

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE BILL

## No. 1958

Session of  
1975

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INTRODUCED BY MESSRS. BENNETT, IRVIS, MILLIRON, FEE, PRATT,  
SHUMAN, PANCOAST, STAHL, POLITE, MRS. KELLY, MESSRS.  
HALVERSON AND MEBUS, NOVEMBER 25, 1975

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AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,  
JUNE 22, 1976

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## AN ACT

1 Amending the act of September 20, 1961 (P.L.1548, No.658),  
2 entitled "An act to provide for the organization,  
3 incorporation, operation and supervision of cooperative  
4 savings and credit associations, to be termed credit unions;  
5 designating such credit unions as corporations and defining  
6 their powers and duties; conferring certain powers and duties  
7 on the Department of Banking; and providing penalties,"  
8 further providing for rates and fines.

9 The General Assembly of the Commonwealth of Pennsylvania  
10 hereby enacts as follows:

11 Section 1. Section 19, act of September 20, 1961 (P.L.1548,  
12 No.658), known as the "Credit Union Act," is amended to read:

13 Section 19. Rates and Fines.--Interest rates on loans made  
14 by a credit union to its members shall not exceed the rate of  
15 [six per centum] one and one-fourth per centum per month or  
16 fifteen per centum per annum, [when discounted on loans which  
17 are repayable in equal installments, or the rate of twelve per  
18 centum per annum,] when calculated on the unpaid principal  
19 balances. [On a discounted loan which is prepaid by cash,  
20 renewal or otherwise, at any time prior to maturity, the credit

1 union shall refund to the borrower the amount of unearned  
2 interest or discount, calculated at the original contract rate,  
3 on the total amount of full installments to become due, for the  
4 term of all subsequent full installment periods, provided the  
5 credit union shall not be required to refund any such unearned  
6 interest or discount when the amount due, computed as herein  
7 provided, is less than one dollar (\$1). For failure to pay an  
8 installment or installments on a discounted loan when due, a  
9 fine may be charged which shall in no case exceed one-fourth of  
10 one per centum for each week of delinquency on the amount in  
11 arrears, except that a minimum fine of five cents may be  
12 charged.] When interest is calculated on the unpaid principal  
13 balances, it shall be computed for the actual number of days  
14 which have elapsed at the time of payment. No other charges [or  
15 fines] shall be collected other than fees to public officials  
16 and reasonable fees of attorneys and outside collectors or  
17 outside collection agencies, provided the aggregate of such fees  
18 does not exceed twenty per centum of the outstanding loan  
19 balance. The taking, receiving, reserving, or charging interest  
20 greater than allowed by this section shall be deemed a  
21 forfeiture of the entire interest on the loan, except when such  
22 overcharge is the result of a clerical error in computation. In  
23 case the greater interest has been paid, the borrower may within  
24 six months after payment recover from the credit union the  
25 entire amount of interest paid, except when such [coverage] <—  
26 OVERCHARGE is the result of a clerical error in computation in <—  
27 which case only the excess interest paid may be recovered.