

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL  
No. 1946 Session of  
1977

INTRODUCED BY MILLIRON, PRATT, REED, LIVENGOOD, ITKIN AND  
CASSIDY, DECEMBER 6, 1977

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE,  
DECEMBER 6, 1977

AN ACT

1 Amending the act of April 8, 1937 (P.L.262, No.66), entitled, as  
2 amended, "An act relating to consumer credit; requiring  
3 licenses from the Secretary of Banking; restricting licenses  
4 to domestic business corporations; fixing minimum capital  
5 requirements; conferring certain powers on the Secretary of  
6 Banking; limiting interest and other charges; providing  
7 certain exemptions; and imposing penalties," changing  
8 authorized charges; providing for extension of maturity dates  
9 of loans and providing that notice of default be sent to  
10 certain persons.

11 The General Assembly of the Commonwealth of Pennsylvania  
12 hereby enacts as follows:

13 Section 1. Clause K of section 13, act of April 8, 1937  
14 (P.L.262, No.66), known as the "Consumer Discount Company Act,"  
15 amended December 30, 1970 (P.L.959, No.301), is amended to read:

16 Section 13. Powers Conferred on Licensees.--In addition to  
17 the general powers conferred upon a corporation by the Business  
18 Corporation Law of this Commonwealth, a corporation licensed  
19 under this act shall have power and authority:

20 \* \* \*

21 K. To collect an additional charge for extension, deferment

1 or default in the payment of any contract or for extension,  
2 deferment or default in the payment of any installment on a  
3 contract at the rate of [one and one-half per cent (1 1/2%) per  
4 month] five per cent (5%) of the amount of the installment or  
5 two dollars fifty cents (\$2.50), whichever is less on the amount  
6 extended, deferred or in arrears: Provided, however, A minimum  
7 charge of one dollar (\$1) may be collected for any extension,  
8 deferment or default of ten (10) or more days.

9 Section 2. The act is amended by adding sections to read:

10 Section 15.1. Limitation on Extension of Loan.--The  
11 aggregate period for which the final maturity of any loan may be  
12 extended shall be six (6) months.

13 Section 15.2. Notice of Default to Certain Persons.--The  
14 cosigner or guarantor of any loan shall be notified by certified  
15 mail, return receipt requested, if the borrower has failed to  
16 make two successive loan payments. Said notice shall indicate  
17 the amount of money in default and shall also indicate what  
18 action the institution intends to take.

19 Section 3. This act shall take effect in 60 days.