasonably considering relevant market data, not to be
10 excessive and update and revise the statement of policy to
11 reflect changing business conditions.

12 (b) Applicability.--

13 (1) This section applies whether the person acts or
14 claims to act as principal, agent or broker, either under or
15 without the authority of this chapter.

16 (2) A person who is not licensed under this chapter is
17 presumed to be engaged in a business contemplated by this
18 chapter, if the person, as principal, agent or broker,
19 advertises or solicits business for which a license is
20 required by the provisions of this chapter.

21 (c) Administration.--In the case of disobedience of a
22 subpoena or the noncooperation of a witness appearing before the
23 department, the department may invoke the aid of the courts, and
24 the court shall issue an order requiring the person subpoenaed
25 to obey the subpoena, give evidence or produce records relative
26 to the matter in question. Failure to obey the court order may
27 be punished by the court as contempt.

28 (d) Expenses.--The expenses incurred by the department in
29 connection with an examination or investigation, including a
30 proportionate part of the salary of an examiner or other

employee of the department and counsel assigned by the
department, may be assessed by the department upon the
particular person examined or investigated.

§ 6204. Records.

(a) General rule.--A licensee shall maintain, at the place
of business designated in the license certificate, records of
the business conducted under the license issued for the place of
business so as to enable the department to determine whether the
licensee's business contemplated by this chapter is being
operated in accordance with the provisions of this chapter.

(b) Multiple places of business.--A licensee operating two
or more licensed places of business in this Commonwealth may
maintain the general control records of all the offices at any
one of the offices, or at any other office maintained by the
licensee, upon the following:

(1) The filing of a written request with the department
designating the office at which the control records are
maintained.

(2) Approval of the request by the department.

(c) English language.--Records of a licensee shall be
maintained in the English language.

(d) Preservation.--Records of a licensee shall be preserved
and available for examination by the department for at least two
years after making the final entry therein.

§ 6205. Appeals.

An appeal may be taken from the action of the department in
suspending and revoking a license under section 6218 (relating
to revocation or suspension of license) or imposing a civil
penalty under section 6274 (relating to civil penalty by
department) in accordance with the procedure prescribed by 2

Pa.C.S. Chs. 5 Subch. A (relating to practice and procedure of Commonwealth agencies) and 7 Subch. A (relating to judicial review of Commonwealth agency action).

§ 6206. Deposit of fees and fines.

License fees and fines that are received by the department under this chapter shall be deposited in the State Treasury to the credit of a special fund for the use of the department in administering this and other laws of this Commonwealth placed under its administration.

§ 6207. Distribution of information.

(a) Department.--The department shall provide a copy of the provisions of this chapter to each licensee in conjunction with the licensee's initial license and all renewal applications.

(b) Licensee.--

(1) A licensee shall make the information under subsection (a) available to its employees.

(2) A copy of the information under subsection (a) shall be kept at the licensee's place of business for inspection by a buyer.

§ 6208. Venue.

An action on an installment sale contract shall be commenced in a county where any of the following occurred:

(1) The buyer signed the contract.

(2) The buyer resides at the commencement of the action.

(3) The buyer resided when the contract was entered into.

§ 6209. Applicability.

(a) Consumer discount companies.--The provisions of this chapter do not affect or impair a business conducted lawfully under a license issued under the act of April 8, 1937 (P.L.262,

No.66), known as the Consumer Discount Company Act.

(b) Other extensions of credit.--The provisions of this chapter do not apply to an extension of credit for the purchase of a motor vehicle, including the financing of other costs or charges necessary or incidental to the sale or financing of a motor vehicle, made under the act of November 30, 1965 (P.L.847, No.356), known as the Banking Code of 1965.

§ 6210. Markups.

(a) General rule.--A markup that is consistent with the guidelines set by the department is not excessive.

(b) Excessive markup.--

(1) A markup in excess of the guidelines set by the department shall be deemed excessive.

(2) Until the department adopts its guidelines, a markup for a service contract, warranty, debt cancellation agreement and debt suspension agreement in excess of 100% of the cost to the dealer shall be deemed excessive.

SUBCHAPTER B

LICENSES

Sec.

6211. General license rules.

6212. Initial license application.

6213. Bond.

6214. License fees.

6215. License certificate.

6216. License renewal.

6217. Refusal to issue license or license renewal.

6218. Revocation or suspension of license.

6219. Multiple places of business.

§ 6211. General license rules.

1 (a) License required.--The following persons may engage or
2 continue to engage in this Commonwealth as a principal,
3 employee, agent or broker only as authorized in this chapter and
4 under a license issued by the department:

5 (1) An installment seller.

6 (2) A sales finance company.

7 (3) A collector-repossessor.

8 (b) Term.--

9 (1) Subject to paragraph (2), unless revoked or
10 suspended under section 6218 (relating to revocation or
11 suspension of license) or otherwise surrendered, a license
12 shall be valid for one year.

13 (2) A license shall expire on October 1 annually, after
14 the license is initially approved or renewed.

15 (c) Transfer or assignment.--A license may not be
16 transferred or assigned.

17 § 6212. Initial license application.

18 (a) General rule.--An initial license application shall be
19 in writing, under oath and in the form prescribed by the
20 department.

21 (b) Contents.--An initial license application shall contain
22 the following:

23 (1) The name under which the business is conducted.

24 (2) The physical street address of the place of
25 business.

26 (3) The date of registration with the Secretary of the
27 Commonwealth of any fictitious or trade name of the business.

28 (4) If the applicant is a corporation:

29 (i) the date and place of incorporation; and

30 (ii) the names and addresses of the officers and

directors.

(5) If the applicant is an individual owner, the name and residence address of the owner.

(6) If the applicant is a partnership, association or limited liability company, the name and residence address of each owner, partner or member and any managers.

(7) Any other information that the department requires.

(c) Process; notice.--

(1) An application filed by an association or corporation shall be accompanied by a power of attorney showing the name and address of the authorized agent in this Commonwealth upon whom judicial and other process or legal notice may be served.

(2) The department is authorized to accept service of process or notice if the agent in paragraph (1):

(i) has died;

(ii) is removed from this Commonwealth; or

(iii) is under a legal disability or otherwise disqualified from serving as agent.

§ 6213. Bond.

(a) Bond required.--A bond shall accompany each license application for a sales finance company and collector-repossessor.

(b) Form.--The bond shall be in the form prescribed by the department.

(c) Amount.--

(1) A bond for a sales finance company shall be in the amount of \$10,000.

(2) A bond for a collector-repossessor shall be in the amount of \$5,000.

1 (d) Execution.--

2 (1) Except as provided in paragraph (2), the bond shall
3 be executed by a surety company authorized by the laws of
4 this Commonwealth to transact business.

5 (2) If the bond accompanying a license application for a
6 sales finance company is filed by a financial institution
7 within this Commonwealth, the financial institution may
8 execute the bond on its own behalf.

9 (3) The bond shall be executed to the Commonwealth.

10 (e) Purpose.--The bond shall be for the use of the
11 Commonwealth and for any person aggrieved by the misconduct of
12 the licensee.

13 (f) Condition.--The condition of the bond is that the
14 licensee will:

15 (1) comply with and abide by the provisions of this
16 chapter and the rules and regulations of the department; and

17 (2) pay to the Commonwealth, the department or a person
18 all money due to each under the provisions of this chapter.

19 (g) Action on bond.--A person may maintain an action on the
20 bond in a court having jurisdiction of the amount claimed if all
21 the following occur:

22 (1) The person is aggrieved by the misconduct of a
23 licensee.

24 (2) The person receives a judgment against the licensee
25 for the misconduct.

26 (3) The person executes on the judgment.

27 (4) The department assents to the action on the bond.

28 § 6214. License fees.

29 (a) Amount.--A license application shall be accompanied by a
30 license fee as set forth in section 603-A of the act of April 9,

1929 (P.L.177, No.175), known as The Administrative Code of 1929.

(b) Abatement.--No abatement in the amount of the license fee shall be made if the license is:

(1) issued for less than one year; or

(2) surrendered, canceled or revoked prior to the expiration of the license period for which the license was issued.

§ 6215. License certificate.

(a) Issuance.--If the department approves an applicant's license application, it shall issue to the applicant a license certificate showing the name and address of the person authorized to do business under the license.

(b) Public inspection.--

(1) An installment seller and a sales finance company shall post the license certificate in a conspicuous place in the place of business of the licensee, so that the certificate is in full view of the public at all times.

(2) A collector-repossessor shall carry the license certificate in his or her immediate possession whenever engaged in the type of business for which the license is issued, so that the certificate may be presented for inspection upon request by any person entitled to inspection.

(c) Amendment.--

(1) A licensee desiring to change the address of the place of business shall:

(i) give prior written notice to the department;

(ii) return the license certificate to the department for amendment; and

(iii) retain a copy of the license certificate.

1 (2) The department shall amend the license certificate
2 to show the new address and the date. The new address shall
3 thereafter be the authorized address of the licensee.

4 (3) A licensee is not required to pay a charge for
5 amendment of a license certificate to effect a change of
6 address.

7 § 6216. License renewal.

8 An application for a license renewal shall have the following
9 characteristics:

10 (1) The application shall be in writing, under oath and
11 in the form prescribed by the department.

12 (2) The application shall be filed at least 15 days
13 prior to October 1.

14 (3) The application shall include an update of the
15 information under section 6212(b) and (c)(1) (relating to
16 initial license application).

17 (4) The application shall be accompanied by the
18 following:

19 (i) A new bond under the same provisions as set
20 forth in section 6213 (relating to bond), which shall be
21 filed annually at least 15 days prior to October 1.

22 (ii) A license fee under the same provisions as set
23 forth in section 6214 (relating to license fees), which
24 shall be paid annually on or before October 1 for each
25 license and place of business.

26 § 6217. Refusal to issue license or license renewal.

27 (a) Discretionary refusal.--Subject to subsection (b), the
28 department may refuse to issue a license or renew a license
29 because of any of the following:

30 (1) The applicant has made a material misstatement in

1 the application for license or license renewal.

2 (2) The existence of any of the grounds under section
3 6218(a) (relating to revocation or suspension of license).

4 (3) The department is not satisfied that the financial
5 responsibility, character, reputation, integrity and general
6 fitness of the applicant command the confidence of the public
7 and warrant the belief that the business for which the
8 license application is filed will be operated lawfully,
9 honestly, fairly and in accordance with this chapter and the
10 general laws of this Commonwealth. In so determining, the
11 department shall consider the applicant's:

12 (i) owners, partners or members and any managers, if
13 the applicant is a partnership, association or limited
14 liability company; and

15 (ii) officers and directors, if the applicant is a
16 corporation.

17 (b) Mandatory refusal.--

18 (1) The department may not issue a license to an
19 applicant under this chapter until the expiration of at least
20 one year from the effective date of any revocation of the
21 applicant's license or the department's refusal to issue a
22 license or license renewal to the applicant.

23 (2) The department may not issue a license or renew a
24 license if, within ten years of the date of license
25 application or license renewal application, the applicant or
26 the applicant's affiliate, owner, partner, member, officer,
27 director, employee or agent has pleaded guilty to, has
28 entered a plea of nolo contendere to or has been convicted of
29 a violation under section 6271 (relating to operating without
30 license) or subsection A of section 37A of the act of June

1 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales
2 Finance Act.

3 (3) Subject to paragraph (4), if an applicant's license
4 was previously revoked under this chapter or the Motor
5 Vehicle Sales Finance Act, the department may not issue
6 another license to the applicant if, within ten years of the
7 date of license application, the applicant or the applicant's
8 affiliate, owner, partner, member, officer, director,
9 employee or agent has pleaded guilty to, has entered a plea
10 of nolo contendere to or has been convicted of any violation
11 of this chapter or the Motor Vehicle Sales Finance Act.

12 (4) If an applicant's license was previously revoked
13 under the Motor Vehicle Sales Finance Act solely on the basis
14 of the conduct of the applicant's spouse, paragraph (3) is
15 not applicable.

16 (c) License fee.--

17 (1) Except as provided in paragraph (2), if the
18 department rejects a license application or license renewal
19 application, it shall return the license fee that accompanied
20 the application.

21 (2) The department may retain all or part of the license
22 fee if the license application or license renewal application
23 was rejected based wholly or partially on false information
24 furnished by the applicant in the application.

25 § 6218. Revocation or suspension of license.

26 (a) Grounds.--Upon notice under subsection (b), the
27 department may revoke or suspend a license if it discovers a
28 fact or condition that, had it existed or been discovered at the
29 time of filing of any license application, would have warranted
30 disapproval of the application or if it finds that the licensee

1 has engaged in any of the following:

2 (1) Made a material misstatement in the license
3 application.

4 (2) Violated a provision of this chapter.

5 (3) Violated an order or regulation issued by the
6 department under and within the authority of this chapter.

7 (4) Failed to comply with a demand, order or regulation
8 of the department lawfully made by the department under and
9 within the authority of this chapter.

10 (5) Refused or refuses to permit the department to make
11 examinations authorized by this chapter.

12 (6) Failed to maintain in effect the bond required under
13 section 6213 (relating to bond), in the case of a sales
14 finance company and collector-repossessor.

15 (7) Failed to maintain satisfactory records required by
16 this chapter or prescribed by the department.

17 (8) Falsified records required by this chapter to be
18 maintained of the business contemplated by this chapter.

19 (9) Failed to file a report with the department within
20 the time stipulated in this chapter.

21 (10) Failed to pay the fine required by this chapter for
22 failure to file reports to the department within the time
23 stipulated.

24 (11) Defrauded a buyer to the buyer's damage or
25 willfully failed to perform a written agreement with a buyer.

26 (12) With respect to the tax or fee due the Commonwealth
27 upon the sale of a motor vehicle:

28 (i) Failed to collect the tax or fee.

29 (ii) Collected the tax or fee and failed to issue a
30 true copy of the tax report to the purchaser, as required

1 by law.

2 (iii) Issued a false or fraudulent tax report or
3 copy thereof.

4 (iv) Failed to pay the tax or fee to the
5 Commonwealth at the time and in the manner required by
6 law.

7 (13) Engaged in unfair, deceptive, fraudulent or illegal
8 practices or conduct in connection with a business regulated
9 by this chapter, including making excessive mark-ups as set
10 forth in this chapter.

11 (b) Notice.--

12 (1) The department shall provide 30 days' written notice
13 to the licensee for a revocation or suspension of a license.

14 (2) The notice under this subsection shall be forwarded
15 by registered mail to the place of business of the licensee,
16 as shown in the license application or as amended on the
17 license certificate in case of change of address subsequent
18 to issuance of the license certificate.

19 § 6219. Multiple places of business.

20 (a) License application.--A separate license application
21 under section 6212 (relating to initial license application)
22 shall be filed for each place of business conducted by or to be
23 established by a licensee within this Commonwealth.

24 (b) Bond.--A bond under section 6213 (relating to bond)
25 shall be filed for each place of business conducted by a sales
26 finance company and a collector-repossessor within this
27 Commonwealth.

28 (c) License fee.--With respect to section 6214 (relating to
29 license fees), a separate license fee in the same amount shall
30 be paid for each place of business conducted by a licensee

1 within this Commonwealth.

2 (d) Requirements.--

3 (1) Except as provided in paragraph (2), only one place
4 of business may be operated under the same license.

5 (2) For an installment seller, only one license is
6 required if:

7 (i) every place of business is conducted under one
8 name; and

9 (ii) the business records are kept in one place.

10 (3) A licensee may operate more than one place of
11 business only after performing the following actions:

12 (i) Filing an application for each additional place
13 of business.

14 (ii) Furnishing a bond for each additional place of
15 business in the case of a sales finance company and
16 collector-repossessor.

17 (iii) Paying the respective license fee for each
18 place of business.

19 (e) License suspension and revocation.--

20 (1) Subject to paragraph (2), the department may revoke
21 or suspend only the particular license to which grounds exist
22 under section 6218(a) (relating to revocation or suspension
23 of license).

24 (2) If the department finds that grounds for revocation
25 are of general application to all places of business or more
26 than one place of business operated by a licensee, it may
27 revoke all the licenses issued to the licensee or those
28 licenses to which grounds exist.

29 SUBCHAPTER C

30 INSTALLMENT SALE CONTRACTS

1 Sec.
2 6221. Requirements.
3 6222. Contents.
4 6223. Notice.
5 6224. Itemization.
6 6225. Disclosure.
7 6226. Heavy commercial motor vehicle.
8 6227. Manufactured homes.
9 6228. Prohibited provisions.
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11 6230. Statement of account to buyer.
12 6231. Payment receipts.
13 6232. Release of liens.
14 6233. Prohibited charges.
15 6234. Waiver of statutory protection prohibited.
16 6235. Effect of license expiration, surrender and revocation on
17 contracts.
18 6236. Enforcement.
19 § 6221. Requirements.
20 (a) General rule.--An installment sale contract shall:
21 (1) be in writing;
22 (2) contain all the agreements between a buyer and an
23 installment seller relating to the installment sale of the
24 motor vehicle sold;
25 (3) be signed by the buyer and seller; and
26 (4) be complete as to all essential provisions before
27 the buyer signs the contract.
28 (b) Copies.--
29 (1) The installment seller shall furnish an exact copy
30 of the installment sale contract without charge to the buyer

1 at the time the buyer signs the contract.

2 (2) The buyer's copy of the contract shall contain the
3 signature of the seller identical to the signature on the
4 original contract.

5 (3) Upon request, a holder shall furnish to the buyer a
6 duplicate copy of the contract upon payment of a reasonable
7 fee not to exceed the cost of production.

8 (c) Acknowledgment.--

9 (1) The installment seller shall obtain from the buyer a
10 written acknowledgment of the buyer's receipt of a copy of
11 the contract.

12 (2) The acknowledgment shall be:

13 (i) printed below the buyer's signature to the
14 contract, if attached to the contract; and

15 (ii) independently signed by the buyer.

16 (d) Equal periods and amounts.--An installment sale contract
17 shall provide for payment of the time balance in substantially
18 equal periods and amounts except in the following instances:

19 (1) The buyer expects his or her income to vary because
20 of seasonal employment, seasonal sales, use of accelerated
21 depreciation for tax purposes or other known causes, in which
22 case the contract may provide for payment of the time balance
23 in amounts that vary with the expected varying income.

24 (2) The sale of a heavy commercial motor vehicle.

25 (3) The sale of a motor vehicle to a salesperson
26 licensed under the act of December 22, 1983 (P.L.306, No.84),
27 known as the Board of Vehicles Act.

28 (4) When the contract provides for fixed residual value
29 financing.

30 (e) Disclosures.--

1 (1) Prior to a buyer's execution of an installment sale
2 contract, an installment seller shall provide to the buyer an
3 oral and a written disclosure in plain language.

4 (2) The written disclosure shall:

5 (i) be separate from the contract to be signed by
6 the buyer;

7 (ii) be complete without any blank spaces; and

8 (iii) advise that the purchase of specific items
9 related to acquiring the motor vehicle is voluntary and
10 not required as a condition of the buyer's receiving the
11 installment sale contract loan. The items to which this
12 subparagraph applies:

13 (A) include a service contract, warranty, debt
14 cancellation agreement, debt suspension agreement and
15 insurance products not required by section 6241
16 (relating to insurance); and

17 (B) exclude an option or accessory physically
18 attached to the motor vehicle.

19 (3) The completed written disclosure shall be copied
20 exactly and furnished by the seller to the buyer at no cost
21 when the buyer receives a copy of the contract.

22 (f) Definition.--As used in this section, the term "fixed
23 residual value financing" means the manner of purchase whereby a
24 buyer listed as the owner on the motor vehicle title agrees, at
25 the conclusion of a predetermined schedule of installment
26 payments made in substantially equal periods and amounts, to:

27 (1) satisfy the balance of the contractual amount owing;

28 (2) refinance any balance owing on the terms previously
29 agreed upon at the time of executing the installment sale
30 contract; or

1 (3) surrender the motor vehicle at the time and manner
2 agreed upon at the time of executing the contract.

3 § 6222. Contents.

4 An installment sale contract shall contain the following:

5 (1) The full name and address of all the parties to the
6 contract.

7 (2) The date that the buyer signed the contract.

8 (3) A description of the motor vehicle sold, which shall
9 be sufficient for accurate identification.

10 (4) The notice under section 6223 (relating to notice).

11 (5) The following items in writing and in a clear and
12 conspicuous manner, with each component of each subparagraph
13 listed separately:

14 (i) The purchase price of the motor vehicle, which
15 shall include the following:

16 (A) Taxes.

17 (B) Charges for delivery.

18 (C) Charges for servicing, repairing or
19 improving the motor vehicle.

20 (D) Charges for a service contract, which:

21 (I) shall appear as separate items after the
22 following or substantially similar words, which
23 shall be boldface, underlined, adjacent to the
24 purchase price and in type print size not smaller
25 than that used for all item categories:

26 "including optional service contracts and/or
27 extended warranties in the amount of"; or

28 (II) may be separately included as "other
29 charges" under subparagraph (v).

30 (E) Charges for accessories and installation.

1 (F) Other charges normally included in the
2 delivered purchase price of a motor vehicle.

3 (ii) The down payment made by the buyer at the time
4 of or prior to execution of the contract, which shall
5 separately indicate the extent to which it is made in
6 cash or represented by either or both of the following:

7 (A) The agreed-upon value of a trade-in motor
8 vehicle, along with a description of the trade-in
9 sufficient for accurate identification.

10 (B) Other goods.

11 (iii) The unpaid purchase price balance, which is
12 the difference between the following:

13 (A) The purchase price under subparagraph (i).

14 (B) The down payment under subparagraph (ii).

15 (iv) Insurance charges, the payment for which the
16 seller agrees to extend credit to the buyer, which shall
17 set forth the term of insurance, a concise description of
18 the coverage and the amount of the premium.

19 (v) Other charges necessary or incidental to the
20 sale or financing of a motor vehicle:

21 (A) which the seller contracts to retain,
22 receive or pay on behalf of the buyer; or

23 (B) for which the seller agrees to extend credit
24 to the buyer as authorized by this chapter, including
25 charges for a debt cancellation agreement and debt
26 suspension agreement.

27 (vi) The principal amount financed, which is the sum
28 of the following:

29 (A) The unpaid purchase price balance under
30 subparagraph (iii).

1 (B) The insurance charges under subparagraph
2 (iv).

3 (C) The other charges under subparagraph (v).

4 (D) Amounts representing payment of a prior
5 credit or lease balance to discharge a security
6 interest, lien or lease interest on a motor vehicle
7 or other property traded or returned.

8 (vii) The finance charge, which is the consideration
9 in excess of the purchase price under subparagraph (i),
10 excluding insurance charges under subparagraph (iv) and
11 other charges under subparagraph (v), and which the buyer
12 agrees to pay to the seller for the privilege of
13 purchasing the motor vehicle under the installment sale
14 contract.

15 (viii) The time balance, which represents the total
16 obligation of the buyer and which is the sum of the
17 following:

18 (A) The principal amount financed under
19 subparagraph (vi).

20 (B) The finance charge under subparagraph (vii).

21 (ix) The payment schedule, which shall state the
22 number, amount and timing of the payments required to
23 liquidate the time balance.

24 (6) A description that reasonably identifies collateral
25 security in which a security interest is provided to secure
26 the buyer's obligation pursuant to 13 Pa.C.S. § 9108
27 (relating to sufficiency of description), including the motor
28 vehicle and other collateral.

29 (7) A summary notice of the buyer's principal legal
30 rights regarding prepayment of the contract, rebate of

finance charge and reinstatement of the contract in the event of repossession and notice of the right to receive the statement of account under section 6230(a) (relating to statement of account to buyer).

(8) Specific provisions regarding the following:

(i) The holder's right to accelerate the maturity of the contract upon default or other breach of contract.

(ii) The buyer's liability respecting nonpayment.

(iii) The dollar or percentage amount of late charges that may be imposed due to a late payment, other than a deferral or extension charge.

(iv) Repossession and sale of the motor vehicle, in case of default or other breach of contract.

(9) The following statement:

If you encounter a problem, you may have additional rights under the Unfair Trade Practices and Consumer Protection Law, which is administered by the Pennsylvania Office of Attorney General.

§ 6223. Notice.

(a) Requirement.--An installment sale contract shall contain the notice under subsection (b), which shall be printed directly above the space provided for the signature of the buyer.

(b) Form.--

(1) Except as provided in paragraph (2), the notice shall be in the following form:

NOTICE TO BUYER: Do not sign this contract in blank. You are entitled to an exact copy of the contract you sign. Keep it to protect your legal rights. Any holder of this consumer credit contract is subject to all claims and defenses which the buyer could assert against the seller

1 of goods or services obtained pursuant hereto or with the
2 proceeds hereof. Recovery hereunder by the buyer shall
3 not exceed amounts paid by the buyer hereunder.

4 (2) In the notice, the words "lessee" or "mortgagor" may
5 be substituted for the word "buyer," and the words "lease" or
6 "mortgage" may be substituted for the word "contract."

7 § 6224. Itemization.

8 Costs and charges under sections 6222 (relating to contents)
9 and 6242 (relating to other costs included in amount financed)
10 shall be separately itemized in an installment sale contract as
11 to their nature and amounts.

12 § 6225. Disclosure.

13 If an installment seller retains a portion of the charge for
14 a good or service provided by another person, the seller shall
15 disclose that the seller may retain a portion of the charge.

16 § 6226. Heavy commercial motor vehicle.

17 (a) Variable finance charge percentage rate.--
18 Notwithstanding any provision of law to the contrary, the
19 finance charge percentage rate included in an installment sale
20 contract for the sale of a heavy commercial motor vehicle may
21 vary during the term of the contract pursuant to a formula or
22 index set forth in the contract that is made readily available
23 to and verifiable by the buyer and beyond the control of the
24 holder of the contract.

25 (b) Determinations.--Notwithstanding that the finance charge
26 percentage rate may increase or decrease over the term of the
27 contract according to a formula or index set forth in the
28 contract, the rate applicable to the transaction as of the date
29 of execution of the contract may be used to determine the
30 following:

1 (1) The amount of finance charge under section 6222(5)
2 (vii) (relating to contents).

3 (2) The time balance under section 6222(5)(viii).

4 (3) The payment schedule under section 6222(5)(ix).

5 § 6227. Manufactured homes.

6 (a) Optional contract provisions.--An installment sale
7 contract for the sale of a manufactured home may:

8 (1) require the buyer to pay real estate taxes that may
9 thereafter be levied upon the manufactured home and furnish
10 the installment seller or holder with proof of payment of
11 real estate taxes in the manner that the contract prescribes;
12 and

13 (2) upon the buyer's failure to pay the real estate
14 taxes or furnish the required proof of payment, allow the
15 seller or holder to accelerate payments or repossess the
16 manufactured home, or both.

17 (b) Sale.--If the manufactured home is sold by a tax-
18 levying unit of government for nonpayment of real estate taxes
19 by the buyer, the following is not affected or divested:

20 (1) A lien or encumbrance contained in the title of the
21 vehicle pursuant to 75 Pa.C.S. (relating to vehicles).

22 (2) An encumbrance filed of record against the vehicle
23 under the provisions of 13 Pa.C.S. (relating to commercial
24 code).

25 § 6228. Prohibited provisions.

26 An installment sale contract may not contain any of the
27 following:

28 (1) Blank spaces to be filled in after the contract has
29 been signed, except regarding serial numbers or other
30 identifying marks that are not available for description of

1 the motor vehicle at the time of execution of the contract.

2 (2) An acceleration clause under which all or part of
3 the time balance represented by payments not yet matured may
4 be declared immediately payable because the installment
5 seller or holder deems itself to be insecure. This paragraph
6 does not apply to an acceleration clause authorizing the
7 seller or holder to declare the entire time balance due and
8 payable in case of any of the following:

9 (i) The buyer's default in the payment of one or
10 more installment payments.

11 (ii) The buyer's failure to pay taxes levied against
12 the motor vehicle.

13 (iii) The buyer's failure to furnish proof of
14 payment of taxes levied against the motor vehicle.

15 (iv) Use of the motor vehicle for illegal purposes.

16 (v) The buyer's filing for bankruptcy.

17 (vi) The buyer's default in the payment of a cross-
18 collateralized obligation.

19 (vii) The buyer's intentionally providing fraudulent
20 and misleading information on a credit application.

21 (3) A provision authorizing a person acting on behalf of
22 the seller or holder to enter upon the premises of the buyer
23 unlawfully or to commit a breach of the peace in the
24 repossession of the motor vehicle or collateral security.

25 (4) A provision whereby the buyer waives a right of
26 action against the seller, holder, collector-repossessor or
27 other person acting on behalf of the holder for an illegal
28 act committed in the collection of payments under the
29 contract or in the repossession of the motor vehicle or
30 collateral security.

1 (5) A provision whereby the buyer executes a power of
2 attorney appointing the seller, the holder, a collector-
3 repossessor or the agent of any of them as the buyer's agent
4 in the collection of payments under the contract or in the
5 repossession of the motor vehicle or collateral security.
6 This paragraph does not apply to a power of attorney issued
7 by the buyer to an attorney-at-law to be used only in the
8 collection of the obligation by legal process.

9 (6) A provision relieving the holder or other assignee
10 from liability for legal remedies that the buyer may have had
11 against the seller under the contract or a separate
12 instrument executed in connection with the contract.

13 (7) A provision requiring or entailing the execution of
14 a note or series of notes by the buyer, which when separately
15 negotiated will extinguish as to third parties a right of
16 action or defense that the buyer may have against the
17 original seller.

18 § 6229. Transfer.

19 (a) Installment seller.--An installment seller of a motor
20 vehicle under an installment sale contract executed in this
21 Commonwealth may not sell, transfer or assign the obligation
22 represented by the contract to a person in this Commonwealth or
23 elsewhere unless the person is licensed as a sales finance
24 company under this chapter.

25 (b) Sales finance company.--A sales finance company licensed
26 under this chapter may not sell, transfer or assign the
27 obligation represented by an installment sale contract executed
28 in this Commonwealth, which it has lawfully acquired, to a
29 person in this Commonwealth or elsewhere unless the person is
30 licensed as a sales finance company under this chapter.

1 (c) Notice; effect on subsequent holder.--If an installment
2 sale contract is lawfully sold, transferred or assigned to a
3 person who is licensed as a sales finance company under this
4 chapter, the buyer's payment or tender of payment made to, and
5 service of notice on, the last known holder is binding on a
6 subsequent holder until the new holder furnishes to the buyer a
7 written notice of the sale, transfer or assignment that sets
8 forth the name and address of the new holder authorized to
9 receive future payments on the contract.

10 (d) Default; notice; effect on subsequent holder.--

11 (1) If an installment sale contract lawfully acquired by
12 a sales finance company is in default, the holder may resell,
13 retransfer or reassign the contract to the installment seller
14 from whom the contract was originally acquired.

15 (2) The buyer's payment or tender of payment made to and
16 service of notice on the last known holder is binding on a
17 subsequent holder until the new holder furnishes to the buyer
18 a written notice of the resale, retransfer or reassignment
19 that sets forth the following:

20 (i) The name and address of the new holder
21 authorized to receive future payments on the contract.

22 (ii) The unpaid time balance.

23 (iii) The accrued late charges due under the
24 contract.

25 (e) Applicability.--

26 (1) This section does not apply to an assignment of an
27 aggregation of installment sale contracts:

28 (i) which is executed by a seller or sales finance
29 company only as a security interest securing payment or
30 performance of a bona fide commercial loan, obtained at

lawful rates of interest from a person regularly engaged in the business of lending money on the security of the assigned collateral or amounts due pursuant to a security or debt instrument; and

(ii) under which, in the absence of default or other bona fide breach of the loan contract:

(A) ownership of the assigned contracts remains vested in the assignor; and

(B) collection of payments on the assigned contracts is made by the assignor.

(2) An assignment of an aggregation of loan contracts under this section may not be for the purpose of evading or circumventing the provisions of this chapter.

§ 6230. Statement of account to buyer.

(a) Information to be included.--At any time after the execution of an installment sale contract and within one year after the termination of the contract, a holder of the contract shall furnish to the buyer upon request a complete and detailed statement of account showing the following:

(1) All amounts paid by the buyer on account of the obligation, dates of payment and the allocation of the payments to the reduction of:

(i) The time balance.

(ii) Refinance charges.

(iii) Late charges.

(iv) Court costs.

(v) Attorney fees.

(vi) The costs of retaking, repairing and storing the motor vehicle.

(vii) Other costs permitted under the provisions of

this chapter and the contract.

(2) All amounts credited to the buyer as rebates for
prepayment and unexpired premiums on canceled insurance.

(3) The amount of the installment payments, accrued
charges and expenses incurred, which are due and payable.

(4) The number, amount and due dates of installment
payments to become due and payable.

(b) Copies.--

(1) The buyer shall be furnished with one statement of
account without charge during the term of the contract or
within one year after the termination of the contract.

(2) Upon request and payment of a reasonable fee not to
exceed the cost of production, a holder shall furnish to the
buyer an additional statement of account.

§ 6231. Payment receipts.

(a) When necessary.--When payment is made on an installment
sale contract, the person receiving the payment shall, at the
time of receiving the payment, furnish a complete written
payment receipt to the buyer or individual making the payment on
behalf of the buyer if:

(1) the buyer requests such receipt; or

(2) payment is made in cash.

(b) Contents.--The payment receipt shall contain the
following:

(1) The date, amount and nature of the payment.

(2) An identification of the obligation to which the
payment is applicable.

(3) The signature or initials of the person receiving
the payment on behalf of the holder.

(4) The unpaid time balance remaining due after

1 crediting the payment.

2 (5) The amount attributed to late charges, independent
3 of the payment applied to the reduction of the time balance.

4 (c) Self-addressed stamped envelope.--The holder may require
5 the buyer to supply a self-addressed stamped envelope as a
6 condition of mailing the receipt if the buyer:

7 (1) elects to make a payment by mail; and

8 (2) is previously notified of the need for the envelope.

9 § 6232. Release of liens.

10 (a) Duty of holder.--Upon payment in full of the time
11 balance and other amounts lawfully due under an installment sale
12 contract, a holder shall perform the following:

13 (1) Upon request, return to the buyer all instruments in
14 the form maintained by the holder, except those filed or
15 recorded with a public official and retained in the files of
16 the official, which:

17 (i) evidence the buyer's indebtedness or constitute
18 security under the contract; and

19 (ii) were signed by the buyer or the buyer's surety
20 or guarantor, in conjunction with the contract.

21 (2) Specify on the instruments under paragraph (1) that
22 the buyer's obligation has been paid in full.

23 (3) Release all security interests in the motor vehicle
24 or collateral security for the obligation of the buyer under
25 the contract.

26 (4) Deliver to the buyer any assignments and documents
27 of title as may be necessary to vest the buyer with complete
28 evidence of title.

29 (b) Delivery of certificate of title.--The certificate of
30 title for the motor vehicle shall be delivered to the buyer

within ten days of the date of tender of payment in full by mail
or other arrangements made between the buyer and holder.

§ 6233. Prohibited charges.

(a) General rule.--Except as provided in subsections (b) and
(c), a licensee may directly or indirectly charge, contract for,
collect or receive from the buyer, in connection with the retail
sale of a motor vehicle under an installment sale contract,
insurance charges, other charges necessary or incidental to the
sale of the motor vehicle, finance charges, refinance charges,
late charges, recording and satisfaction fees, court costs,
attorney fees and costs of retaking, repairing and storing a
repossessed motor vehicle, which are disclosed as required by
section 6222(5) (relating to contents).

(b) Exception.--A licensee may not directly or indirectly
charge, contract for, collect or receive from the buyer, in
connection with the retail sale of a motor vehicle under an
installment sale contract, any further or other amount for
costs, charges, examination, appraisal, service, brokerage,
commission, expense, interest, discount, fees, fines, penalties
or other thing of value in excess of the amounts permitted under
subsection (a) or (c).

(c) Manufactured homes.--An installment seller of a
manufactured home may charge appraisal fees, brokerage fees and
commissions, if they represent actual charges and are properly
disclosed to the buyer.

(d) Charges if contract not consummated.--

(1) Subject to paragraph (2), a licensee may not collect
a charge in connection with a contemplated sale of a motor
vehicle under an installment sale contract if the contract is
not consummated.

1 (2) Paragraph (1) does not affect the legal status of a
2 deposit paid by a prospective buyer to a seller as a binder
3 on the contemplated purchase of a motor vehicle.

4 (e) Unenforceable provision.--If an installment sale
5 contract contains a provision that authorizes a prohibited
6 charge, the provision is unenforceable.

7 § 6234. Waiver of statutory protection prohibited.

8 (a) General rule.--A buyer may not validly waive through an
9 action, agreement or statement any provision of this chapter
10 intended to protect a buyer of a motor vehicle.

11 (b) Choice of law.--A buyer's waiver of the provisions of
12 this chapter, including any purported waiver effected by a
13 contractual choice of the law of another jurisdiction contained
14 in an installment sale contract, shall be deemed contrary to
15 public policy and is void and unenforceable.

16 § 6235. Effect of license expiration, surrender and revocation
17 on contracts.

18 (a) Effect.--The expiration, surrender or revocation of a
19 license issued under this chapter to an installment seller or
20 sales finance company does not impair or affect the obligation
21 under an installment sale contract entered into lawfully or
22 lawfully acquired by the licensee prior to the effective date of
23 the expiration, surrender or revocation of the license.

24 (b) Charges by holder prohibited.--A holder of an
25 installment sale contract forfeits the right to charge, contract
26 for, receive or collect refinance charges authorized by this
27 chapter for renewal of the contract, if the holder's license has
28 expired, was surrendered or was revoked prior to the date of the
29 renewal.

30 (c) Sale, transfer and assignment of contracts.--A licensee

whose license has expired, was surrendered or was revoked may sell, transfer or assign contracts entered into or acquired prior to the expiration, surrender or revocation to a licensed sales finance company, which may renew the contracts in accordance with the provisions of this chapter.

(d) Prohibitions regarding contracts.--A licensee whose license has expired, was surrendered or was revoked may not:

(1) enter into new contracts for the retail sale of motor vehicles under installment sale contracts; or

(2) discount, purchase or otherwise acquire the new contracts.

§ 6236. Enforcement.

(a) When obligation unenforceable.--An obligation of the buyer of a motor vehicle under an installment sale contract that was consummated in this Commonwealth is not enforceable in this Commonwealth if:

(1) the installment seller was not licensed under this chapter when the seller entered into the contract; or

(2) the holder was not licensed under this chapter when the holder acquired the contract.

(b) Cancellation of contract; release of liens.--Upon payment or tender of payment to the holder of the principal amount financed under the contract described in subsection (a), less payments on account of the obligation exclusive of down payment which had been made previously, the buyer under the contract is entitled to:

(1) cancellation of the contract; and

(2) release of all liens against:

(i) the motor vehicle sold under the contract; and

(ii) collateral security owned by the buyer or the

1 buyer's surety or guarantor.

2 (c) Applicability.--This section shall not be construed to
3 prevent the enforcement in this Commonwealth of an obligation
4 arising from the sale of a motor vehicle made outside this
5 Commonwealth under an installment sale contract entered into or
6 executed by the buyer outside this Commonwealth, whether or not
7 the buyer was a resident of this Commonwealth at the time the
8 buyer entered into the contract.

9 SUBCHAPTER D

10 COSTS AND CHARGES

11 Sec.

12 6241. Insurance.

13 6242. Other costs included in amount financed.

14 6243. Finance charges.

15 6244. Refinance charges.

16 6245. Late charges.

17 6246. Refund for prepayment of contract.

18 § 6241. Insurance.

19 (a) General rule.--

20 (1) The insurance purchased under this section shall be:

21 (i) Limited to insurance against risk of damage,
22 destruction or theft of the motor vehicle.

23 (ii) Written for the dual protection of the buyer
24 and installment seller or holder to the extent of their
25 respective interests in the motor vehicle.

26 (iii) Subject to terms and conditions, including the
27 amount and period of time, that are reasonable and
28 appropriate considering the type and condition of the
29 motor vehicle, the amount of the time balance and the
30 schedule of payments in the installment sale contract.

1 (2) The provisions of paragraph (1) may not interfere
2 with the following:

3 (i) The liberty of contract of the buyer and
4 installment seller to contract for other or additional
5 insurance as security for, or by reason of the obligation
6 of, the buyer.

7 (ii) The inclusion of charges for insurance in the
8 principal amount advanced under the installment sale
9 contract.

10 (b) Purchase by buyer.--

11 (1) An installment seller may require a buyer of a motor
12 vehicle under an installment sale contract to purchase
13 insurance on the motor vehicle at the buyer's expense from an
14 insurance company acceptable to the installment seller.

15 (2) The buyer may select the insurance company agent or
16 broker, in which case the inclusion of insurance charges in
17 the contract shall be at the option of the installment
18 seller.

19 (c) Purchase by installment seller generally.--If an
20 installment seller or a holder contracts to purchase at the
21 buyer's expense insurance on a motor vehicle sold under an
22 installment sale contract, the following apply:

23 (1) The insurance shall be purchased through an agent or
24 broker authorized to conduct business in this Commonwealth.

25 (2) The insurance shall be written by an insurance
26 company qualified to do business in this Commonwealth.

27 (3) The status of the buyer and installment seller or
28 holder, as set forth in the insurance contract, shall reflect
29 their respective interests in the motor vehicle.

30 (4) The insurance charges to the buyer may not exceed

1 the following:

2 (i) The insurance charges that others are required
3 to pay to the insurance company for similar coverage.

4 (ii) The limitations on premiums, commissions and
5 other charges established by the Commonwealth.

6 (5) A copy of the policy or certificate of insurance
7 shall be delivered to the buyer within 30 days of the date of
8 the buyer's signing of the contract.

9 (6) The insurance policy shall contain the following:

10 (i) Complete information as to the effective dates,
11 amounts of premiums and coverage.

12 (ii) All the terms of the insurance contract.

13 (7) If a certificate of insurance issued under a master
14 policy is furnished to the buyer in lieu of an individual
15 policy, the certificate shall contain the following:

16 (i) Complete information as to effective dates,
17 amounts of premiums and coverage.

18 (ii) All the terms of the insurance contract
19 embodied in the master policy to the same extent as would
20 appear if an individual policy were issued.

21 (iii) Notice that it is not an insurance policy.

22 (d) Early termination of policy.--

23 (1) This subsection applies if an installment seller or
24 holder has placed insurance at the buyer's expense on a motor
25 vehicle sold under an installment sale contract.

26 (2) If the buyer prepays the time balance under the
27 contract prior to the expiration date of the insurance:

28 (i) The insurance shall remain in force unless the
29 buyer requests cancellation of the insurance.

30 (ii) The installment seller or holder may not cancel

1 the insurance without the buyer's consent.

2 (iii) The installment seller or holder may not
3 coerce the buyer to cancel the insurance.

4 (iv) Any unexpired insurance premiums received by
5 the installment seller or holder, resulting from
6 cancellation of insurance originally placed at the
7 buyer's expense, shall be paid to the buyer or credited
8 to matured unpaid installments under the contract.

9 (3) If the insurance company cancels the insurance prior
10 to expiration, the installment seller or subsequent holder
11 shall:

12 (i) obtain comparable insurance from another
13 insurance company and furnish the buyer with a copy of
14 the insurance policy, subject to the same requirements of
15 this chapter applicable to the original policy; or

16 (ii) if unable to obtain comparable insurance from
17 another insurance company, immediately notify the buyer
18 who may then obtain insurance from an insurance company,
19 agent or broker of the buyer's own selection, in which
20 case the installment seller or holder shall be liable to
21 the buyer for the following:

22 (A) Any additional insurance charges incurred by
23 the buyer in rewriting the insurance for the
24 unexpired period for which the original insurance was
25 written.

26 (B) Any loss suffered by the buyer through
27 negligence on the part of the installment seller or
28 holder in promptly advising the buyer of the
29 inability to obtain replacement insurance.

30 § 6242. Other costs included in amount financed.

1 (a) Costs payable by buyer.--An installment seller of a
2 motor vehicle under an installment sale contract may require the
3 buyer to pay the following other costs incurred in the sale of a
4 motor vehicle under the contract:

5 (1) Fees payable to the Commonwealth for filing a lien
6 or encumbrance on the certificate of title to a motor vehicle
7 sold under the contract or collateral security for the motor
8 vehicle.

9 (2) Fees payable to a public official for filing,
10 recording, satisfying or releasing the contract or
11 instruments securing the buyer's obligation.

12 (3) Fees for notarization required in connection with
13 the filing, recording, satisfying or releasing a mortgage,
14 judgment lien or encumbrance.

15 (b) Costs for which buyer voluntarily contracts.--The
16 installment seller of a motor vehicle under an installment sale
17 contract may contract with the buyer to pay on behalf of the
18 buyer the following other incidental costs relating to the sale
19 of the motor vehicle, for which the buyer has voluntarily
20 contracted:

21 (1) Fees payable to the Commonwealth for registration of
22 the motor vehicle and issuance or transfer of registration
23 plates.

24 (2) Fees payable to the Commonwealth for the buyer's
25 driver's license.

26 (3) Costs of messenger service and other costs
27 associated with the submission of documents to the
28 Commonwealth or other governmental entity.

29 (c) Collection and credit for fees and costs.--With respect
30 to the fees and costs under subsections (a) and (b), the

1 installment seller may:

2 (1) contract for, collect or receive the fees and costs
3 from the buyer independently of the contract; or

4 (2) extend credit to the buyer for the fees and costs
5 and include them in the principal amount financed under the
6 contract.

7 (d) Amount of fees and costs.--Unless otherwise permitted by
8 the laws of this Commonwealth, the fees and costs under
9 subsections (a) and (b) that are paid or payable by the buyer
10 may not exceed the amount that the installment seller expends or
11 intends to expend for them.

12 (e) Costs not disbursed.--Costs that are collected from a
13 buyer or included in the buyer's obligation under an installment
14 sale contract but that are not disbursed by the seller as
15 contemplated shall be immediately refunded or credited to the
16 buyer.

17 (f) Incidental charges.--

18 (1) Subject to paragraph (2), the installment seller of
19 a motor vehicle under an installment sale contract may
20 contract with the buyer to pay on behalf of the buyer other
21 charges necessary or incidental to the sale of a motor
22 vehicle and contracted for by the buyer, if the charges are
23 not:

24 (i) in violation of section 6218(a)(12) (relating to
25 revocation or suspension of license); or

26 (ii) restricted under this chapter or any other
27 statute.

28 (2) Only the costs of necessary repairs disclosed at the
29 time of the installment sale may be included in the contract.
30 Necessary repairs arising after the execution of the contract

1 may not be added to the original contract.

2 (3) This subsection does not otherwise authorize the
3 mark-up of costs under subsection (a) or (b).

4 § 6243. Finance charges.

5 (a) General rule.--An installment seller licensed under this
6 chapter may charge, contract for, receive or collect a finance
7 charge under this chapter on an installment sale contract
8 covering the retail sale of a motor vehicle in this
9 Commonwealth.

10 (b) Method of computation.--

11 (1) An installment seller may compute a finance charge
12 authorized by this section by any method, if the charge does
13 not exceed the applicable maximum percentage under
14 subsections (d) and (e).

15 (2) A finance charge under this section shall be
16 computed:

17 (i) On the principal amount financed as determined
18 under section 6222(5)(vi) (relating to contents).

19 (ii) At the annual rate indicated on a one-year
20 installment sale contract.

21 (iii) Proportionately on an installment sale
22 contract that extends for a period that is less than or
23 greater than one year.

24 (3) A finance charge under this section may be computed
25 on the basis of a full month for a fractional month period in
26 excess of ten days and interest may continue to be charged
27 during a period of time for which a late charge is also
28 imposed.

29 (c) Manufactured homes.--If an installment sale contract
30 involves a manufactured home, whether or not the sale on credit

1 or loan is insured or guaranteed in whole or in part by the
2 Federal Housing Administration pursuant to the National Housing
3 Act (48 Stat. 1246, 12 U.S.C. § 1701 et seq.), the percentage
4 established as a maximum finance charge for a manufactured home
5 by regulation of the Federal Housing Administration shall
6 govern.

7 (d) New motor vehicles--.

8 (1) Except as otherwise provided in this section, a
9 finance charge for a new motor vehicle may not exceed the
10 equivalent of 18% simple interest per year on the unpaid
11 balance.

12 (2) Except as provided in paragraph (3), a finance
13 charge for a new motor vehicle having a purchase price of
14 \$10,000 or more and used primarily for a commercial purpose
15 may not exceed the equivalent of 7.5% per year.

16 (3) A finance charge may not exceed the equivalent of
17 10% per year for the following:

18 (i) A new truck and truck tractor having a
19 manufacturer's gross vehicular weight of 13,000 pounds or
20 more.

21 (ii) A new semitrailer and trailer designed for use
22 in combination with a truck tractor.

23 (e) Used motor vehicles.--

24 (1) A finance charge for a used motor vehicle, of a
25 model designated by the manufacturer during a year not more
26 than two years prior to the year in which the sale is made,
27 may not exceed the equivalent of 18% simple interest per year
28 on the unpaid balance.

29 (2) A finance charge for an older used motor vehicle, of
30 a model designated by the manufacturer during a year more

1 than two years prior to the year in which the sale is made,
2 may not exceed the equivalent of 21% simple interest per year
3 on the unpaid balance.

4 (f) Federally insured loans.--Subject to subsection (c), if
5 a sale on credit or loan is insured or guaranteed in whole or in
6 part by the Department of Veterans Affairs or another Federal
7 department or agency, the laws or regulations that govern the
8 Department of Veterans Affairs or other Federal department or
9 agency regarding the maximum finance charge and rate of interest
10 for the sale shall govern.

11 § 6244. Refinance charges.

12 (a) General rule.--

13 (1) A holder of an installment sale contract may:

14 (i) extend the scheduled due date or defer the
15 scheduled payment of all or part of an unpaid installment
16 payment;

17 (ii) renew the unpaid time balance of the contract;
18 or

19 (iii) contract for, receive and collect a refinance
20 charge for an extension, deferment or renewal under
21 subparagraphs (i) and (ii).

22 (2) A refinance charge for a motor vehicle under section
23 6243(d) and (e) (relating to finance charges) may not exceed
24 the amount determined under this section.

25 (b) Rates and computation.--

26 (1) For a motor vehicle under section 6243(d) (1) and
27 (e), the refinance charge shall be determined by either of
28 the following:

29 (i) Subject to subsection (c), the refinance charge
30 on the amount of a refinanced full or partial installment

1 payment for which each full or partial payment is
2 extended or deferred may not exceed the equivalent of the
3 following rates:

4 (A) One percent per month for a vehicle under
5 section 6243(d)(1).

6 (B) One and one-half percent per month for a
7 vehicle under section 6243(e)(1).

8 (C) Two percent per month for a vehicle under
9 section 6243(e)(2).

10 (ii) Subject to subsection (d), the refinance charge
11 on the amount obtained shall be determined by:

12 (A) Adding the unpaid time balance of the
13 contract, insurance charges, other charges incidental
14 to refinancing and unpaid late charges that may be
15 accrued.

16 (B) Deducting a rebate that may be due to the
17 buyer for prepayment incidental to refinancing, at
18 the rate of the finance charge in the original
19 contract, for the term of the renewal contract and
20 subject to the provisions of this chapter governing
21 computation of the original finance charge.

22 (2) For a motor vehicle under section 6243(d)(2) and
23 (3), the refinance charge shall be determined by the method
24 of computation under paragraph (1)(ii).

25 (3) For a manufactured home under section 6243(c), the
26 refinance charge shall be determined by regulation of the
27 Federal Housing Administration pursuant to the National
28 Housing Act (48 Stat. 1246, 12 U.S.C. § 1701 et seq.).

29 (4) Subject to paragraph (3), if the refinancing of a
30 motor vehicle is insured or guaranteed in whole or in part by

the Department of Veterans Affairs or another Federal department or agency, the laws or regulations that govern the Federal department or agency regarding the maximum refinance charge and rate of interest for the refinancing shall govern.

(c) Fractional month.--A computed refinance charge under subsection (b) (1) may be computed on the basis of a full month for any fractional month period in excess of ten days.

(d) Other provisions not applicable to computation.--The provisions of this chapter governing minimum prepayment rebate shall not apply in calculating refinance charges on the contract renewed under subsection (b) (2).

(e) Prohibited contents.--Except as provided in subsection (f) and subject to subsection (g), the holder of an installment sale contract may not include in a refinancing contract a cash loan to the buyer or credit extended to the buyer incidental to the purchase of goods or services.

(f) Permissible contents.--A holder under subsection (e) may include the following in the refinance contract:

(1) Charges for accessories, equipment and parts for the motor vehicle sold under the contract.

(2) Charges for repairs and services to the motor vehicle.

(3) Finance charges.

(g) Loan.--

(1) A loan under subsection (e) shall not include and nothing in this chapter shall be construed to otherwise prohibit a rearrangement of payments under an installment sale contract by a refinance transaction involving a restoration of certain installment payments made under the contract.

1 (2) A refinance charge on an amount restored pursuant to
2 paragraph (1) may not exceed the equivalent of 6% simple
3 interest per year.

4 \$ 6245. Late charges.

5 (a) General rule.--A late charge may be collected on the
6 following:

7 (1) An installment payment that is not paid on or before
8 the due date of the payment.

9 (2) A contract subject to this chapter, regardless of
10 the classification of vehicle under section 6243 (relating to
11 finance charges) or the method by which the finance charge is
12 computed.

13 (b) Rate and computation.--

14 (1) Under a contract for the sale of a motor vehicle
15 other than a heavy commercial motor vehicle, a late charge
16 may not, for any payment not made within ten days of its
17 scheduled due date, exceed the rate of 2% on the amount of
18 the payment in arrears.

19 (2) Under a contract for the sale of a heavy commercial
20 motor vehicle, a late charge may not, for any payment not
21 made within ten days of its scheduled due date, exceed the
22 rate of 4% of the amount of the payment in arrears.

23 (3) The late charges under paragraphs (1) and (2) may be
24 collected only once on each payment in arrears.

25 (c) Collection.--

26 (1) Late charges may be:

27 (i) collected when earned during the term of a
28 contract for the sale of a motor vehicle; or

29 (ii) accumulated and collected at final maturity or
30 at the time of final payment under a contract for the

sale of a motor vehicle.

(2) A late charge may not be collected on a payment in default because of an acceleration provision in the contract.

§ 6246. Refund for prepayment of contract.

(a) Right to prepay unpaid time balance.--Notwithstanding the provisions of an installment sale contract, a buyer may prepay at any time all or part of the unpaid time balance under the contract.

(b) Rebate generally.--If the entire time balance is liquidated prior to maturity by prepayment, refinancing or termination by surrender or repossession and resale of the motor vehicle, a holder of the contract for the sale of the motor vehicle shall immediately rebate to the buyer any unearned portion of the finance charge. The rebate may be made in cash or credited to the amount due on the obligation of the buyer.

(c) Rebate amount.--

(1) Subject to paragraph (2), the proportion of the unearned finance charge that shall be rebated to the buyer to the total finance charge shall be at least the proportion of the sum of the periodic time balances after the date of prepayment to the sum of all the periodic time balances under the schedule of payments in the original contract.

(2) The holder is not required to rebate:

(i) a portion of the unearned finance charge that results in a net minimum finance charge on the contract of less than \$10; or

(ii) an unearned finance charge if the computed amount due is less than \$1.

SUBCHAPTER E

REPOSSESSION

1 Sec.
2 6251. Repossession authorized.
3 6252. Who may repossess.
4 6253. Legal proceedings.
5 6254. Notice of repossession.
6 6255. Personal property in repossessed motor vehicle.
7 6256. Buyer's liability for costs.
8 6257. Notice to police.
9 6258. Reinstatement of contract after repossession.
10 6259. Redemption and termination of contract after
11 repossession.
12 6260. Sale of motor vehicle after repossession.
13 6261. Deficiency judgment.
14 6262. Procedures for manufactured homes.
15 § 6251. Repossession authorized.
16 (a) When repossession may occur.--An installment seller or a
17 holder, who has lawfully acquired a motor vehicle installment
18 sale contract, may retake possession of the motor vehicle if the
19 buyer:
20 (1) is in default in the payment of an amount due under
21 the contract; or
22 (2) has committed another breach of contract, which is
23 by the contract specifically made a ground for retaking the
24 motor vehicle.
25 (b) Legal process.--
26 (1) Unless the motor vehicle can be retaken without
27 breach of the peace, it shall be retaken by legal process.
28 (2) This subchapter shall not be construed to authorize
29 a violation of the criminal laws of this Commonwealth.
30 (c) Limitation.--Except as provided in this chapter, in a

1 transaction involving a commercial purpose, the provisions of
2 this chapter regarding repossession of a motor vehicle are
3 limited by the provisions of 13 Pa.C.S. Div. 9 (relating to
4 secured transactions).

5 § 6252. Who may repossess.

6 (a) With legal process.--Repossession of a motor vehicle
7 when effected by legal process shall be made only by a duly
8 constituted public official.

9 (b) Without legal process.--Repossession of a motor vehicle
10 when effected otherwise than by legal process under subsection

11 (a) shall be made only by the following:

12 (1) The holder.

13 (2) An official or full-time employee of the holder.

14 (3) A collector-repossessor licensed under this chapter.

15 (4) The person who originally sold the motor vehicle to
16 the buyer under the installment sale contract.

17 (5) A licensed seller or sales finance company that is
18 not regularly engaged in the business of repossessing motor
19 vehicles but occasionally does so as an accommodation for
20 another seller or sales finance company.

21 (6) An official or full-time employee of a licensed
22 seller or sales finance company under paragraph (5).

23 § 6253. Legal proceedings.

24 (a) When to commence action.--If repossession and sale of a
25 motor vehicle subject to an installment sale contract or its
26 collateral security is effected by legal process, the holder may
27 commence legal proceedings immediately upon the buyer's default
28 or breach of the contract.

29 (b) Rights and duties of buyer.--In a proceeding under
30 subsection (a), the buyer shall receive notice, have the rights

1 and be liable for the costs of suit and reasonable attorney fees
2 as provided by the laws of this Commonwealth governing legal
3 proceedings.

4 § 6254. Notice of repossession.

5 (a) General rule.--If repossession of a motor vehicle
6 subject to an installment sale contract is effected other than
7 by legal process, the holder shall immediately furnish the buyer
8 with a written notice of repossession.

9 (b) Delivery.--The notice of repossession shall be delivered
10 in person or sent by registered or certified mail to the last
11 known address of the buyer.

12 (c) Contents.--The notice of repossession shall contain the
13 following:

14 (1) The buyer's right to reinstate the contract, if the
15 holder extends the privilege of reinstatement and redemption
16 of the motor vehicle.

17 (2) An itemized statement of the total amount required
18 to redeem the motor vehicle by reinstatement or payment of
19 the contract in full.

20 (3) Notice to the buyer of the holder's intent to resell
21 the motor vehicle at the expiration of 15 days from the date
22 of mailing the notice.

23 (4) The place where the motor vehicle is stored.

24 (5) The name and address of the person to whom the buyer
25 shall make payment or on whom the buyer may serve notice.

26 (6) A statement that any personal property left in the
27 repossessed vehicle will be held for 30 days from the date of
28 the mailing of the notice.

29 (7) The name and address of the person that the buyer
30 may contact to receive a full statement of account as

1 provided by section 6230 (relating to statement of account to
2 buyer).

3 § 6255. Personal property in repossessed motor vehicle.

4 A buyer may reclaim personal property left in the repossessed
5 motor vehicle within 30 days of the mailing of the notice under
6 section 6254 (relating to notice of repossession).

7 § 6256. Buyer's liability for costs.

8 If repossession of a motor vehicle subject to an installment
9 sale contract is effected other than by legal process, the buyer
10 shall be liable for costs incurred by the holder in retaking,
11 storing and repairing the motor vehicle only if:

12 (1) The default exceeds 15 days at the time of
13 repossession.

14 (2) The costs are actual, necessary and reasonable,
15 excluding repossession costs for services by an individual
16 who is a regular full-time employee of the holder.

17 (3) The costs are supported by receipts or other
18 satisfactory evidence of payment.

19 (4) The records of the holder show detailed information
20 as to the nature and amount of each cost, the date of payment
21 and the recipient of the payment.

22 § 6257. Notice to police.

23 The reposessor of a motor vehicle shall give notice within
24 24 hours after the repossession to:

25 (1) the local municipal police department having
26 jurisdiction of the area where the motor vehicle was located
27 at the time of repossession; or

28 (2) the Pennsylvania State Police, if no municipal
29 police jurisdiction exists.

30 § 6258. Reinstatement of contract after repossession.

1 (a) When reinstatement may occur.--If a motor vehicle
2 subject to an installment sale contract has been repossessed by
3 legal process or otherwise because of default or other breach of
4 contract, the holder may reinstate the contract and return the
5 motor vehicle to the buyer if the buyer:

6 (1) pays all past due installments; or

7 (2) makes mutually satisfactory arrangements with the
8 holder regarding the following:

9 (i) Accrued late charges.

10 (ii) Costs of suit under the contract and authorized
11 by this chapter in repossession by legal process.

12 (iii) The costs of retaking, repairing and storing
13 under section 6256 (relating to buyer's liability for
14 costs), if default at the time of repossession exceeds 15
15 days.

16 (b) Refinancing.--If an installment sale contract for a
17 motor vehicle is reinstated after repossession, the holder may
18 contemporaneously or subsequently enter into a contract with the
19 buyer for refinancing the obligation as provided in this
20 chapter.

21 § 6259. Redemption and termination of contract after
22 repossession.

23 (a) Retaining motor vehicle.--Unless the right of redemption
24 is waived in a nonconsumer transaction under 13 Pa.C.S. §
25 9624(c) (relating to waiver), if repossession of a motor vehicle
26 subject to an installment sale contract is effected within or
27 outside this Commonwealth other than by legal process, the
28 holder shall retain the repossessed motor vehicle for a period
29 of 15 days after the mailing of the notice of repossession under
30 section 6254 (relating to notice of repossession).

1 (b) Redemption.--During the 15-day period after the mailing
2 of the notice of repossession, the buyer may redeem the motor
3 vehicle and terminate the installment sale contract by payment
4 or tender of payment to the holder of the following amounts:

5 (1) If default at the time of repossession is 15 days or
6 less, the sum of the following, less rebate of any unearned
7 finance charge and excluding the costs of retaking, repairing
8 and storing under section 6256 (relating to buyer's liability
9 for costs):

10 (i) The unpaid time balance.

11 (ii) Accrued late charges authorized by this
12 chapter.

13 (iii) Any other amount lawfully due under the
14 contract.

15 (2) If default at the time of repossession exceeds 15
16 days, the sum of the following, less rebate of any unearned
17 finance charge:

18 (i) The unpaid time balance.

19 (ii) Accrued late charges authorized by this
20 chapter.

21 (iii) The costs of retaking, repairing and storing
22 under section 6256.

23 (iv) Any other amount lawfully due under the
24 contract.

25 (c) Return of motor vehicle and collateral.--

26 (1) If the buyer redeems the motor vehicle and
27 terminates the installment sale contract by payment or tender
28 as provided in subsection (b), the holder shall return the
29 motor vehicle and other collateral in a manner consistent
30 with 13 Pa.C.S. § 9623 (relating to right to redeem

1 collateral).

2 (2) Property is deemed to be returned in a manner in
3 compliance with this chapter and 13 Pa.C.S. § 9623 by
4 delivery to one of the following sites designated by the
5 buyer:

6 (i) The county in this Commonwealth or within a
7 comparable governmental unit outside this Commonwealth
8 where repossession occurred.

9 (ii) The county in this Commonwealth where the buyer
10 resides.

11 (iii) The county in this Commonwealth where the
12 vehicle was purchased under the contract.

13 (3) Upon receipt of the funds necessary to redeem the
14 motor vehicle as provided in subsection (b), the holder shall
15 return the repossessed motor vehicle as soon as is reasonably
16 possible, but not later than ten business days from the
17 receipt of the funds.

18 § 6260. Sale of motor vehicle after repossession.

19 (a) Forfeiture.--If the repossessed motor vehicle subject to
20 an installment sale contract is not redeemed by the buyer either
21 by termination or reinstatement of the contract within the 15-
22 day notice of redemption period, the buyer shall forfeit all
23 claim to the motor vehicle and collateral security.

24 (b) Deficiency.--If the buyer does not redeem the
25 repossessed motor vehicle within the 15-day notice of redemption
26 period, the installment seller or holder may not bring an action
27 or proceeding against the buyer for a deficiency under section
28 6261 (relating to deficiency judgment), unless there has been a
29 public or private sale of the repossessed motor vehicle and
30 collateral security.

1 (c) Motor vehicle title.--At the sale of a repossessed motor
2 vehicle to a purchaser, the installment seller or holder shall
3 provide to the purchaser the title to the vehicle and all
4 necessary documents to effect the transfer of the motor vehicle.
5 § 6261. Deficiency judgment.

6 (a) General rule.--If the proceeds of a resale under section
7 6260 (relating to sale of motor vehicle after repossession) are
8 not sufficient to defray the expenses regarding the repossessed
9 motor vehicle, including the costs under section 6256 (relating
10 to buyer's liability for costs), the net balance due on the
11 installment sale contract and the amount of accrued late charges
12 authorized by this chapter, the installment seller or holder may
13 recover the deficiency from the buyer or from any person who has
14 succeeded to the obligations of the buyer.

15 (b) Reasonable value.--

16 (1) The reasonable value of the motor vehicle at the
17 time of resale shall be determined in an action or a
18 proceeding brought by:

19 (i) the installment seller or holder to recover the
20 deficiency; or

21 (ii) the buyer.

22 (2) The resale price of the motor vehicle is prima
23 facie, but not conclusive, evidence of the reasonable value
24 of the motor vehicle.

25 (3) The determined reasonable value or the resale price
26 of the motor vehicle, whichever is higher, shall be credited
27 against the buyer's indebtedness.

28 (c) Reasonable costs.--In an action or a proceeding for a
29 deficiency, the buyer may have the reasonableness of the costs
30 incurred determined under section 6256.

1 (d) Deficiency notice.--Within 30 days after the sale of a
2 repossessed motor vehicle, the installment seller or holder
3 shall deliver in person or send by registered or certified mail
4 to the last known address of the buyer a deficiency notice
5 containing the following:

6 (1) The sale price of the repossessed motor vehicle.

7 (2) The itemized costs associated with the repossession
8 and sale of the repossessed motor vehicle.

9 (3) The amount of the deficiency owed by the buyer.

10 (e) Nonapplicability.--Subsections (b)(1)(ii) and (d) shall
11 not apply to a deficiency on a resale that was held prior to the
12 effective date of this section.

13 § 6262. Procedures for manufactured homes.

14 (a) Notice.--

15 (1) A holder of an installment sale contract for a
16 manufactured home shall give the buyer notice under this
17 subsection before the holder takes any of the following
18 actions:

19 (i) Accelerates the maturity of the installment sale
20 contract for the manufactured home.

21 (ii) Commences a legal action to recover under the
22 contract.

23 (iii) Takes possession of any collateral of the
24 buyer for the obligation.

25 (2) Notice of the intention to take an action under
26 paragraph (1) shall be in writing and:

27 (i) Sent to the buyer at least 30 days in advance of
28 the action by registered or certified mail at the address
29 where the manufactured home is located.

30 (ii) Clearly and conspicuously state the following:

1 (A) The particular obligation or security
2 interest.

3 (B) The nature of the default claimed.

4 (C) The right of the buyer to cure the default
5 as provided in this section and exactly what
6 performance, including the sum of money, that must be
7 tendered to cure the default.

8 (D) The right of the buyer to cure the default
9 at any time before title to the manufactured home is
10 lawfully transferred from the buyer, which shall be
11 at least 45 days after receipt of the notice.

12 (E) The method by which the buyer's ownership or
13 possession of the manufactured home may be
14 terminated.

15 (3) Notice under this subsection shall not be required
16 if the buyer has abandoned or voluntarily surrendered the
17 property that is the subject of the contract.

18 (b) Cure of default.--

19 (1) Notwithstanding any other provision of law, the
20 buyer of a manufactured home under an installment sale
21 contract or another person on the buyer's behalf may cure the
22 buyer's default and prevent the sale or other disposition of
23 the manufactured home and avoid acceleration:

24 (i) After the notice under subsection (a) has been
25 given.

26 (ii) At any time before title to the manufactured
27 home is lawfully transferred from the buyer, which shall
28 be at least 45 days after the buyer's receipt of the
29 notice.

30 (iii) Not more than three times in a calendar year.

1 (iv) By tendering the amount or performance
2 specified in this section.

3 (2) To cure a default under this subsection, the buyer
4 shall take the following actions:

5 (i) Pay by cash, cashier's check or certified check
6 all sums which would have been due at the time of
7 payment, in the absence of default or exercise of an
8 acceleration clause.

9 (ii) Perform any other obligation which the buyer
10 would have been bound to perform, in the absence of
11 default or exercise of an acceleration clause.

12 (iii) Pay reasonable fees allowed under subsection
13 (d) and reasonable costs of proceeding to commence legal
14 action as specified in writing by the holder and actually
15 incurred to the date of payment.

16 (iv) Pay a reasonable late penalty, if provided for
17 in the contract.

18 (v) Pay the costs that are reasonable and actually
19 incurred by the holder for detaching and transporting the
20 manufactured home to the site of the sale.

21 (3) The cure of a default under this subsection shall
22 restore the buyer to the same position as if the default had
23 not occurred.

24 (c) Prepayment.--An obligation under an installment sale
25 contract for a manufactured home may be prepaid without penalty
26 or other charge for prepayment at any time before the end of the
27 period of the loan.

28 (d) Attorney fees.--A holder of an installment sale contract
29 for a manufactured home may not contract for or receive attorney
30 fees from the buyer except as follows:

1 (1) Upon commencement of legal action regarding the
2 contract, attorney fees that are reasonable and actually
3 incurred by the holder may be charged to the buyer.

4 (2) Prior to commencement of legal action regarding the
5 contract, attorney fees may be charged if they are:

6 (i) Reasonable and actually incurred.

7 (ii) Not in excess of \$150.

8 (iii) Incurred after the 30-day notice period under
9 subsection (a).

10 (e) Waiver prohibited.--Notwithstanding any other provision
11 of law, a person may not waive the provisions of this section by
12 an oral or written agreement.

13 SUBCHAPTER F

14 PENALTIES AND LIABILITY

15 Sec.

16 6271. Operating without license.

17 6272. Violation of chapter provisions.

18 6273. Use of unlicensed collector-repossessor.

19 6274. Civil penalty by department.

20 6275. Liability of sales finance company.

21 § 6271. Operating without license.

22 (a) Prohibition; penalty.--An entity or individual under
23 subsection (b) engaging in business in this Commonwealth as an
24 installment seller, sales finance company or collector-
25 repossessor without having obtained a license under this chapter
26 is guilty of a violation of this chapter and, upon conviction,
27 shall be sentenced at the discretion of the court to either or
28 both of the following:

29 (1) Pay a fine of not less than \$2,000 nor more than
30 \$10,000.

1 (2) Imprisonment for not more than three years.

2 (b) Applicability.--Subsection (a) applies to the following:

3 (1) A person, partnership, association, business
4 corporation, financial institution, nonprofit corporation,
5 common law trust, joint stock company or any other group of
6 individuals, however organized.

7 (2) An owner, partner, member, officer, director,
8 trustee, employee, agent, broker or representative of an
9 entity under paragraph (1).

10 § 6272. Violation of chapter provisions.

11 A licensee or an owner, partner, member, officer, director,
12 trustee, employee, agent, broker or representative of the
13 licensee who violates a provision of this chapter or directs a
14 violation of this chapter shall be guilty of a violation of this
15 chapter, and upon conviction shall be sentenced at the
16 discretion of the court to the following:

17 (1) Pay a fine of not more than \$2,000 for the first
18 offense.

19 (2) For each subsequent offense, to either or both of
20 the following:

21 (i) Pay a fine of not more than \$2,000.

22 (ii) Imprisonment for not more than one year.

23 § 6273. Use of unlicensed collector-repossessor.

24 A licensed seller or sales finance company acting as holder
25 of a motor vehicle installment sale contract who hires,
26 authorizes or permits an unlicensed collector-repossessor, as
27 defined in this chapter, to collect payments on the contract or
28 repossess a motor vehicle sold under the contract within this
29 Commonwealth shall be guilty of a violation of this chapter and,
30 upon conviction, shall be sentenced at the discretion of the

1 court to the following:

2 (1) Pay a fine of not more than \$2,000 for the first
3 offense.

4 (2) For each subsequent offense, to either or both of
5 the following:

6 (i) Pay a fine of not more than \$2,000.

7 (ii) Imprisonment for not more than one year.

8 § 6274. Civil penalty by department.

9 A person required to be licensed under this chapter that
10 violates this chapter, directs a violation of this chapter or
11 engages in an activity for which a license could be suspended or
12 revoked under section 6218 (relating to revocation or suspension
13 of license) shall be subject to a civil penalty levied by the
14 department of not more than \$2,000 for each offense.

15 § 6275. Liability of sales finance company.

16 (a) Exemption from liability.--A sales finance company
17 licensed under this chapter and engaged in the purchase, sale,
18 assignment, securitization or servicing of installment sale
19 contracts may not be held liable under this chapter for either
20 of the following:

21 (1) Excessive markups of charges by installment sellers.

22 (2) A failure to disclose under section 6221(e)
23 (relating to requirements).

24 (b) Federal status preserved.--This section does not affect
25 the liability of a sales finance company that is a holder under
26 the Federal Trade Commission Act (15 U.S.C. § 41 et seq.).

27 CHAPTER 63

28 GOODS AND SERVICES INSTALLMENT SALES

29 Subchapter

30 A. General Provisions

1 B. Closed-End Credit Agreements

2 C. Open-End Credit Agreements

3 D. Costs and Charges

4 E. Enforcement and Penalties

5 SUBCHAPTER A

6 GENERAL PROVISIONS

7 Sec.

8 6301. Scope of chapter.

9 6302. Definitions.

10 6303. Waiver.

11 6304. Applicability.

12 6305. Prohibited activities and provisions.

13 6306. Assignment.

14 6307. Venue.

15 6308. Attorney fees and costs.

16 6309. Repossession; acceleration; right to cure.

17 6310. Lien.

18 6311. Validity.

19 6312. Discharge of obligation.

20 6313. Prepayment of obligation.

21 6314. Acknowledgment of payment in full.

22 § 6301. Scope of chapter.

23 This chapter relates to goods and services installment sales.

24 § 6302. Definitions.

25 The following words and phrases when used in this chapter
26 shall have the meanings given to them in this section unless the
27 context clearly indicates otherwise:

28 "Actuarial method." The method of allocating payments made
29 on a debt between the amount financed and the finance charge at
30 the interest rate stated in the closed-end credit agreement, as

1 defined in Regulation Z, adopted under the Truth in Lending Act
2 (Public Law 90-321, 15 U.S.C. § 1601 et seq.).

3 "Buyer." A person who buys goods or obtains services from a
4 seller in a sale, if the acquisition is not principally for the
5 purpose of resale.

6 "Closed-end credit agreement." Either of the following:

7 (1) A contract for a sale between a buyer and seller in
8 which the buyer promises to pay in installments the
9 outstanding balance incurred in the sale, whether or not the
10 contract contains a security interest, and which contains
11 either of the following:

12 (i) A finance charge, which is computed and added to
13 the unpaid balance.

14 (ii) A provision specifying that if the buyer had
15 not contracted to pay in installments, the buyer could
16 have received the goods or services at a lesser price or
17 additional or higher quality goods or services at no
18 added cost.

19 (2) A contract for a sale between a buyer and seller
20 that includes a security agreement or a contract for the
21 bailment or leasing of goods in which both of the following
22 occur:

23 (i) The consideration that the bailee or lessee
24 contracts to pay as compensation for the use of the goods
25 is a sum substantially equivalent to or in excess of
26 their value and is an obligation for the term of the
27 lease that is not subject to termination by the bailee or
28 lessee.

29 (ii) The bailee or lessee agrees to become or has
30 the option of becoming the owner of the goods for no or

1 nominal additional consideration upon full compliance
2 with the terms of the contract.

3 "Finance charge."

4 (1) The amount, regardless of how expressed, that a
5 buyer contracts to pay or pays for the privilege of
6 purchasing goods or services to be paid in installments.

7 (2) Includes all charges incident to investigating and
8 making a closed-end credit agreement or an open-end credit
9 agreement and for the extension of the credit under that
10 agreement.

11 (3) Excludes the following:

12 (i) Amounts charged for insurance premiums under
13 section 6342 (relating to insurance).

14 (ii) Late fees under section 6343 (relating to late
15 fees).

16 (iii) The costs of collection under section 6344
17 (relating to costs of collection).

18 (iv) Costs from nonaffiliated entities under section
19 6346 (relating to costs from nonaffiliated entity).

20 (v) Extension and deferment charges under section
21 6347 (relating to extension and deferment).

22 (vi) Attorney fees.

23 (vii) Court costs.

24 (viii) Official fees.

25 "Financing agency." A person, including a financial
26 institution, engaged in this Commonwealth in whole or in part in
27 the business of purchasing closed-end credit agreements or open-
28 end credit agreements from at least one seller.

29 "Goods."

30 (1) Personal property bought primarily for personal,

1 family or household use.

2 (2) The term includes the following:

3 (i) Certificates, coupons or gift cards exchangeable
4 for goods.

5 (ii) Electronic media items.

6 (iii) Items purchased through the Internet.

7 (3) The term excludes the following:

8 (i) Goods covered under the act of August 14, 1963
9 (P.L.1082, No.464), known as the Home Improvement Finance
10 Act.

11 (ii) A motor vehicle covered under Chapter 62
12 (relating to motor vehicle sales finance).

13 (iii) A security covered under the act of December
14 5, 1972 (P.L.1280, No.284), known as the Pennsylvania
15 Securities Act of 1972.

16 "Holder."

17 (1) Either of the following:

18 (i) A seller who acquires a closed-end credit
19 agreement or an open-end credit agreement that is
20 executed, incurred or entered into by a buyer.

21 (ii) A financing agency or other assignee that
22 purchases the agreement under subparagraph (i).

23 (2) Excludes a pledgee or holder of a security interest
24 in an aggregate number of agreements to secure a bona fide
25 loan on them.

26 "Official fees." The fees required by law and actually to be
27 paid to the appropriate public officer to perfect a lien or
28 other security interest that is retained or taken by a seller
29 under a closed-end credit agreement or an open-end credit
30 agreement.

1 "Open-end credit agreement." A contract:

2 (1) in which a buyer promises to pay in installments to
3 a seller or financing agency the outstanding balance incurred
4 in a sale, whether or not the seller retains a security
5 interest in the goods sold; and

6 (2) that provides for a finance charge expressed as a
7 percent of the periodic balances to accrue thereafter, if the
8 charge is not capitalized or stated as a dollar amount in the
9 contract.

10 "Purchase price." The price of goods sold or services
11 furnished, which may include applicable taxes, as specified in a
12 closed-end credit agreement or an open-end credit agreement.

13 "Sale." The sale of goods or furnishing of services by a
14 seller to a buyer for a time sale price payable in installments.

15 "Seller." A person engaged in the business of selling goods
16 or furnishing services to a buyer.

17 "Service contract." A written contract, optional on the part
18 of a buyer, to perform over a fixed period of time or for a
19 specified duration services regarding the maintenance or repair
20 of goods.

21 "Services."

22 (1) Work, labor and services for other than a commercial
23 or business use.

24 (2) The term includes the following:

25 (i) Services furnished in connection with the
26 purchase or repair of goods or the repair of motor
27 vehicles.

28 (ii) A service contract.

29 (iii) Services purchased through the Internet.

30 (3) The term excludes the following:

1 (i) Services covered under the act of August 14,
2 1963 (P.L.1082, No.464), known as the Home Improvement
3 Finance Act.

4 (ii) A service contract or warranty covered under
5 Chapter 62 (relating to motor vehicle sales finance).

6 (iii) Services for which the tariffs, rates,
7 charges, costs or expenses, including in each instance
8 the time sale price, are required by law to be filed with
9 or approved by any of the following:

10 (A) The Commonwealth.

11 (B) The Federal Government.

12 (C) An official department, commission or agency
13 of the Commonwealth or the United States.

14 "Time balance." The total of the unpaid balance and the
15 amount of the finance charge.

16 "Time sale price." The total of the purchase price and the
17 amounts included for insurance, official fees and finance
18 charge.

19 "Unpaid balance." The purchase price and the amounts
20 included for insurance and official fees, less the amount of a
21 buyer's down payment in money or goods.

22 "Warranty."

23 (1) Either of the following, which becomes part of the
24 basis of the bargain between a buyer and seller for purposes
25 other than resale:

26 (i) A written affirmation of fact or written promise
27 made in connection with the sale of goods by a seller or
28 manufacturer to a buyer that relates to the nature of the
29 material or workmanship and affirms or promises that the
30 material or workmanship is free of defects or will meet a

specified level of performance over a specified period of time.

(ii) Any undertaking in writing in connection with the sale of goods by a seller or manufacturer to refund, repair, replace or take other remedial action with respect to the goods if the goods fail to meet the specifications set forth in the undertaking.

(2) Excludes a service contract and an extended warranty with the characteristics of a service contract.

§ 6303. Waiver.

A buyer's waiver of the provisions of this chapter, including any purported waiver effected by a contractual choice of the law of another jurisdiction contained in a closed-end credit agreement or an open-end credit agreement, shall be deemed contrary to public policy and is void and unenforceable.

§ 6304. Applicability.

(a) Agreements.--A closed-end credit agreement and an open-end credit agreement are deemed to be made in this Commonwealth and subject to the provisions of this chapter if either of the following occurs:

(1) The seller offers or agrees in this Commonwealth to sell to a resident buyer of this Commonwealth.

(2) A resident buyer of this Commonwealth accepts or makes the offer in this Commonwealth to buy, regardless of the situs specified in the agreement.

(b) Offer to sell.--A verbal or written solicitation or communication to sell that originates outside this Commonwealth and is forwarded to and received in this Commonwealth by a resident buyer of this Commonwealth shall be deemed an offer or agreement to sell in this Commonwealth and subject to the

1 provisions of this chapter.

2 (c) Offer to buy.--A verbal or written solicitation or
3 communication to buy that originates within this Commonwealth
4 from a resident buyer of this Commonwealth and is forwarded to
5 and received by a seller outside this Commonwealth shall be
6 deemed an acceptance or offer to buy in this Commonwealth and
7 subject to the provisions of this chapter.

8 (d) Subsequent goods and services.--Goods or services that
9 subsequently result from a solicitation or communication under
10 subsection (b) or (c) are subject to the provisions of this
11 chapter.

12 (e) Exclusivity.--Notwithstanding any provision of law to
13 the contrary, this chapter shall exclusively govern and regulate
14 the terms and conditions of all extensions of credit, except
15 cash advances, for the purchase of goods and services within
16 this Commonwealth.

17 § 6305. Prohibited activities and provisions.

18 (a) Activities.--In attempting to collect a buyer's
19 obligation, a seller or holder shall comply with the act of
20 March 28, 2000 (P.L.23, No.7), known as the Fair Credit
21 Extension Uniformity Act.

22 (b) Provisions.--A closed-end credit agreement, an open-end
23 credit agreement or other agreement may not contain a provision
24 by which any of the following may occur:

25 (1) Except as provided in section 6306 (relating to
26 assignment), the buyer agrees not to assert a claim or
27 defense arising from the sale against a seller or an
28 assignee.

29 (2) In the absence of the buyer's default in the
30 performance of an obligation, the holder may accelerate the

1 maturity of all or part of the amount owed.

2 (3) The seller or holder of the agreement, or a person
3 acting on behalf of the seller or holder, is given authority
4 to enter the buyer's premises unlawfully or commit a breach
5 of the peace in the repossession of goods.

6 (4) The buyer waives a right of action against the
7 seller or holder of the agreement, or a person acting on
8 behalf of the seller or holder, for an illegal act committed
9 in the collection of payments under the agreement or the
10 repossession of goods.

11 (5) The buyer executes a power of attorney appointing
12 the seller or holder of the agreement, or a person acting on
13 behalf of the seller or holder, as the buyer's agent in the
14 collection of payments under the agreement or the
15 repossession of goods.

16 (6) The buyer relieves the seller from liability for
17 legal remedies that the buyer may have against the seller
18 under the agreement or a separate instrument executed in
19 connection with the agreement.

20 (7) The buyer agrees to the payment of a charge by
21 reason of the exercise of the right to rescind or avoid the
22 agreement.

23 (8) The seller or holder of the agreement is given the
24 right to commence an action on the agreement under the
25 provisions of this chapter in a county other than the county
26 where any of the following occurred:

27 (i) The buyer signed the agreement.

28 (ii) The buyer resides at the commencement of the
29 action.

30 (iii) The buyer resided when the agreement was

1 entered into.

2 (iv) The goods purchased under the agreement have
3 been so affixed to real property as to become a part of
4 the real property.

5 (9) An assignment of wages is given.

6 (10) The seller or holder of the agreement, or a person
7 acting on behalf of the seller or holder, is given authority
8 to execute upon a judgment by confession.

9 (11) The seller or holder of the agreement, or a person
10 acting on behalf of the seller or holder, is given authority
11 to take a mortgage or other security against residential real
12 estate of the buyer or another obligee to the agreement.

13 § 6306. Assignment.

14 Except as provided in section 6352 (relating to
15 noncompliance; costs and charges), a right of action or defense
16 arising from a sale that a buyer has against a seller is not
17 eliminated by assignment of the buyer's closed-end credit
18 agreement or open-end credit agreement to a third party,
19 regardless of whether the third party acquires the agreement in
20 good faith and for value.

21 § 6307. Venue.

22 An action on a closed-end credit agreement or an open-end
23 credit agreement shall be commenced in a county where any of the
24 following occurred:

25 (1) The buyer signed the agreement.

26 (2) The buyer resides at the commencement of the action.

27 (3) The buyer resided when the agreement was entered
28 into.

29 (4) The goods purchased under the agreement have been so
30 affixed to real property as to become a part of the real

1 property.

2 § 6308. Attorney fees and costs.

3 (a) Award.--Reasonable attorney fees and costs shall be
4 awarded to the prevailing party in an action on a closed-end
5 credit agreement or an open-end credit agreement, regardless of
6 whether the action is instituted by the seller, holder or buyer.

7 (b) Agreement.--A seller may provide for the payment of
8 attorney fees and costs under subsection (a) in an agreement
9 signed by the buyer, if a copy of the agreement is given or
10 furnished to the buyer.

11 (c) Definition.--For purposes of this section, a defendant
12 is deemed to be a prevailing party if both of the following
13 occur:

14 (1) The defendant:

15 (i) Alleges in its answer that it tendered to the
16 plaintiff the full amount to which the plaintiff was
17 entitled.

18 (ii) Deposits the amount with the court.

19 (2) The allegation in paragraph (1)(i) is found to be
20 true.

21 § 6309. Repossession; acceleration; right to cure.

22 (a) Rights of holder.--If a buyer defaults in the
23 performance of an obligation under a closed-end credit agreement
24 or an open-end credit agreement, the holder, pursuant to the
25 rights granted under the agreement:

26 (1) May proceed to recover judgment for the balance due
27 or retake the goods.

28 (2) Shall comply with and be limited by the requirements
29 of 13 Pa.C.S. (relating to commercial code).

30 (b) Prohibited actions.--Unless the buyer is in default and

1 the seller or holder provides the buyer with the notice under
2 subsection (c), a seller or holder may not:

3 (1) accelerate the maturity of the agreement; or

4 (2) commence legal action or repossess without legal
5 process.

6 (c) Notice.--

7 (1) Notice under this section shall be:

8 (i) sent by certified mail to the buyer's last known
9 address; or

10 (ii) delivered personally to the residence of the
11 buyer.

12 (2) The notice shall inform the buyer of all the
13 following:

14 (i) The right to cure the default within 21 days of
15 the date of receipt of the notice upon the payment of all
16 the following:

17 (A) The amount in default.

18 (B) Late fees under section 6343 (relating to
19 late fees).

20 (C) Extension and deferment charges under
21 section 6347 (relating to extension and deferment).

22 (D) Actual repossession costs.

23 (ii) The name, address and telephone number of the
24 seller or holder.

25 (iii) The total amount due, which is the sum of the
26 items in subparagraph (i).

27 (iv) The exact date by which the amount due must be
28 paid.

29 (v) The name, address and telephone number of the
30 person to whom payment must be made.

1 (vi) Other performance necessary to cure a default
2 arising from other than nonpayment of the obligation.

3 (3) The seller or holder is not required to provide the
4 notice under this subsection more than once in any 12-month
5 period.

6 (d) Rights of buyer; curing default.--

7 (1) The buyer shall have the rights specified in the
8 notice under subsection (c).

9 (2) The act of curing a default restores to the buyer
10 the rights under the agreement as though no default had
11 occurred.

12 § 6310. Lien.

13 A contract, other than for services, may not provide for a
14 lien on goods that are fully paid for or have not been sold by
15 the seller.

16 § 6311. Validity.

17 A provision in a closed-end credit agreement or an open-end
18 credit agreement that is prohibited by this chapter is void but
19 does not otherwise affect the validity of the agreement.

20 § 6312. Discharge of obligation.

21 Unless a buyer has notice of the actual or intended
22 assignment of a closed-end credit agreement or an open-end
23 credit agreement, payment made by the buyer to the last known
24 holder of the agreement shall, to the extent of the payment,
25 discharge the buyer's obligation.

26 § 6313. Prepayment of obligation.

27 (a) Right to prepay.--Notwithstanding the provisions of a
28 closed-end credit agreement or an open-end credit agreement, a
29 buyer may prepay without additional charge at any time all or
30 part of the time balance under the agreement.

1 (b) Refund credit.--

2 (1) Pursuant to a closed-end credit agreement and
3 subject to this chapter, the seller or holder may accelerate
4 the balance due on the agreement but shall provide a refund
5 credit calculated as of the date of the acceleration if:

6 (i) the finance charges had been computed and added
7 to the unpaid balance at the time the agreement was
8 entered into; and

9 (ii) the entire time balance under the agreement is
10 prepaid prior to maturity.

11 (2) The amount of the refund credit shall be computed by
12 the actuarial method.

13 (3) If the amount of the refund credit is less than \$1,
14 a refund does not need to be made.

15 \$ 6314. Acknowledgment of payment in full.

16 Upon a buyer's request and after the payment of all sums for
17 which the buyer is obligated under a closed-end credit agreement
18 or an open-end credit agreement, the holder shall deliver or
19 mail to the buyer at the buyer's last known address an
20 instrument that:

21 (1) Acknowledges that the obligation of the buyer under
22 the agreement has been paid in full.

23 (2) Releases all security in the goods under the
24 agreement.

25 SUBCHAPTER B

26 CLOSED-END CREDIT AGREEMENTS

27 Sec.

28 6321. General rules.

29 6322. Contents.

30 6323. Copy of agreement.

6324. Agreement resulting from telephone or mail
communications.

6325. Purchase money loan; notice.

6326. Statement to buyer.

6327. Refinancing.

6328. New payment schedule.

6329. Add-on sales.

§ 6321. General rules.

(a) Entire agreement.--Except as provided in section 6329(c)
(relating to add-on sales), a closed-end credit agreement shall
contain the entire agreement of the parties regarding the costs
and terms of payment for the goods and services, including a
promissory note or other evidence of indebtedness between the
parties relating to the transaction.

(b) Signature.--A seller may not obtain the signature of the
buyer on the agreement if the agreement contains blank spaces to
be filled in after it has been signed.

(c) Installments.--A closed-end credit agreement may provide
for unequal or irregular installments.

(d) Incorporation by reference.--A holder may, in a buyer's
subsequent closed-end credit agreement, incorporate by reference
the buyer's previous closed-end credit agreement and a
description of the collateral for the items purchased under the
previous agreement.

§ 6322. Contents.

Except as provided in section 6329 (relating to add-on
sales), a closed-end credit agreement shall contain all the
following:

(1) One of the following headings at the top of the
agreement or directly above the space reserved for the

1 signature of the buyer:

2 (i) "Security Agreement" if the seller retains a
3 security interest in the goods as security for the goods
4 or services purchased.

5 (ii) "Lien Contract" if the seller obtains a lien on
6 other goods or nonresidential real estate as security for
7 the goods or services purchased.

8 (iii) "Closed-End Credit Agreement" if the seller
9 does not obtain security for the goods or services
10 purchased.

11 (2) The names of the seller and buyer.

12 (3) The place of business of the seller.

13 (4) The residence or place of business of the buyer as
14 specified by the buyer.

15 (5) A description of the goods or services sufficient to
16 identify them. Services or multiple items of goods may be
17 described in general terms but in detail sufficient to
18 identify them, in a separate writing.

19 (6) The purchase price of the goods and services that
20 are the subject matter of the sale.

21 (7) The amount of the buyer's down payment, including
22 the following:

23 (i) An itemization of the amount paid in money and
24 goods.

25 (ii) A brief description of traded-in goods.

26 (8) The difference between the purchase price under
27 paragraph (6) and the amount under paragraph (7).

28 (9) The amount included for insurance, including the
29 specific coverage and cost.

30 (10) The amount of official fees.

1 (11) The unpaid balance, which is the sum of the amounts
2 under paragraphs (8), (9) and (10).

3 (12) The amount of the finance charge.

4 (13) The time balance, which is the sum of the unpaid
5 balance under paragraph (11) and the amount under paragraph
6 (12), and the following:

7 (i) The number of installments required.

8 (ii) The amount of each installment expressed in
9 dollars.

10 (iii) The due date or period for each installment.

11 (14) The time sale price.

12 (15) The following notice provision:

13 NOTICE TO THE BUYER

14 Do not sign this agreement before you read it or if it
15 contains any blank spaces. You are entitled to a
16 completely filled-in copy of this agreement. You have the
17 right to pay off in advance the full amount due. Under
18 certain conditions, you may obtain a partial refund of
19 the finance charge.

20 (16) The following notice provision:

21 NOTICE

22 A holder of this agreement is subject to all the claims
23 and defenses that the buyer could assert against the
24 seller of goods or services obtained by this agreement or
25 with the proceeds of this agreement. Recovery under this
26 agreement by the buyer may not exceed the amount paid by
27 the buyer under the agreement.

28 (17) A statement that the seller may collect from the
29 buyer late fees, costs of collection, costs from
30 nonaffiliated entities and charges for deferment and

extension as provided for in this chapter.

§ 6323. Copy of agreement.

(a) Delivery of copy.--Except as provided in section 6324(b)
(relating to agreement resulting from telephone or mail
communications), a seller shall provide a legible and complete
copy of a closed-end credit agreement to a buyer when the buyer
executes the agreement.

(b) Obligation of buyer.--Until the seller completes the
obligation under subsection (a), the buyer is obligated to pay
only the purchase price under the agreement.

(c) Acknowledgment.--

(1) The seller shall present an acknowledgment to the
buyer specifying that the buyer has received a copy of the
agreement.

(2) The acknowledgment may be a separate document or
contained in the agreement.

(3) If the acknowledgment is contained in the agreement,
it shall appear directly above the space reserved for the
buyer's signature.

(4) The buyer's written acknowledgment of delivery of a
copy of the agreement in conformity with this subsection
shall be a rebuttable presumption of delivery and compliance
with this subsection in an action or proceeding by or against
an assignee of the agreement without knowledge to the
contrary when the agreement is purchased.

§ 6324. Agreement resulting from telephone or mail
communications.

(a) General rule.--A closed-end credit agreement that is
negotiated and entered into by a buyer and seller by telephone
or mail is permitted under this subchapter and subject to this

1 section if:

2 (1) the seller did not personally solicit the sale; and

3 (2) a catalog or other printed solicitation that is

4 generally available to the public clearly sets forth the

5 purchase price, time sale price and other terms regarding the

6 sale of the goods or services.

7 (b) Applicability.--For a sale under this section, section

8 6323(a) (relating to copy of agreement) does not apply.

9 (c) Seller's completion of agreement.--If a seller under

10 this section receives a closed-end credit agreement from a buyer

11 and the agreement contains blank spaces, the seller may insert

12 in the appropriate blank spaces the purchase price, time sale

13 price and other terms regarding the sale of the goods or

14 services, as set forth in the seller's current catalog or other

15 printed solicitation.

16 (d) Copy of agreement or statement.--Prior to the due date

17 of the first installment under the agreement, the seller shall

18 furnish to the buyer either a legible and complete copy of the

19 agreement or a written statement of the items inserted in the

20 blank spaces described in subsection (c).

21 § 6325. Purchase money loan; notice.

22 (a) General rule.--Unless an instrument that evidences or

23 embodies a debt arising from a purchase money loan contains the

24 notice under subsection (b):

25 (1) a purchase money lender may not take or receive the

26 instrument; and

27 (2) a seller may not accept the proceeds of the purchase

28 money loan as full or partial payment for the sale.

29 (b) Notice.--An instrument under subsection (a) shall

30 contain the following notice:

1 transaction that, instead of periodic statements of account, the
2 buyer is provided with a passbook or payment book in which
3 payments, credits, charges and the unpaid balance are entered.
4 § 6327. Refinancing.

5 (a) General rule.--Upon agreement in writing with the buyer,
6 the holder of a closed-end credit agreement may refinance the
7 payment of the unpaid time balance of the agreement by providing
8 for a new schedule of installment payments.

9 (b) Charges.--

10 (1) The holder may contract for and collect the payment
11 of a refinance charge by the buyer.

12 (2) A refinance charge shall be based on the amount
13 refinanced and include the following:

14 (i) The additional cost of insurance and official
15 fees incident to the refinancing.

16 (ii) The deduction of a refund credit in an amount
17 equal to that to which the buyer would have been entitled
18 under section 6313 (relating to prepayment of obligation)
19 if the buyer had prepaid in full the obligations under
20 the agreement.

21 (3) A refinance charge may not exceed the rate of
22 finance charges under section 6345 (relating to finance
23 charges).

24 (4) Subject to section 6342 (relating to insurance), an
25 agreement may provide for payment of the additional cost of
26 or premiums for continuing insurance coverage under the
27 contract until the maturity of the contract.

28 (c) Contents of agreement.--The refinancing agreement shall
29 set forth all the following:

30 (1) The amount of the unpaid time balance to be

1 refinanced.

2 (2) The amount of a refund credit.

3 (3) The amount to be refinanced after the deduction of
4 the refund credit.

5 (4) The amount of the finance charge under the
6 refinancing agreement.

7 (5) The additional cost of insurance and official fees
8 to the buyer.

9 (6) The new unpaid time balance.

10 (7) The new schedule of installment payments.

11 (d) Consolidation of contracts.--If there is a consolidation
12 of two or more agreements, the provisions of section 6329(a) and
13 (b) (relating to add-on sales) apply.

14 § 6328. New payment schedule.

15 (a) Right to new payment schedule.--If a closed-end credit
16 agreement provides for the payment of an installment that is
17 more than double the amount of the average of the preceding
18 installments, the buyer upon default of this installment shall
19 have an absolute right to obtain a new payment schedule.

20 (b) Payments.--Unless agreed to by the buyer, the periodic
21 payments under the new schedule may not be greater than the
22 average of the preceding installments.

23 § 6329. Add-on sales.

24 (a) Add-on provisions.--A closed-end credit agreement that
25 includes an add-on sales provision shall comply with the
26 requirements of this chapter and may contain the following
27 provisions:

28 (1) The seller may add subsequent purchases made by the
29 buyer to the agreement.

30 (2) The total price of the goods or services covered by

1 the agreement shall be increased by the price of the
2 additional goods or services.

3 (3) The seller may increase finance charges and
4 installment payments proportionately.

5 (4) The terms and conditions of the agreement shall
6 apply equally to the additional goods or services.

7 (5) The goods purchased under the previous agreement
8 shall be security for the goods purchased under the
9 subsequent agreement but only until the time sale price under
10 the previous agreement is fully paid.

11 (b) Allocation.--

12 (1) When a subsequent purchase is made, the entire
13 amount of all previously made payments is deemed to have been
14 applied toward the payment of the previous time sale price.

15 (2) A payment received after a subsequent purchase is
16 made is deemed to be allocated to all the various time sale
17 prices in the same proportion or ratio as the original
18 purchase prices of the various purchases bear to one another.

19 (3) If the amount of each installment payment is
20 increased in connection with the subsequent purchase, the
21 subsequent payments at the seller's election may be deemed to
22 be allocated as follows:

23 (i) An amount equal to the original installment
24 payment, to the previous time sale price.

25 (ii) An amount equal to the increase, to the
26 subsequent time sale price.

27 (4) The amount of an initial or down payment on a
28 subsequent purchase is deemed to be allocated in its entirety
29 to the subsequent purchase.

30 (c) New agreement.--When a subsequent purchase is made, the

1 seller shall deliver to the buyer prior to the due date of the
2 first installment a new agreement that sets forth all the
3 following:

4 (1) The information under section 6322(1), (2), (3),
5 (4), (5), (6), (7), (8), (9), (10), (11) and (12) (relating
6 to contents) as it relates to the subsequent purchase.

7 (2) The unpaid time balance of the prior agreement with
8 the seller.

9 (3) The new unpaid balance, which is the sum of the
10 amount under paragraph (2) and the amount described in
11 section 6322(11) for the subsequent purchase.

12 (4) The consolidated time balance, which is the sum of
13 the unpaid balance under paragraph (3) and the amount of the
14 finance charge payable by the buyer to the seller, including
15 the following:

16 (i) The number of installments required.

17 (ii) The amount of each installment expressed in
18 dollars.

19 (iii) The due date or period for each installment.

20 (5) A statement that the seller is adding the subsequent
21 purchase to the buyer's existing agreement in accordance with
22 the provisions of that agreement.

23 SUBCHAPTER C

24 OPEN-END CREDIT AGREEMENTS

25 Sec.

26 6331. Establishment.

27 6332. Requirements.

28 6333. Applicability and effect of subchapter.

29 § 6331. Establishment.

30 (a) Seller.--A seller may enter into an open-end credit

1 agreement upon the request of a buyer or prospective buyer.

2 (b) Financing agency.--Subject to the other provisions of
3 this chapter, a financing agency may enter into an open-end
4 credit agreement on behalf of a seller from whom the financing
5 agency may, with the buyer's consent, purchase or acquire the
6 buyer's indebtedness, to be paid according to the agreement.

7 § 6332. Requirements.

8 (a) Signature.--A seller may not obtain the signature of a
9 buyer on an application for an open-end credit agreement if it
10 contains blank spaces to be filled in after it has been signed.

11 (b) Separate agreement unnecessary.--A buyer does not need
12 to sign a separate account agreement when a new purchase is made
13 under an existing agreement.

14 (c) Heading.--The following heading shall appear at the top
15 of the agreement or directly above the space reserved for the
16 signature of the buyer:

17 (1) "Security Agreement" if the seller retains a
18 security interest in the goods as security for the goods or
19 services purchased.

20 (2) "Lien Contract" if the seller obtains a lien on
21 other goods or nonresidential real estate as security for the
22 goods or services purchased.

23 (3) "Open-End Credit Agreement" if the seller does not
24 obtain security for the goods or services purchased.

25 (d) Entire agreement.--The written agreement shall contain
26 the entire agreement of the parties regarding the costs and
27 terms of payment for the goods and services.

28 § 6333. Applicability and effect of subchapter.

29 (a) Security interest.--This subchapter does not prohibit
30 the execution of an agreement between a buyer and seller whereby

the seller retains a security interest in goods sold to the
buyer until full payment has been made.

(b) Allocation.--Section 6329(b) (relating to add-on sales)
governs goods sold under an agreement under subsection (a).

(c) Notes; third party rights.--An open-end credit agreement
may not require or entail the execution of a note by the buyer
that when separately negotiated will eliminate as to a third
party a right of action or defense that the buyer may have
against the seller.

SUBCHAPTER D

COSTS AND CHARGES

Sec.

6341. Applicability.

6342. Insurance.

6343. Late fees.

6344. Costs of collection.

6345. Finance charges.

6346. Costs from nonaffiliated entity.

6347. Extension and deferment.

6348. Interest rate after maturity.

§ 6341. Applicability.

A seller may contract for or collect a fee, expense or charge
only if the fee, expense or charge is specifically set forth in
this chapter.

§ 6342. Insurance.

(a) Compliance with law.--The following shall comply with
the act of September 2, 1961 (P.L.1232, No.540), known as the
Model Act for the Regulation of Credit Life Insurance and Credit
Accident and Health Insurance:

(1) The seller and buyer, if:

1 (i) the cost of the insurance is included in the
2 closed-end credit agreement; and

3 (ii) a separate charge is made to the buyer for the
4 insurance.

5 (2) The seller or holder, if the insurance is to be
6 procured by the seller or holder under an open-end credit
7 agreement.

8 (b) Separate charge; agreement.--

9 (1) If the cost of insurance is to be separately charged
10 to the buyer under an open-end credit agreement, the buyer
11 and seller must so specify in a signed agreement.

12 (2) A copy of the agreement under paragraph (1) shall be
13 given or furnished to the buyer.

14 (3) The agreement shall state whether the insurance is
15 to be procured by the buyer, seller or holder.

16 § 6343. Late fees.

17 (a) Closed-end credit agreement.--

18 (1) A closed-end credit agreement may provide for the
19 payment by the buyer of a late fee on each installment in
20 default for a period of not less than ten days in an amount
21 not in excess of 5% of the installment or \$10, whichever is
22 less.

23 (2) Only one late fee may be collected on an installment
24 regardless of the period that it remains in default.

25 (b) Open-end credit agreement.--A late fee may be assessed
26 on an open-end credit agreement regarding each minimum payment
27 not paid in full on the payment due date of the statement on
28 which the minimum payment first appears.

29 § 6344. Costs of collection.

30 A closed-end credit agreement or an open-end credit agreement

1 may provide for payment of actual and reasonable costs of
2 collection only if any of the following occurs:

3 (1) If the goods are subject to a security interest, the
4 goods are removed from this Commonwealth without the written
5 permission of the holder.

6 (2) The buyer fails to notify the holder of a change of
7 residence.

8 (3) The buyer fails to communicate with the holder for a
9 period of 45 days after a default in making payments due
10 under the agreement.

11 \$ 6345. Finance charges.

12 (a) General rule.--Pursuant to this section and the
13 provisions of a closed-end credit agreement or an open-end
14 credit agreement, a seller and holder may charge, receive and
15 collect a finance charge.

16 (b) Closed-end credit agreement.--A finance charge under a
17 closed-end credit agreement shall be:

18 (1) measured for a period between the date of the
19 agreement and the due date of the last installment; and

20 (2) calculated for the period according to the actuarial
21 method or the United States Rule method, at a rate agreed to
22 by the buyer and the seller or holder.

23 (c) Open-end credit agreement.--

24 (1) Except as provided in paragraph (2), a finance
25 charge on an open-end credit agreement:

26 (i) shall be computed based on the outstanding
27 monthly balances; and

28 (ii) may not exceed the rate agreed to by the buyer
29 and the seller or holder.

30 (2) A minimum finance charge of \$1 per month may be made

for each month, if the finance charge so computed is less than that amount.

\$ 6346. Costs from nonaffiliated entity.

A closed-end credit agreement and an open-end credit agreement may provide for the reimbursement from a buyer of costs for a service provided by an entity that is not otherwise affiliated with the seller or holder if all the following conditions exist:

(1) The buyer requests that the seller or holder provide the service.

(2) The service is for the convenience of the buyer.

(3) The seller or holder contracts with the entity to provide the service to the buyer or other buyers.

(4) The seller or holder actually incurs the costs of the service provided by the entity.

(5) The costs incurred for the service are reasonable and necessary.

(6) The reimbursement costs received from the buyer do not exceed the costs incurred by the seller or holder.

\$ 6347. Extension and deferment.

(a) General rule.--Upon agreement with the buyer, the holder of a closed-end credit agreement or an open-end credit agreement may extend the scheduled due date or defer the scheduled payment of all or part of an installment payable under the agreement.

(b) Charges.--

(1) A charge may not be made for an extension or a deferment unless the extension or deferment agreement is in writing and signed by the parties.

(2) Subject to paragraph (3), the holder may contract for and collect the payment of an extension or deferment

1 charge by the buyer.

2 (3) Except as provided in paragraph (4), the charge
3 under paragraph (2) may not exceed an amount equal to 1% per
4 month simple interest on the full amount or part of the
5 installment for the extension or deferment period, which may
6 not exceed the period:

7 (i) from the date when the extended or deferred
8 installment would have been payable in the absence of the
9 extension or deferment; and

10 (ii) to the date when the installment is made
11 payable under the extension or deferment agreement.

12 (4) A minimum charge of \$10 for the extension or
13 deferment period may be made if the computed extension or
14 deferment charge amounts to less than \$10.

15 (5) Subject to section 6342 (relating to insurance), the
16 agreement may provide for payment of the additional cost of
17 or premiums for continuing insurance coverage under the
18 agreement until the end of the extension or deferment period.

19 § 6348. Interest rate after maturity.

20 If a balance remains unpaid at the expiration of the
21 scheduled maturity date of a closed-end credit agreement, the
22 rate of the finance charge for the period beginning at the date
23 of the maturity until payment in full may not exceed the rate of
24 the finance charge under the original agreement.

25 SUBCHAPTER E

26 ENFORCEMENT AND PENALTIES

27 Sec.

28 6351. Willful and intentional violations.

29 6352. Noncompliance; costs and charges.

30 6353. Willful violations regarding finance charges.

1 6354. Corrections.

2 6355. Unfair trade practice.

3 § 6351. Willful and intentional violations.

4 A person who willfully and intentionally violates, or directs
5 or consents to the violation of, a provision of this chapter
6 commits a misdemeanor and shall, upon conviction, be sentenced
7 to pay a fine of not more than \$1,000 or to imprisonment for not
8 more than one year, or both.

9 § 6352. Noncompliance; costs and charges.

10 (a) Bar to recovery.--If a seller fails to comply with the
11 provisions of this chapter, the seller or holder who acquires a
12 closed-end credit agreement or an open-end credit agreement with
13 knowledge of the noncompliance is barred from recovery of the
14 following costs and charges imposed in connection with the
15 agreement:

16 (1) Refinance charges under section 6327 (relating to
17 refinancing).

18 (2) Late fees under section 6343 (relating to late
19 fees).

20 (3) Costs of collection under section 6344 (relating to
21 costs of collection).

22 (4) Finance charges under section 6345 (relating to
23 finance charges).

24 (5) Extension and deferment charges under section 6347
25 (relating to extension and deferment).

26 (6) Interest after maturity under section 6348 (relating
27 to interest rate after maturity).

28 (b) Remedy of buyer.--The buyer shall have the right to
29 recover from the person under subsection (a) an amount equal to
30 the charges under subsection (a) that were paid by the buyer.

1 § 6353. Willful violations regarding finance charges.

2 (a) Penalty.--If a seller or holder willfully violates a
3 provision of this chapter regarding the imposition, computation
4 or disclosure of a finance charge on a consolidated total of two
5 or more agreements under section 6329 (relating to add-on
6 sales), the buyer may recover from the seller or holder an
7 amount equal to three times the total of the following, which
8 have been actually paid by the buyer:

9 (1) Refinance charges under section 6327 (relating to
10 refinancing).

11 (2) Late fees under section 6343 (relating to late
12 fees).

13 (3) Costs of collection under section 6344 (relating to
14 costs of collection).

15 (4) Finance charges under section 6345 (relating to
16 finance charges).

17 (5) Extension and deferment charges under section 6347
18 (relating to extension and deferment).

19 (6) Interest after maturity under section 6348 (relating
20 to interest rate after maturity).

21 (b) Bar to recovery.--If a violation has occurred under this
22 section, the seller or holder is barred from the recovery of the
23 costs and charges under subsection (a).

24 § 6354. Corrections.

25 (a) General rule.--Notwithstanding the provisions of this
26 chapter and subject to subsection (b), a seller or holder may
27 correct a failure to comply with a provision of this chapter in
28 accordance with this section unless a willful violation has
29 occurred.

30 (b) Concurrence by buyer.--A correction that will increase

1 the amount owed by the buyer or the amount of a payment is not
2 permitted unless the buyer concurs in writing with the
3 correction.

4 (c) No liability.--If a seller or holder corrects a
5 violation in accordance with this section, the seller and holder
6 are not subject to penalty under this subchapter.

7 (d) Delivery.--Within 30 days of the execution of the
8 original closed-end credit agreement or open-end credit
9 agreement by the buyer, a correction may be delivered to the
10 buyer in the form of a corrected copy of the agreement.

11 (e) Credit.--An amount improperly collected from the buyer
12 shall be:

13 (1) credited against the indebtedness evidenced by the
14 agreement; or

15 (2) refunded to the buyer if the debt has already been
16 satisfied.

17 § 6355. Unfair trade practice.

18 A violation of any provision of this chapter shall be deemed
19 to be a violation of the act of December 17, 1968 (P.L.1224,
20 No.387), known as the Unfair Trade Practices and Consumer
21 Protection Law.

22 Section 3. Title 12 is amended by adding a part heading and
23 part analysis to read:

24 PART IX

25 MISCELLANEOUS PROVISIONS

26 Chapter

27 97. Foreign Currency

28 98. Assembled Industrial Plant Doctrine

29 Section 4. The definition of "rental-purchase agreement" in
30 section 6902 of Title 42 is amended to read:

1 § 6902. Definitions.

2 The following words and phrases when used in this chapter
3 shall have the meanings given to them in this section unless the
4 context clearly indicates otherwise:

5 * * *

6 "Rental-purchase agreement." An agreement for the use of
7 personal property by an individual primarily for personal,
8 family or household purposes for an initial period of four
9 months or less that is automatically renewable with each rental
10 payment after the initial period and that permits the lessee to
11 acquire ownership of the property. The term shall not be
12 construed to be, nor is it subject to laws governing, any of the
13 following:

14 (1) A lease for agricultural, business or commercial
15 purposes.

16 (2) A lease made to an organization.

17 (3) A lease of money or intangible personal property.

18 (4) A lease of a motor vehicle, motor home, mobile home
19 or manufactured housing.

20 (5) A home solicitation sale under section 7 of the act
21 of December 17, 1968 (P.L.1224, No.387), known as the Unfair
22 Trade Practices and Consumer Protection Law.

23 (6) [A retail installment sale, retail installment
24 contract or retail installment account as defined in the act
25 of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as
26 the Goods and Services Installment Sales Act.] A closed-end
27 credit agreement, open-end credit agreement or sale as
28 defined in 12 Pa.C.S. § 6302 (relating to definitions).

29 (7) A security interest as defined in 13 Pa.C.S. § 1201
30 (relating to general definitions).

1 Section 5. Section 6911 of Title 42 is amended to read:

2 § 6911. Conflict with other law.

3 In the event of a conflict between this chapter and [the act
4 of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the
5 Goods and Services Installment Sales Act] 12 Pa.C.S. Ch. 63
6 (relating to goods and services installment sales), the
7 provisions of this chapter shall be controlling.

8 Section 6. The following apply:

9 (1) The remedies under 12 Pa.C.S. Ch. 62 for violations
10 of a provision of 12 Pa.C.S. Ch. 62 are not exclusive and
11 shall be in addition to other procedures or remedies for a
12 violation or conduct provided for in other law.

13 (2) The provisions of 12 Pa.C.S. Ch. 62 shall apply to
14 any license, license renewal and license application issued
15 or made on or after the effective date of this act.

16 (3) The provisions of 12 Pa.C.S. Ch. 62 do not apply to
17 or affect the validity of the following:

18 (i) A license issued prior to the effective date of
19 this act.

20 (ii) A contract that is otherwise within the purview
21 of 12 Pa.C.S. Ch. 62 and was made prior to the effective
22 date of this act.

23 (4) Nothing in 12 Pa.C.S. Ch. 63 shall affect the
24 validity of an agreement or contractual relationship entered
25 into prior to April 1, 1967, except that a rate in excess of
26 that allowed by 12 Pa.C.S. Ch. 63 shall be reduced to the
27 permissible rate on or before April 1, 1967.

28 (5) The remedies under 12 Pa.C.S. Ch. 63 for violation
29 of a provision of 12 Pa.C.S. Ch. 63 are not exclusive and
30 shall be in addition to other procedures or remedies for a

1 violation or conduct provided for in other law.

2 Section 7. Repeals are as follows:

3 (1) The General Assembly declares that the repeals under
4 paragraphs (2) and (3) are necessary to effectuate the
5 addition of 12 Pa.C.S. Pt. V.

6 (2) The act of June 28, 1947 (P.L.1110, No.476), known
7 as the Motor Vehicle Sales Finance Act, is repealed.

8 (3) The act of October 28, 1966 (1st Sp.Sess., P.L.55,
9 No.7), known as the Goods and Services Installment Sales Act,
10 is repealed.

11 Section 8. This act shall take effect in one year.