

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2765 Session of
1978

INTRODUCED BY PYLES, SEPTEMBER 13, 1978

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, SEPTEMBER 13, 1978

AN ACT

1 Amending the act of October 28, 1966 (Sp.Sess. No.1, P.L.55,
2 No.7), entitled "An act defining, regulating and relating to
3 retail installment contracts for all goods and services
4 except certain motor vehicles and home improvements;
5 prescribing the requirements of such contracts and
6 limitations on the enforcement thereof; and providing
7 remedies and penalties," further providing for service
8 charges on retail installment accounts.

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

11 Section 1. Sections 904 and 905, act of October 28, 1966
12 (Sp.Sess. No.1, P.L.55, No.7), known as the "Goods and Services
13 Installment Sales Act," are amended to read:

14 Section 904. Subject to the other provisions of this article
15 the seller or holder of a retail installment account may charge,
16 receive and collect the service charge authorized by this act.
17 The service charge shall not exceed the following rates computed
18 on the outstanding balances from month to month:

19 (a) On the outstanding balance, one and one-quarter percent
20 (1 1/4%) per month.

21 (b) A minimum service charge of seventy cents (70¢) per

1 month may be made for each month if the service charge so
2 computed is less than that amount but no additional service
3 charge shall be made if the outstanding balance consists of only
4 the service charge or a prior outstanding balance; such minimum
5 service charge may be imposed for a minimum period of six
6 months.

7 (c) The service charge may be computed on a schedule of
8 fixed amounts if as so computed it is applied to all amounts of
9 outstanding balances equal to the fixed amount minus a
10 differential of not more than five dollars (\$5), provided that
11 it is also applied to all amounts of outstanding balances equal
12 to the fixed amount plus at least the same differential.

13 (d) (1) The term "outstanding balance from month to month"
14 means at the election of the seller or holder of a retail
15 installment account either:

16 (i) the amount unpaid at the beginning of the monthly
17 billing period, including unpaid service charges, less all
18 payments received and credits issued during the billing period,
19 except for credits attributable to amounts not included in the
20 previous balance; or

21 (ii) an amount not to exceed the amount calculated by adding
22 the amounts unpaid for each day of the monthly billing period,
23 including unpaid service charges, after reflecting that day's
24 purchases made, payments received, credits issued and other
25 adjustments, and dividing such sum by the number of days in the
26 billing period.

27 (2) Notwithstanding the above, no seller or holder of a
28 retail installment account may impose a service charge for any
29 monthly billing period in which there is no previous balance or
30 during which the sum of the payments received and other credits

1 issued which are attributable to amounts included in the
2 previous balance is equal to or exceeds the amount of such
3 previous balance.

4 (3) The term "billing period" means the time interval
5 between periodic statement dates. A billing period shall be
6 considered to be a "month" or "monthly" if the last day of each
7 billing period is on the same day of each month or does not vary
8 by more than four days therefrom.

9 Section 905. The seller or holder of a retail installment
10 account shall promptly provide the buyer with a statement as of
11 the end of each monthly period (which need not be a calendar
12 month) setting forth the following:

13 (a) The outstanding balance [due to the seller or holder
14 from the buyer] at the beginning of the monthly period.

15 (b) The dollar amount of each purchase by the buyer during
16 the monthly billing period and, (unless a sales slip or
17 memorandum of each purchase has previously been furnished the
18 buyer or is attached to the statement) the purchase or posting
19 date, a brief description and the cash price of each purchase.

20 (c) The payments made by the buyer to the seller or holder
21 and any other credits to the buyer during the monthly billing
22 period.

23 (d) The amount of the service charge, and the following
24 statement: The service charge herein contained does not exceed
25 the equivalent of fifteen percent (15%) simple interest per
26 annum on the unpaid balance except that a minimum service charge
27 of seventy cents (70¢) per month may be made.

28 (e) The total outstanding balance in the account at the end
29 of the monthly billing period.

30 (f) A legend to the effect that the buyer may at any time

1 pay his total outstanding balance.

2 The items need not be stated in the sequence or order set
3 forth above; additional items may be included to explain the
4 computations made in determining the amount to be paid by the
5 buyer.

6 Section 2. This act shall take effect January 1, 1979.