

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1382 Session of
2007

INTRODUCED BY ROSS, EVERETT, GEIST, GIBBONS, GINGRICH, MILLARD,
R. MILLER AND MILNE, MAY 29, 2007

REFERRED TO COMMITTEE ON COMMERCE, MAY 29, 2007

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 and part analysis
10 to read:

11 PART IV

12 ECONOMIC DEVELOPMENT AND FINANCING

13 Chapter

14 41. Film Production Grants

15 51. Fraudulent Transfers

16 53. Trade Secrets

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

18 PART V

19 CONSUMER CREDIT

1 Chapter
2 61. General Provisions
3 62. Motor Vehicle Sales Finance
4 63. Goods and Services Installment Sales

5 CHAPTER 61
6 GENERAL PROVISIONS

7 Sec.

8 6101. Scope of part.

9 6102. Definitions.

10 6103. Contracts and agreements.

11 6104. Electronic transactions.

12 § 6101. Scope of part.

13 This part relates to consumer credit.

14 § 6102. Definitions.

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

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

19 "Financial institution." A bank, bank and trust company,
20 trust company, savings bank, private bank, savings association
21 or credit union organized and doing business under the
22 provisions of any law of this Commonwealth, another state or the
23 United States.

24 "Records." Books, accounts, papers, documents, files and
25 other similar business records and information, including
26 information that is:

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

30 (2) retrievable in perceivable form.

1 § 6103. Contracts and agreements.

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

4 (b) Clear and conspicuous provisions.--The headings, notices
5 and language of a contract or agreement under this part shall be
6 clear and conspicuous and meet the following requirements:

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

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

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

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

16 § 6104. Electronic transactions.

17 (a) Effect on other law.--Nothing in this part shall be
18 construed to supersede the provisions of the act of December 16,
19 1999 (P.L.971, No.69), known as the Electronic Transactions Act.

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

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

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

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

28 CHAPTER 62

29 MOTOR VEHICLE SALES FINANCE

30 Subchapter

- 1 A. General Provisions
- 2 B. Licenses
- 3 C. Installment Sale Contracts
- 4 D. Costs and Charges
- 5 E. Repossession
- 6 F. Penalties and Liability

7 SUBCHAPTER A

8 GENERAL PROVISIONS

9 Sec.

10 6201. Scope of chapter.

11 6202. Definitions.

12 6203. Authority of department.

13 6204. Records.

14 6205. Appeals.

15 6206. Deposit of fees and fines.

16 6207. Distribution of information.

17 6208. Venue.

18 6209. Applicability.

19 6210. Mark-ups.

20 § 6201. Scope of chapter.

21 This chapter relates to motor vehicle sales finance.

22 § 6202. Definitions.

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

26 "Buyer."

27 (1) A person who buys, hires or leases a motor vehicle
28 under an installment sale contract or a legal successor in
29 interest to the person, even if the person may have entered
30 into an extension, deferment, renewal or other revision of

1 the contract.

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

5 "Collateral security."

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

12 (2) The term includes the following:

13 (i) The undertakings of a surety or guarantor for a
14 buyer.

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

18 "Collector-repossessor."

19 (1) A person who, as an independent contractor and not
20 as a regular employee of an installment seller or a sales
21 finance company, collects payments on installment sale
22 contracts or repossesses motor vehicles that are the subject
23 of installment sale contracts.

24 (2) The term excludes the following:

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

27 (ii) A licensed seller or licensed sales finance
28 company making collections or repossessions on
29 installment sale contracts, if the seller or sales
30 finance company:

1 (A) was previously a holder; or

2 (B) was not a holder but occasionally makes
3 collections or repossessions for other licensed
4 sellers or licensed sales finance companies.

5 "Commercial purpose." A purpose related to the production,
6 exhibition, marketing, transportation, processing or manufacture
7 of goods or services.

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

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

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

21 "Finance charge." Either of the following:

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

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

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

30 (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.

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

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

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

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

"Installment sale contract."

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

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

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

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

1 (i) The buyer contracts to pay as compensation a sum
2 substantially equivalent to or in excess of the value of
3 the motor vehicle.

4 (ii) Ownership of the motor vehicle may be
5 transferred to the buyer.

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

9 (4) The term excludes the following:

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

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

15 (B) The buyer:

16 (I) is not required to pay a sum other than
17 the purchase price of the motor vehicle sold in
18 connection with the sale or extension of credit;
19 and

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

23 (ii) A right to acquire possession of goods pursuant
24 to a lease, unless the lease:

25 (A) constitutes a security interest as defined
26 in 13 Pa.C.S. § 1201 (relating to general
27 definitions); and

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

30 "Installment seller." A person engaged in the business of

1 selling, hiring or leasing a motor vehicle under an installment
2 sale contract or a legal successor in interest to the person.

3 "Insurance charges." Premiums, commissions and other
4 payments authorized by insurance statutes or regulations of this
5 Commonwealth.

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

10 "Manufactured home." The term as it is defined under section
11 603(6) of the National Manufactured Housing Construction and
12 Safety Standards Act of 1974 (Public Law 93-383, 42 U.S.C. §
13 5402(6)).

14 "Motor vehicle."

15 (1) A device in which, upon which or by which a person
16 or property is or may be transported or drawn upon a public
17 highway.

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

20 (3) The term excludes the following:

21 (i) A tractor, a power shovel, road machinery,
22 agricultural machinery and other machinery not designed
23 primarily for highway transportation, but which may
24 incidentally transport persons or property on a public
25 highway.

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

28 "Principal amount financed." The unpaid purchase price
29 balance plus the following:

30 (1) The charges for any insurance required or obtained

1 as security for or by reason of the sale of a motor vehicle
2 under an installment sale contract.

3 (2) Other costs or charges necessary or incidental to
4 the sale of the motor vehicle under an installment sale
5 contract.

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

10 "Purchase price." The price measured in dollars at which an
11 installment seller would in good faith sell to a buyer, and the
12 buyer would in good faith buy from the seller, a motor vehicle
13 that is the subject matter of an installment sale contract, if
14 the sale were a cash sale instead of an installment sale.

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

18 "Retail sale." The sale of a motor vehicle for the buyer's
19 use or another's use from which the buyer derives a benefit or
20 satisfaction.

21 "Sales finance company."

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

25 (2) The term includes the following:

26 (i) A person in the business of acquiring, investing
27 in or lending money or credit on the security of an
28 installment sale contract or any interest in the
29 contract, whether by discount, purchase or assignment of
30 the contract, or otherwise.

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

4 (3) The term excludes a person to the extent that the
5 person is exempt under section 6229(e) (relating to
6 transfer).

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

9 "Service contract." A written contract, optional on the part
10 of a buyer, to perform over a fixed period of time or for a
11 specified duration services regarding the maintenance or repair
12 of a motor vehicle.

13 "Time balance." The sum of the principal amount financed and
14 the finance charge.

15 "Unpaid purchase price balance." The difference between the
16 purchase price and the down payment.

17 "Warranty."

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

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

29 (ii) Any undertaking in writing in connection with
30 the sale of a motor vehicle by an installment seller or

1 manufacturer to refund, repair, replace or take other
2 remedial action with respect to the motor vehicle if the
3 motor vehicle fails to meet the specifications set forth
4 in the undertaking.

5 (2) The term excludes a service contract and an extended
6 warranty with the characteristics of a service contract.

7 § 6203. Authority of department.

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

10 (1) Investigate the business activities of a licensee
11 and person engaged in a business contemplated by this chapter
12 by the following means:

13 (i) Examining the records of the licensee and
14 person.

15 (ii) Accessing the offices and places of business of
16 the licensee and person and the records of the licensee
17 and person.

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

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

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

30 (5) Promulgate regulations and issue orders, statements

1 of policy and written interpretations as necessary or
2 appropriate for the interpretation or enforcement of this
3 chapter.

4 (6) Reduce the amount of or prohibit entirely a cost
5 regarding the retaking, storing or repairing of a motor
6 vehicle under section 6256 (relating to buyer's liability for
7 costs) if the cost:

8 (i) appears to be fictitious, unnecessary,
9 unreasonable or exorbitant; or

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

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

17 (b) Applicability.--

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

21 (2) A person who is not licensed under this chapter is
22 presumed to be engaged in a business contemplated by this
23 chapter, if the person, as principal, agent or broker,
24 advertises or solicits business for which a license is
25 required by the provisions of this chapter.

26 (c) Administration.--In the case of disobedience of a
27 subpoena or the noncooperation of a witness appearing before the
28 department, the department may invoke the aid of the courts, and
29 the court shall issue an order requiring the person subpoenaed
30 to obey the subpoena, give evidence or produce records relative

1 to the matter in question. Failure to obey the court order may
2 be punished by the court as contempt.

3 (d) Expenses.--The expenses incurred by the department in
4 connection with an examination or investigation, including a
5 proportionate part of the salary of an examiner or other
6 employee of the department and counsel assigned by the
7 department, may be assessed by the department upon the
8 particular person examined or investigated.

9 § 6204. Records.

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

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

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

24 (2) Approval of the request by the department.

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

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

30 § 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

1 into.

2 § 6209. Applicability.

3 (a) Consumer discount companies.--The provisions of this
4 chapter do not affect or impair a business conducted lawfully
5 under a license issued under the act of April 8, 1937 (P.L.262,
6 No.66), known as the Consumer Discount Company Act.

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

13 § 6210. Mark-ups.

14 (a) General rule.--A mark-up that is consistent with the
15 guidelines set by the department is not excessive.

16 (b) Excessive mark-up.--

17 (1) A mark-up in excess of the guidelines set by the
18 department shall be deemed excessive.

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

23 SUBCHAPTER B

24 LICENSES

25 Sec.

26 6211. General license rules.

27 6212. Initial license application.

28 6213. Bond.

29 6214. License fees.

30 6215. License certificate.

1 6216. License renewal.

2 6217. Refusal to issue license or license renewal.

3 6218. Revocation or suspension of license.

4 6219. Multiple places of business.

5 § 6211. General license rules.

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

10 (1) An installment seller.

11 (2) A sales finance company.

12 (3) A collector-repossessor.

13 (b) Term.--

14 (1) Subject to paragraph (2), unless revoked or
15 suspended under section 6218 (relating to revocation or
16 suspension of license) or otherwise surrendered, a license
17 shall be valid for one year.

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

20 (c) Transfer; assignment.--A license may not be transferred
21 or assigned.

22 § 6212. Initial license application.

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

26 (b) Contents.--An initial license application shall contain
27 the following:

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

29 (2) The physical street address of the place of
30 business.

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

3 (4) If the applicant is a corporation:

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

5 (ii) the names and addresses of the officers and
6 directors.

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

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

12 (7) Any other information that the department requires.

13 (c) Process; notice.--

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

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

21 (i) has died;

22 (ii) is removed from this Commonwealth; or

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

25 § 6213. Bond.

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

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

1 (c) Amount.--

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

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

6 (d) Execution.--

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

10 (2) If the bond accompanying a license application for a
11 sales finance company is filed by a financial institution
12 within this Commonwealth, the financial institution may
13 execute the bond on its own behalf.

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

15 (e) Purpose.--The bond shall be for the use of the
16 Commonwealth and for any person aggrieved by the misconduct of
17 the licensee.

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

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

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

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

27 (1) The person is aggrieved by the misconduct of a
28 licensee.

29 (2) The person receives a judgment against the licensee
30 for the misconduct.

1 (3) The person executes on the judgment.

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

3 § 6214. License fees.

4 (a) Amount.--A license application shall be accompanied by a
5 license fee as set forth in section 603-A of the act of April 9,
6 1929 (P.L.177, No.175), known as The Administrative Code of
7 1929.

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

10 (1) issued for less than one year; or

11 (2) surrendered, cancelled or revoked prior to the
12 expiration of the license period for which the license was
13 issued.

14 § 6215. License certificate.

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

19 (b) Public inspection.--

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

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

29 (c) Amendment.--

30 (1) A licensee desiring to change the address of the

1 place of business shall:

2 (i) give prior written notice to the department;

3 (ii) return the license certificate to the

4 department for amendment; and

5 (iii) retain a copy of the license certificate.

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

9 (3) A licensee is not required to pay a charge for
10 amendment of a license certificate to effect a change of
11 address.

12 § 6216. License renewal.

13 An application for a license renewal shall have the following
14 characteristics:

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

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

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

22 (4) The application shall be accompanied by the
23 following:

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

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

1 § 6217. Refusal to issue license or license renewal.

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

5 (1) The applicant has made a material misstatement in
6 the application for license or license renewal.

7 (2) The existence of any of the grounds under section
8 6218(a) (relating to revocation or suspension of license).

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

17 (i) owners, partners or members and any managers, if
18 the applicant is a partnership, association or limited
19 liability company; and

20 (ii) officers and directors, if the applicant is a
21 corporation.

22 (b) Mandatory refusal.--

23 (1) The department may not issue a license to an
24 applicant under this chapter until the expiration of at least
25 one year from the effective date of any revocation of the
26 applicant's license or the department's refusal to issue a
27 license or license renewal to the applicant.

28 (2) The department may not issue a license or renew a
29 license if, within ten years of the date of license
30 application or license renewal application, the applicant or

1 the applicant's affiliate, owner, partner, member, officer,
2 director, employee or agent has pleaded guilty to, has
3 entered a plea of nolo contendere to or has been convicted of
4 a violation under section 6271 (relating to operating without
5 license) or section 37A of the act of June 28, 1947
6 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance
7 Act.

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

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

21 (c) License fee.--

22 (1) Except as provided in paragraph (2), if the
23 department rejects a license application or license renewal
24 application, it shall return the license fee that accompanied
25 the application.

26 (2) The department may retain all or part of the license
27 fee if the license application or license renewal application
28 was rejected based wholly or partially on false information
29 furnished by the applicant in the application.

30 § 6218. Revocation or suspension of license.

1 (a) Grounds.--Upon notice under subsection (b), the
2 department may revoke or suspend a license if it discovers a
3 fact or condition that, had it existed or been discovered at the
4 time of filing of any license application, would have warranted
5 disapproval of the application or if it finds that the licensee
6 has engaged in any of the following:

7 (1) Made a material misstatement in the license
8 application.

9 (2) Violated a provision of this chapter.

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

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

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

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

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

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

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

26 (10) Failed to pay the fine required by this chapter for
27 failure to file reports to the department within the time
28 stipulated.

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

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

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

4 (ii) Collected the tax or fee and failed to issue a
5 true copy of the tax report to the purchaser, as required
6 by law.

7 (iii) Issued a false or fraudulent tax report or
8 copy thereof.

9 (iv) Failed to pay the tax or fee to the
10 Commonwealth at the time and in the manner required by
11 law.

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

16 (b) Notice.--

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

19 (2) The notice under this subsection shall be forwarded
20 by registered mail to the place of business of the licensee,
21 as shown in the license application or as amended on the
22 license certificate in case of change of address subsequent
23 to issuance of the license certificate.

24 § 6219. Multiple places of business.

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

29 (b) Bond.--A bond under section 6213 (relating to bond)
30 shall be filed for each place of business conducted by a sales

finance company and a collector-repossessor within this Commonwealth.

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

(d) Requirements.--

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

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

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

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

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

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

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

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

(e) License suspension and revocation.--

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

(2) If the department finds that grounds for revocation are of general application to all places of business or more

1 than one place of business operated by a licensee, it may
2 revoke all the licenses issued to the licensee or those
3 licenses to which grounds exist.

4 SUBCHAPTER C

5 INSTALLMENT SALE CONTRACTS

6 Sec.

7 6221. Requirements.

8 6222. Contents.

9 6223. Notice.

10 6224. Itemization.

11 6225. Disclosure.

12 6226. Heavy commercial motor vehicle.

13 6227. Manufactured homes.

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19 6233. Prohibited charges.

20 6234. Waiver of statutory protection prohibited.

21 6235. Effect of license expiration, surrender and revocation on
22 contracts.

23 6236. Enforcement.

24 § 6221. Requirements.

25 (a) General rule.--An installment sale contract shall:

26 (1) be in writing;

27 (2) contain all the agreements between a buyer and an
28 installment seller relating to the installment sale of the
29 motor vehicle sold;

30 (3) be signed by the buyer and seller; and

1 (4) be complete as to all essential provisions before
2 the buyer signs the contract.

3 (b) Copies.--

4 (1) The installment seller shall furnish an exact copy
5 of the installment sale contract without charge to the buyer
6 at the time the buyer signs the contract.

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

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

13 (c) Acknowledgment.--

14 (1) The installment seller shall obtain from the buyer a
15 written acknowledgment of the buyer's receipt of a copy of
16 the contract.

17 (2) The acknowledgment shall be:

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

20 (ii) independently signed by the buyer.

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

24 (1) The buyer expects his or her income to vary because
25 of seasonal employment, seasonal sales, use of accelerated
26 depreciation for tax purposes or other known cause, in which
27 case the contract may provide for payment of the time balance
28 in amounts that vary with the expected varying income.

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

30 (3) The sale of a motor vehicle to a salesperson

1 licensed under the act of December 22, 1983 (P.L.306, No.84),
2 known as the Board of Vehicles Act.

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

5 (e) Disclosures.--

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

9 (2) The written disclosure shall:

10 (i) be separate from the contract to be signed by
11 the buyer;

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

13 (iii) advise that the purchase of specific items
14 related to acquiring the motor vehicle is voluntary and
15 not required as a condition of the buyer's receiving the
16 installment sale contract loan. The items to which this
17 subparagraph applies:

18 (A) include a service contract, warranty, debt
19 cancellation agreement, debt suspension agreement and
20 insurance products not required by section 6241
21 (relating to insurance); and

22 (B) exclude an option or accessory physically
23 attached to the motor vehicle.

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

27 (f) Definition.--As used in this section, the term "fixed
28 residual value financing" means the manner of purchase whereby a
29 buyer listed as the owner on the motor vehicle title agrees, at
30 the conclusion of a predetermined schedule of installment

1 payments made in substantially equal periods and amounts, to:

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

3 (2) refinance any balance owing on the terms previously
4 agreed upon at the time of executing the installment sale
5 contract; or

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

8 § 6222. Contents.

9 An installment sale contract shall contain the following:

10 (1) The full name and address of all the parties to the
11 contract.

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

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

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

16 (5) The following items in writing and in a clear and
17 conspicuous manner, with each component of each subparagraph
18 listed separately:

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

21 (A) Taxes.

22 (B) Charges for delivery.

23 (C) Charges for servicing, repairing or
24 improving the motor vehicle.

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

26 (I) shall appear as separate items after the
27 following or substantially similar words, which
28 shall be boldface, underlined, adjacent to the
29 purchase price and in type print size not smaller
30 than that used for all item categories:

1 "including optional service contracts and/or
2 extended warranties in the amount of"; or

3 (II) may be separately included as "other
4 charges" under subparagraph (v).

5 (E) Charges for accessories and installation.

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

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

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

15 (B) Other goods.

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

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

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

20 (iv) Insurance charges, the payment for which the
21 seller agrees to extend credit to the buyer, which shall
22 set forth the term of insurance, a concise description of
23 the coverage and the amount of the premium.

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

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

28 (B) for which the seller agrees to extend credit
29 to the buyer as authorized by this chapter, including
30 charges for a debt cancellation agreement and debt

1 suspension agreement.

2 (vi) The principal amount financed, which is the sum
3 of the following:

4 (A) The unpaid purchase price balance under
5 subparagraph (iii).

6 (B) The insurance charges under subparagraph
7 (iv).

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

9 (D) Amounts representing payment of a prior
10 credit or lease balance to discharge a security
11 interest, lien or lease interest on a motor vehicle
12 or other property traded or returned.

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

20 (viii) The time balance, which represents the total
21 obligation of the buyer and which is the sum of the
22 following:

23 (A) The principal amount financed under
24 subparagraph (vi).

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

26 (ix) The payment schedule, which shall state the
27 number, amount and timing of the payments required to
28 liquidate the time balance.

29 (6) A description that reasonably identifies collateral
30 security in which a security interest is provided to secure

1 the buyer's obligation pursuant to 13 Pa.C.S. § 9108
2 (relating to sufficiency of description), including the motor
3 vehicle and other collateral.

4 (7) A summary notice of the buyer's principal legal
5 rights regarding prepayment of the contract, rebate of
6 finance charge and reinstatement of the contract in the event
7 of repossession and notice of the right to receive the
8 statement of account under section 6230(a) (relating to
9 statement of account to buyer).

10 (8) Specific provisions regarding the following:

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

13 (ii) The buyer's liability respecting nonpayment.

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

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

19 (9) The following statement:

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

24 § 6223. Notice.

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

28 (b) Form.--

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

1 NOTICE TO BUYER: Do not sign this contract in blank.
2 You are entitled to an exact copy of the contract you
3 sign. Keep it to protect your legal rights. Any
4 holder of this consumer credit contract is subject to
5 all claims and defenses which the buyer could assert
6 against the seller of goods or services obtained
7 pursuant hereto or with the proceeds hereof. Recovery
8 hereunder by the buyer shall not exceed amounts paid
9 by the buyer hereunder.

10 (2) In the notice, the words "lessee" or "mortgagor" may
11 be substituted for the word "buyer," and the words "lease" or
12 "mortgage" may be substituted for the word "contract."

13 § 6224. Itemization.

14 Costs and charges under sections 6222 (relating to contents)
15 and 6242 (relating to other costs included in amount financed)
16 shall be separately itemized in an installment sale contract as
17 to their nature and amounts.

18 § 6225. Disclosure.

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

22 § 6226. Heavy commercial motor vehicle.

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

1 (b) Determinations.--Notwithstanding that the finance charge
2 percentage rate may increase or decrease over the term of the
3 contract according to a formula or index set forth in the
4 contract, the rate applicable to the transaction as of the date
5 of execution of the contract may be used to determine the
6 following:

7 (1) The amount of finance charge under section
8 6222(5)(vii) (relating to contents).

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

10 (3) The payment schedule under section 6222(5)(ix).
11 § 6227. Manufactured homes.

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

14 (1) require the buyer to pay real estate taxes that may
15 thereafter be levied upon the manufactured home and furnish
16 the installment seller or holder with proof of payment of
17 real estate taxes in the manner that the contract prescribes;
18 and

19 (2) upon the buyer's failure to pay the real estate
20 taxes or furnish the required proof of payment, allow the
21 seller or holder to accelerate payments or repossess the
22 manufactured home, or both.

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

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

28 (2) An encumbrance filed of record against the vehicle
29 under the provisions of 13 Pa.C.S. (relating to commercial
30 code).

1 § 6228. Prohibited provisions.

2 An installment sale contract may not contain any of the
3 following:

4 (1) Blank spaces to be filled in after the contract has
5 been signed, except regarding serial numbers or other
6 identifying marks that are not available for description of
7 the motor vehicle at the time of execution of the contract.

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

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

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

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

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

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

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

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

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

1 (4) A provision whereby the buyer waives a right of
2 action against the seller, holder, collector-repossessor or
3 other person acting on behalf of the holder for an illegal
4 act committed in the collection of payments under the
5 contract or in the repossession of the motor vehicle or
6 collateral security.

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

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

19 (7) A provision requiring or entailing the execution of
20 a note or series of notes by the buyer, which when separately
21 negotiated will extinguish as to third parties a right of
22 action or defense that the buyer may have against the
23 original seller.

24 § 6229. Transfer.

25 (a) Installment seller.--An installment seller of a motor
26 vehicle under an installment sale contract executed in this
27 Commonwealth may not sell, transfer or assign the obligation
28 represented by the contract to a person in this Commonwealth or
29 elsewhere unless the person is licensed as a sales finance
30 company under this chapter.

1 (b) Sales finance company.--A sales finance company licensed
2 under this chapter may not sell, transfer or assign the
3 obligation represented by an installment sale contract executed
4 in this Commonwealth, which it has lawfully acquired, to a
5 person in this Commonwealth or elsewhere unless the person is
6 licensed as a sales finance company under this chapter.

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

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

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

21 (2) The buyer's payment or tender of payment made to,
22 and service of notice on, the last known holder is binding on
23 a subsequent holder until the new holder furnishes to the
24 buyer a written notice of the resale, retransfer or
25 reassignment that sets forth the following:

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

28 (ii) The unpaid time balance.

29 (iii) The accrued late charges due under the
30 contract.

1 (e) Applicability.--

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

4 (i) which is executed by a seller or sales finance
5 company only as a security interest securing payment or
6 performance of a bona fide commercial loan, obtained at
7 lawful rates of interest from a person regularly engaged
8 in the business of lending money on the security of the
9 assigned collateral or amounts due pursuant to a security
10 or debt instrument; and

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

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

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

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

20 § 6230. Statement of account to buyer.

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

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

29 (i) The time balance.

30 (ii) Refinance charges.

1 (iii) Late charges.

2 (iv) Court costs.

3 (v) Attorney fees.

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

6 (vii) Other costs permitted under the provisions of
7 this chapter and the contract.

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

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

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

14 (b) Copies.--

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

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

21 § 6231. Payment receipts.

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

27 (1) the buyer requests such receipt; or

28 (2) payment is made in cash.

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

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

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

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

6 (4) The unpaid time balance remaining due after
7 crediting the payment.

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

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

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

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

15 § 6232. Release of liens.

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

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

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

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

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

29 (3) Release all security interests in the motor vehicle
30 or collateral security for the obligation of the buyer under

1 the contract.

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

5 (b) Delivery of certificate of title.--The certificate of
6 title for the motor vehicle shall be delivered to the buyer
7 within ten days of the date of tender of payment in full by mail
8 or other arrangements made between the buyer and holder.

9 § 6233. Prohibited charges.

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

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

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

1 disclosed to the buyer.

2 (d) Charges if contract not consummated.--

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

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

10 (e) Unenforceable provision.--If an installment sale
11 contract contains a provision that authorizes a prohibited
12 charge, the provision is unenforceable.

13 § 6234. Waiver of statutory protection prohibited.

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

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

22 § 6235. Effect of license expiration, surrender and revocation
23 on contracts.

24 (a) Effect.--The expiration, surrender or revocation of a
25 license issued under this chapter to an installment seller or
26 sales finance company does not impair or affect the obligation
27 under an installment sale contract entered into lawfully or
28 lawfully acquired by the licensee prior to the effective date of
29 the expiration, surrender or revocation of the license.

30 (b) Charges by holder prohibited.--A holder of an

installment sale contract forfeits the right to charge, contract for, receive or collect refinance charges authorized by this chapter for renewal of the contract, if the holder's license has expired, was surrendered or was revoked prior to the date of the renewal.

(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 buyer's surety or guarantor.

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

SUBCHAPTER D

COSTS AND CHARGES

Sec.

6241. Insurance.

6242. Other costs included in amount financed.

6243. Finance charges.

6244. Refinance charges.

6245. Late charges.

6246. Refund for prepayment of contract.

§ 6241. Insurance.

(a) General rule.--

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

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

(ii) Written for the dual protection of the buyer and installment seller or holder to the extent of their

1 respective interests in the motor vehicle.

2 (iii) Subject to terms and conditions, including the
3 amount and period of time, that are reasonable and
4 appropriate considering the type and condition of the
5 motor vehicle, the amount of the time balance and the
6 schedule of payments in the installment sale contract.

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

9 (i) The liberty of contract of the buyer and
10 installment seller to contract for other or additional
11 insurance as security for, or by reason of the obligation
12 of, the buyer.

13 (ii) The inclusion of charges for insurance in the
14 principal amount advanced under the installment sale
15 contract.

16 (b) Purchase by buyer.--

17 (1) An installment seller may require a buyer of a motor
18 vehicle under an installment sale contract to purchase
19 insurance on the motor vehicle at the buyer's expense from an
20 insurance company acceptable to the installment seller.

21 (2) The buyer may select the insurance company agent or
22 broker, in which case the inclusion of insurance charges in
23 the contract shall be at the option of the installment
24 seller.

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

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

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

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

6 (4) The insurance charges to the buyer may not exceed
7 the following:

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

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

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

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

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

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

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

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

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

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

28 (d) Early termination of policy.--

29 (1) This subsection applies if an installment seller or
30 holder has placed insurance at the buyer's expense on a motor

1 vehicle sold under an installment sale contract.

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

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

6 (ii) The installment seller or holder may not cancel
7 the insurance without the buyer's consent.

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

10 (iv) Any unexpired insurance premiums received by
11 the installment seller or holder, resulting from
12 cancellation of insurance originally placed at the
13 buyer's expense, shall be paid to the buyer or credited
14 to matured unpaid installments under the contract.

15 (3) If the insurance company cancels the insurance prior
16 to expiration, the installment seller or subsequent holder
17 shall:

18 (i) obtain comparable insurance from another
19 insurance company and furnish the buyer with a copy of
20 the insurance policy, subject to the same requirements of
21 this chapter applicable to the original policy; or

22 (ii) if unable to obtain comparable insurance from
23 another insurance company, immediately notify the buyer
24 who may then obtain insurance from an insurance company,
25 agent or broker of the buyer's own selection, in which
26 case the installment seller or holder shall be liable to
27 the buyer for the following:

28 (A) Any additional insurance charges incurred by
29 the buyer in rewriting the insurance for the
30 unexpired period for which the original insurance was

1 written.

2 (B) Any loss suffered by the buyer through
3 negligence on the part of the installment seller or
4 holder in promptly advising the buyer of the
5 inability to obtain replacement insurance.

6 § 6242. Other costs included in amount financed.

7 (a) Costs payable by buyer.--An installment seller of a
8 motor vehicle under an installment sale contract may require the
9 buyer to pay the following other costs incurred in the sale of a
10 motor vehicle under the contract:

11 (1) Fees payable to the Commonwealth for filing a lien
12 or encumbrance on the certificate of title to a motor vehicle
13 sold under the contract or collateral security for the motor
14 vehicle.

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

18 (3) Fees for notarization required in connection with
19 the filing, recording, satisfying or releasing a mortgage,
20 judgment lien or encumbrance.

21 (b) Costs for which buyer voluntarily contracts.--The
22 installment seller of a motor vehicle under an installment sale
23 contract may contract with the buyer to pay on behalf of the
24 buyer the following other incidental costs relating to the sale
25 of the motor vehicle, for which the buyer has voluntarily
26 contracted:

27 (1) Fees payable to the Commonwealth for registration of
28 the motor vehicle and issuance or transfer of registration
29 plates.

30 (2) Fees payable to the Commonwealth for the buyer's

1 driver's license.

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

5 (c) Collection and credit for fees and costs.--With respect
6 to the fees and costs under subsections (a) and (b), the
7 installment seller may:

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

10 (2) extend credit to the buyer for the fees and costs
11 and include them in the principal amount financed under the
12 contract.

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

18 (e) Costs not disbursed.--Costs that are collected from a
19 buyer or included in the buyer's obligation under an installment
20 sale contract but that are not disbursed by the seller as
21 contemplated shall be immediately refunded or credited to the
22 buyer.

23 (f) Incidental charges.--

24 (1) Subject to paragraph (2), the installment seller of
25 a motor vehicle under an installment sale contract may
26 contract with the buyer to pay on behalf of the buyer other
27 charges necessary or incidental to the sale of a motor
28 vehicle and contracted for by the buyer, if the charges are
29 not:

30 (i) in violation of section 6218(a)(12) (relating to

1 revocation or suspension of license); or

2 (ii) restricted under this chapter or any other
3 statute.

4 (2) Only the costs of necessary repairs disclosed at the
5 time of the installment sale may be included in the contract.
6 Necessary repairs arising after the execution of the contract
7 may not be added to the original contract.

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

10 § 6243. Finance charges.

11 (a) General rule.--An installment seller licensed under this
12 chapter may charge, contract for, receive or collect a finance
13 charge under this chapter on an installment sale contract
14 covering the retail sale of a motor vehicle in this
15 Commonwealth.

16 (b) Method of computation.--

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

21 (2) A finance charge under this section shall be
22 computed:

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

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

27 (iii) Proportionately on an installment sale
28 contract that extends for a period that is less than or
29 greater than one year.

30 (3) A finance charge under this section may be computed

1 on the basis of a full month for a fractional month period in
2 excess of ten days and interest may continue to be charged
3 during a period of time for which a late charge is also
4 imposed.

5 (c) Manufactured homes.--If an installment sale contract
6 involves a manufactured home, whether or not the sale on credit
7 or loan is insured or guaranteed in whole or in part by the
8 Federal Housing Administration pursuant to the National Housing
9 Act (48 Stat. 1246, 12 U.S.C. § 1701 et seq.), the percentage
10 established as a maximum finance charge for a manufactured home
11 by regulation of the Federal Housing Administration shall
12 govern.

13 (d) New motor vehicles--.

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

18 (2) Except as provided in paragraph (3), a finance
19 charge for a new motor vehicle having a purchase price of
20 \$10,000 or more and used primarily for a commercial purpose
21 may not exceed the equivalent of 7.5% per year.

22 (3) A finance charge may not exceed the equivalent of
23 10% per year for the following:

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

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

29 (e) Used motor vehicles.--

30 (1) A finance charge for a used motor vehicle, of a

1 model designated by the manufacturer during a year not more
2 than two years prior to the year in which the sale is made,
3 may not exceed the equivalent of 18% simple interest per year
4 on the unpaid balance.

5 (2) A finance charge for an older used motor vehicle, of
6 a model designated by the manufacturer during a year more
7 than two years prior to the year in which the sale is made,
8 may not exceed the equivalent of 21% simple interest per year
9 on the unpaid balance.

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

17 § 6244. Refinance charges.

18 (a) General rule.--

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

20 (i) extend the scheduled due date or defer the
21 scheduled payment of all or part of an unpaid installment
22 payment;

23 (ii) renew the unpaid time balance of the contract;
24 or

25 (iii) contract for, receive and collect a refinance
26 charge for an extension, deferment or renewal under
27 subparagraphs (i) and (ii).

28 (2) A refinance charge for a motor vehicle under section
29 6243(d) and (e) (relating to finance charges) may not exceed
30 the amount determined under this section.

1 (b) Rates and computation.--

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

5 (i) Subject to subsection (c), the refinance charge
6 on the amount of a refinanced full or partial installment
7 payment for which each full or partial payment is
8 extended or deferred may not exceed the equivalent of the
9 following rates:

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

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

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

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

18 (A) Adding the unpaid time balance of the
19 contract, insurance charges, other charges incidental
20 to refinancing, unpaid late charges that may be
21 accrued.

22 (B) Deducting a rebate that may be due to the
23 buyer for prepayment incidental to refinancing, at
24 the rate of the finance charge in the original
25 contract, for the term of the renewal contract and
26 subject to the provisions of this chapter governing
27 computation of the original finance charge.

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

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

5 (4) Subject to paragraph (3), if the refinancing of a
6 motor vehicle is insured or guaranteed in whole or in part by
7 the Department of Veterans Affairs or another Federal
8 department or agency, the laws or regulations that govern the
9 Federal department or agency regarding the maximum refinance
10 charge and rate of interest for the refinancing shall govern.

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

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

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

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

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

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

29 (3) Finance charges.

30 (g) Loan.--

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

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

10 § 6245. Late charges.

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

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

15 (2) A contract subject to this chapter, regardless of
16 the classification of vehicle under section 6243 (relating to
17 finance charges) or the method by which the finance charge is
18 computed.

19 (b) Rate and computation.--

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

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

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

1 (c) Collection.--

2 (1) Late charges may be:

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

5 (ii) accumulated and collected at final maturity or
6 at the time of final payment under a contract for the
7 sale of a motor vehicle.

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

10 § 6246. Refund for prepayment of contract.

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

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

22 (c) Rebate amount.--

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

29 (2) The holder is not required to rebate:

30 (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

Sec.

6251. Repossession authorized.

6252. Who may repossess.

6253. Legal proceedings.

6254. Notice of repossession.

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6256. Buyer's liability for costs.

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6259. Redemption and termination of contract after repossession.

6260. Sale of motor vehicle after repossession.

6261. Deficiency judgment.

6262. Procedures for manufactured homes.

§ 6251. Repossession authorized.

(a) When repossession may occur.--An installment seller or a
holder, who has lawfully acquired a motor vehicle installment
sale contract, may retake possession of the motor vehicle if the
buyer:

(1) is in default in the payment of an amount due under
the contract; or

(2) has committed another breach of contract, which is
by the contract specifically made a ground for retaking the
motor vehicle.

(b) Legal process.--

1 (1) Unless the motor vehicle can be retaken without
2 breach of the peace, it shall be retaken by legal process.

3 (2) This subchapter shall not be construed to authorize
4 a violation of the criminal laws of this Commonwealth.

5 (c) Limitation.--Except as provided in this chapter, in a
6 transaction involving a commercial purpose, the provisions of
7 this chapter regarding repossession of a motor vehicle are
8 limited by the provisions of 13 Pa.C.S. Div. 9 (relating to
9 secured transactions).

10 § 6252. Who may repossess.

11 (a) With legal process.--Repossession of a motor vehicle
12 when effected by legal process shall be made only by a duly
13 constituted public official.

14 (b) Without legal process.--Repossession of a motor vehicle
15 when effected otherwise than by legal process under subsection
16 (a) shall be made only by the following:

17 (1) The holder.

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

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

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

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

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

28 § 6253. Legal proceedings.

29 (a) When to commence action.--If repossession and sale of a
30 motor vehicle subject to an installment sale contract or its

collateral security is effected by legal process, the holder may commence legal proceedings immediately upon the buyer's default or breach of the contract.

(b) Rights and duties of buyer.--In a proceeding under subsection (a), the buyer shall receive notice, have the rights and be liable for the costs of suit and reasonable attorney fees as provided by the laws of this Commonwealth governing legal proceedings.

§ 6254. Notice of repossession.

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

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

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

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

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

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

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

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

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

4 (7) The name and address of the person that the buyer
5 may contact to receive a full statement of account as
6 provided by section 6230 (relating to statement of account to
7 buyer).

8 § 6255. Personal property in repossessed motor vehicle.

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

12 § 6256. Buyer's liability for costs.

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

17 (1) The default exceeds 15 days at the time of
18 repossession.

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

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

24 (4) The records of the holder show detailed information
25 as to the nature and amount of each cost, the date of payment
26 and the recipient of the payment.

27 § 6257. Notice to police.

28 The reposessor of a motor vehicle shall give notice within
29 24 hours after the repossession to:

30 (1) the local municipal police department having

jurisdiction of the area where the motor vehicle was located
at the time of repossession; or

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

§ 6258. Reinstatement of contract after repossession.

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

(1) pays all past due installments; or

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

(i) Accrued late charges.

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

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

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

§ 6259. Redemption and termination of contract after
repossession.

(a) Retaining motor vehicle.--Unless the right of redemption
is waived in a nonconsumer transaction under 13 Pa.C.S. §
9624(c) (relating to waiver), if repossession of a motor vehicle

1 subject to an installment sale contract is effected within or
2 outside this Commonwealth other than by legal process, the
3 holder shall retain the repossessed motor vehicle for a period
4 of 15 days after the mailing of the notice of repossession under
5 section 6254 (relating to notice of repossession).

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

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

15 (i) The unpaid time balance.

16 (ii) Accrued late charges authorized by this
17 chapter.

18 (iii) Any other amount lawfully due under the
19 contract.

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

23 (i) The unpaid time balance.

24 (ii) Accrued late charges authorized by this
25 chapter.

26 (iii) The costs of retaking, repairing and storing
27 under section 6256.

28 (iv) Any other amount lawfully due under the
29 contract.

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

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

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

11 (i) The county in this Commonwealth or within a
12 comparable governmental unit outside this Commonwealth
13 where repossession occurred.

14 (ii) The county in this Commonwealth where the buyer
15 resides.

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

18 (3) Upon receipt of the funds necessary to redeem the
19 motor vehicle as provided in subsection (b), the holder shall
20 return the repossessed motor vehicle as soon as is reasonably
21 possible, but not later than ten business days from the
22 receipt of the funds.

23 § 6260. Sale of motor vehicle after repossession.

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

29 (b) Deficiency.--If the buyer does not redeem the
30 repossessed motor vehicle within the 15-day notice of redemption

1 period, the installment seller or holder may not bring an action
2 or proceeding against the buyer for a deficiency under section
3 6261 (relating to deficiency judgment), unless there has been a
4 public or private sale of the repossessed motor vehicle and
5 collateral security.

6 (c) Motor vehicle title.--At the sale of a repossessed motor
7 vehicle to a purchaser, the installment seller or holder shall
8 provide to the purchaser the title to the vehicle and all
9 necessary documents to effect the transfer of the motor vehicle.

10 § 6261. Deficiency judgment.

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

20 (b) Reasonable value.--

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

24 (i) the installment seller or holder to recover the
25 deficiency; or

26 (ii) the buyer.

27 (2) The resale price of the motor vehicle is prima
28 facie, but not conclusive, evidence of the reasonable value
29 of the motor vehicle.

30 (3) The determined reasonable value or the resale price

1 of the motor vehicle, whichever is higher, shall be credited
2 against the buyer's indebtedness.

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

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

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

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

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

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

18 § 6262. Procedures for manufactured homes.

19 (a) Notice.--

20 (1) A holder of an installment sale contract for a
21 manufactured home shall give the buyer notice under this
22 subsection before the holder takes any of the following
23 actions:

24 (i) Accelerates the maturity of the installment sale
25 contract for the manufactured home.

26 (ii) Commences a legal action to recover under the
27 contract.

28 (iii) Takes possession of any collateral of the
29 buyer for the obligation.

30 (2) Notice of the intention to take an action under

1 paragraph (1) shall be in writing and:

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

5 (ii) Clearly and conspicuously state the following:

6 (A) The particular obligation or security
7 interest.

8 (B) The nature of the default claimed.

9 (C) The right of the buyer to cure the default
10 as provided in this section and exactly what
11 performance, including the sum of money, that must be
12 tendered to cure the default.

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

17 (E) The method by which the buyer's ownership or
18 possession of the manufactured home may be
19 terminated.

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

23 (b) Cure of default.--

24 (1) Notwithstanding any other provision of law, the
25 buyer of a manufactured home under an installment sale
26 contract, or another person on the buyer's behalf, may cure
27 the buyer's default and prevent the sale or other disposition
28 of the manufactured home and avoid acceleration:

29 (i) After the notice under subsection (a) has been
30 given.

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

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

6 (iv) By tendering the amount or performance
7 specified in this section.

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

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

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

17 (iii) Pay reasonable fees allowed under subsection
18 (d) and reasonable costs of proceeding to commence legal
19 action as specified in writing by the holder and actually
20 incurred to the date of payment.

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

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

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

29 (c) Prepayment.--An obligation under an installment sale
30 contract for a manufactured home may be prepaid without penalty

or other charge for prepayment at any time before the end of the period of the loan.

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

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

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

(i) Reasonable and actually incurred.

(ii) Not in excess of \$150.

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

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

SUBCHAPTER F

PENALTIES AND LIABILITY

Sec.

6271. Operating without license.

6272. Violation of chapter provisions.

6273. Use of unlicensed collector-repossessor.

6274. Civil penalty by department.

6275. Liability of sales finance company.

§ 6271. Operating without license.

(a) Prohibition; penalty.--An entity or individual under subsection (b) engaging in business in this Commonwealth as an installment seller, sales finance company or collector-repossessor without having obtained a license under this chapter

is guilty of a violation of this chapter and upon conviction shall be sentenced at the discretion of the court to either or both of the following:

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

(2) Imprisonment for not more than three years.

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

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

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

§ 6272. Violation of chapter provisions.

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

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

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

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

(ii) Imprisonment for not more than one year.

§ 6273. Use of unlicensed collector-repossessor.

A licensed seller or sales finance company acting as holder of a motor vehicle installment sale contract who hires,

1 authorizes or permits an unlicensed collector-repossessor, as
2 defined in this chapter, to collect payments on the contract or
3 repossess a motor vehicle sold under the contract within this
4 Commonwealth shall be guilty of a violation of this chapter and
5 upon conviction shall be sentenced at the discretion of the
6 court to the following:

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

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

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

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

13 § 6274. Civil penalty by department.

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

20 § 6275. Liability of sales finance company.

21 (a) Exemption from liability.--A sales finance company
22 licensed under this chapter and engaged in the purchase, sale,
23 assignment, securitization or servicing of installment sale
24 contracts may not be held liable under this chapter for either
25 of the following:

26 (1) Excessive mark-ups of charges by installment
27 sellers.

28 (2) A failure to disclose under section 6221(e)
29 (relating to requirements).

30 (b) Federal status preserved.--This section does not affect

1 the liability of a sales finance company that is a holder under
2 the Federal Trade Commission Act (15 U.S.C. § 41 et seq.).

3 CHAPTER 63

4 GOODS AND SERVICES INSTALLMENT SALES

5 Subchapter

6 A. General Provisions

7 B. Closed-End Credit Agreements

8 C. Open-End Credit Agreements

9 D. Costs and Charges

10 E. Enforcement and Penalties

11 SUBCHAPTER A

12 GENERAL PROVISIONS

13 Sec.

14 6301. Scope of chapter.

15 6302. Definitions.

16 6303. Waiver.

17 6304. Applicability.

18 6305. Prohibited activities and provisions.

19 6306. Assignment.

20 6307. Venue.

21 6308. Attorney fees and costs.

22 6309. Repossession; acceleration; right to cure.

23 6310. Lien.

24 6311. Validity.

25 6312. Discharge of obligation.

26 6313. Prepayment of obligation.

27 6314. Acknowledgment of payment in full.

28 § 6301. Scope of chapter.

29 This chapter relates to goods and services installment sales.

30 § 6302. Definitions.

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

"Actuarial method." The method of allocating payments made on a debt between the amount financed and the finance charge at the interest rate stated in the closed-end credit agreement, as defined in Regulation Z, adopted under the Truth in Lending Act (Public Law 90-321, 15 U.S.C. § 1601 et seq.).

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

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

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

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

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

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

(i) The consideration that the bailee or lessee contracts to pay as compensation for the use of the goods

1 is a sum substantially equivalent to or in excess of
2 their value and is an obligation for the term of the
3 lease that is not subject to termination by the bailee or
4 lessee.

5 (ii) The bailee or lessee agrees to become or has
6 the option of becoming the owner of the goods for no or
7 nominal additional consideration upon full compliance
8 with the terms of the contract.

9 "Finance charge."

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

13 (2) Includes all charges incident to investigating and
14 making a closed-end credit agreement or an open-end credit
15 agreement and for the extension of the credit under that
16 agreement.

17 (3) Excludes the following:

18 (i) Amounts charged for insurance premiums under
19 section 6342 (relating to insurance).

20 (ii) Late fees under section 6343 (relating to late
21 fees).

22 (iii) The costs of collection under section 6344
23 (relating to costs of collection).

24 (iv) Costs from nonaffiliated entities under section
25 6346 (relating to costs from nonaffiliated entity).

26 (v) Extension and deferment charges under section
27 6347 (relating to extension and deferment).

28 (vi) Attorney fees.

29 (vii) Court costs.

30 (viii) Official fees.

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

5 "Goods."

6 (1) Personal property bought primarily for personal,
7 family or household use.

8 (2) The term includes the following:

9 (i) Certificates, coupons or gift cards exchangeable
10 for goods.

11 (ii) Electronic media items.

12 (iii) Items purchased through the Internet.

13 (3) The term excludes the following:

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

17 (ii) A motor vehicle covered under Chapter 62
18 (relating to motor vehicle sales finance).

19 (iii) A security covered under the act of December
20 5, 1972 (P.L.1280, No.284), known as the Pennsylvania
21 Securities Act of 1972.

22 "Holder."

23 (1) Either of the following:

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

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

29 (2) Excludes a pledgee or holder of a security interest
30 in an aggregate number of agreements to secure a bona fide

1 loan on them.

2 "Official fees." The fees required by law and actually to be
3 paid to the appropriate public officer to perfect a lien or
4 other security interest that is retained or taken by a seller
5 under a closed-end credit agreement or an open-end credit
6 agreement.

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

8 (1) in which a buyer promises to pay in installments to
9 a seller or financing agency the outstanding balance incurred
10 in a sale, whether or not the seller retains a security
11 interest in the goods sold; and

12 (2) that provides for a finance charge expressed as a
13 percent of the periodic balances to accrue thereafter, if the
14 charge is not capitalized or stated as a dollar amount in the
15 contract.

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

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

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

23 "Service contract." A written contract, optional on the part
24 of a buyer, to perform over a fixed period of time or for a
25 specified duration services regarding the maintenance or repair
26 of goods.

27 "Services."

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

30 (2) The term includes the following:

1 (i) Services furnished in connection with the
2 purchase or repair of goods or the repair of motor
3 vehicles.

4 (ii) A service contract.

5 (iii) Services purchased through the Internet.

6 (3) The term excludes the following:

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

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

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

16 (A) The Commonwealth.

17 (B) The Federal Government.

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

20 "Time balance." The total of the unpaid balance and the
21 amount of the finance charge.

22 "Time sale price." The total of the purchase price and the
23 amounts included for insurance, official fees and finance
24 charge.

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

28 "Warranty."

29 (1) Either of the following, which becomes part of the
30 basis of the bargain between a buyer and seller for purposes

other than resale:

(i) A written affirmation of fact or written promise made in connection with the sale of goods by a seller or manufacturer to a buyer that relates to the nature of the material or workmanship and affirms or promises that the 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

1 the situs specified in the agreement.

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

8 (c) Offer to buy.--A verbal or written solicitation or
9 communication to buy that originates within this Commonwealth
10 from a resident buyer of this Commonwealth and is forwarded to
11 and received by a seller outside this Commonwealth shall be
12 deemed an acceptance or offer to buy in this Commonwealth and
13 subject to the provisions of this chapter.

14 (d) Subsequent goods and services.--Goods or services that
15 subsequently result from a solicitation or communication under
16 subsection (b) or (c) are subject to the provisions of this
17 chapter.

18 (e) Exclusivity.--Notwithstanding any provision of law to
19 the contrary, this chapter shall exclusively govern and regulate
20 the terms and conditions of all extensions of credit, except
21 cash advances, for the purchase of goods and services within
22 this Commonwealth.

23 § 6305. Prohibited activities and provisions.

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

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

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

5 (2) In the absence of the buyer's default in the
6 performance of an obligation, the holder may accelerate the
7 maturity of all or part of the amount owed.

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

12 (4) The buyer waives a right of action against the
13 seller or holder of the agreement, or a person acting on
14 behalf of the seller or holder, for an illegal act committed
15 in the collection of payments under the agreement or the
16 repossession of goods.

17 (5) The buyer executes a power of attorney appointing
18 the seller or holder of the agreement, or a person acting on
19 behalf of the seller or holder, as the buyer's agent in the
20 collection of payments under the agreement or the
21 repossession of goods.

22 (6) The buyer relieves the seller from liability for
23 legal remedies that the buyer may have against the seller
24 under the agreement or a separate instrument executed in
25 connection with the agreement.

26 (7) The buyer agrees to the payment of a charge by
27 reason of the exercise of the right to rescind or avoid the
28 agreement.

29 (8) The seller or holder of the agreement is given the
30 right to commence an action on the agreement under the

provisions of this chapter in a county other than the county where any of the following occurred:

(i) The buyer signed the agreement.

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

(iii) The buyer resided when the agreement was entered into.

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

(9) An assignment of wages is given.

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

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

§ 6306. Assignment.

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

§ 6307. Venue.

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

1 (1) The buyer signed the agreement.

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

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

5 (4) The goods purchased under the agreement have been so
6 affixed to real property as to become a part of the real
7 property.

8 § 6308. Attorney fees and costs.

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

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

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

20 (1) The defendant:

21 (i) Alleges in its answer that it tendered to the
22 plaintiff the full amount to which the plaintiff was
23 entitled.

24 (ii) Deposits the amount with the court.

25 (2) The allegation in paragraph (1)(i) is found to be
26 true.

27 § 6309. Repossession; acceleration; right to cure.

28 (a) Rights of holder.--If a buyer defaults in the
29 performance of an obligation under a closed-end credit agreement
30 or an open-end credit agreement, the holder, pursuant to the

1 rights granted under the agreement:

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

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

6 (b) Prohibited actions.--Unless the buyer is in default and
7 the seller or holder provides the buyer with the notice under
8 subsection (c), a seller or holder may not:

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

10 (2) commence legal action or repossess without legal
11 process.

12 (c) Notice.--

13 (1) Notice under this section shall be:

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

16 (ii) delivered personally to the residence of the
17 buyer.

18 (2) The notice shall inform the buyer of all the
19 following:

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

23 (A) The amount in default.

24 (B) Late fees under section 6343 (relating to
25 late fees).

26 (C) Extension and deferment charges under
27 section 6347 (relating to extension and deferment).

28 (D) Actual repossession costs.

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

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

3 (iv) The exact date by which the amount due must be
4 paid.

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

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

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

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

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

15 (2) The act of curing a default restores to the buyer
16 the rights under the agreement as though no default had
17 occurred.

18 § 6310. Lien.

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

22 § 6311. Validity.

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

26 § 6312. Discharge of obligation.

27 Unless a buyer has notice of the actual or intended
28 assignment of a closed-end credit agreement or an open-end
29 credit agreement, payment made by the buyer to the last known
30 holder of the agreement shall, to the extent of the payment,

1 discharge the buyer's obligation.

2 § 6313. Prepayment of obligation.

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

7 (b) Refund credit.--

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

12 (i) the finance charges had been computed and added
13 to the unpaid balance at the time the agreement was
14 entered into; and

15 (ii) the entire time balance under the agreement is
16 prepaid prior to maturity.

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

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

21 § 6314. Acknowledgment of payment in full.

22 Upon a buyer's request and after the payment of all sums for
23 which the buyer is obligated under a closed-end credit agreement
24 or an open-end credit agreement, the holder shall deliver or
25 mail to the buyer at the buyer's last known address an
26 instrument that:

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

29 (2) Releases all security in the goods under the
30 agreement.

1 SUBCHAPTER B

2 CLOSED-END CREDIT AGREEMENTS

3 Sec.

4 6321. General rules.

5 6322. Contents.

6 6323. Copy of agreement.

7 6324. Agreement resulting from telephone or mail
8 communications.

9 6325. Purchase money loan; notice.

10 6326. Statement to buyer.

11 6327. Refinancing.

12 6328. New payment schedule.

13 6329. Add-on sales.

14 § 6321. General rules.

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

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

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

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

1 § 6322. Contents.

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

5 (1) One of the following headings at the top of the
6 agreement or directly above the space reserved for the
7 signature of the buyer:

8 (i) "Security Agreement" if the seller retains a
9 security interest in the goods as security for the goods
10 or services purchased.

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

14 (iii) "Closed-End Credit Agreement" if the seller
15 does not obtain security for the goods or services
16 purchased.

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

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

19 (4) The residence or place of business of the buyer as
20 specified by the buyer.

21 (5) A description of the goods or services sufficient to
22 identify them. Services or multiple items of goods may be
23 described in general terms but in detail sufficient to
24 identify them, in a separate writing.

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

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

29 (i) An itemization of the amount paid in money and
30 goods.

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

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

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

6 (10) The amount of official fees.

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

9 (12) The amount of the finance charge.

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

13 (i) The number of installments required.

14 (ii) The amount of each installment expressed in
15 dollars.

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

17 (14) The time sale price.

18 (15) The following notice provision:

19 NOTICE TO THE BUYER

20 Do not sign this agreement before you read it or if it
21 contains any blank spaces. You are entitled to a
22 completely filled-in copy of this agreement. You have the
23 right to pay off in advance the full amount due. Under
24 certain conditions, you may obtain a partial refund of
25 the finance charge.

26 (16) The following notice provision:

27 NOTICE

28 A holder of this agreement is subject to all the claims
29 and defenses that the buyer could assert against the
30 seller of goods or services obtained by this agreement or

1 with the proceeds of this agreement. Recovery under this
2 agreement by the buyer may not exceed the amount paid by
3 the buyer under the agreement.

4 (17) A statement that the seller may collect from the
5 buyer late fees, costs of collection, costs from
6 nonaffiliated entities and charges for deferment and
7 extension as provided for in this chapter.

8 § 6323. Copy of agreement.

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

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

17 (c) Acknowledgment.--

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

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

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

26 (4) The buyer's written acknowledgment of delivery of a
27 copy of the agreement in conformity with this subsection
28 shall be a rebuttable presumption of delivery and compliance
29 with this subsection in an action or proceeding by or against
30 an assignee of the agreement without knowledge to the

1 contrary when the agreement is purchased.

2 § 6324. Agreement resulting from telephone or mail
3 communications.

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

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

9 (2) a catalog or other printed solicitation that is
10 generally available to the public clearly sets forth the
11 purchase price, time sale price and other terms regarding the
12 sale of the goods or services.

13 (b) Applicability.--For a sale under this section, section
14 6323(a) (relating to copy of agreement) does not apply.

15 (c) Seller's completion of agreement.--If a seller under
16 this section receives a closed-end credit agreement from a buyer
17 and the agreement contains blank spaces, the seller may insert
18 in the appropriate blank spaces the purchase price, time sale
19 price and other terms regarding the sale of the goods or
20 services, as set forth in the seller's current catalog or other
21 printed solicitation.

22 (d) Copy of agreement or statement.--Prior to the due date
23 of the first installment under the agreement, the seller shall
24 furnish to the buyer either a legible and complete copy of the
25 agreement or a written statement of the items inserted in the
26 blank spaces described in subsection (c).

27 § 6325. Purchase money loan; notice.

28 (a) General rule.--Unless an instrument that evidences or
29 embodies a debt arising from a purchase money loan contains the
30 notice under subsection (b):

1 (1) a purchase money lender may not take or receive the
2 instrument; and

3 (2) a seller may not accept the proceeds of the purchase
4 money loan as full or partial payment for the sale.

5 (b) Notice.--An instrument under subsection (a) shall
6 contain the following notice:

7 NOTICE

8 A holder of this agreement is subject to all the claims
9 and defenses that the buyer could assert against the
10 seller of goods or services obtained with the proceeds of
11 this agreement. Recovery under this agreement by the
12 buyer may not exceed the amount paid by the buyer under
13 the agreement.

14 (c) Definitions.--As used in this section the following
15 words and phrases shall have the meanings given to them in this
16 subsection:

17 "Purchase money lender." Either a seller or financing agency
18 making or extending a purchase money loan.

19 "Purchase money loan." An advance that is received by a
20 buyer in return for a finance charge or interest that is applied
21 to a purchase of goods or services from a seller who is
22 affiliated, by common control or business arrangement, with the
23 person extending the credit to the buyer.

24 § 6326. Statement to buyer.

25 (a) Request; contents.--At any time after the execution of a
26 closed-end credit agreement and within one year after the last
27 payment is made under the agreement, the holder of the agreement
28 shall upon the good faith written request of the buyer promptly
29 give or forward to the buyer a detailed written statement that
30 accurately states the total unpaid amount under the agreement.

1 (b) Copies.--

2 (1) The buyer shall be furnished with one statement
3 under this section each year without charge.

4 (2) The holder shall upon request furnish the buyer a
5 duplicate copy of the statement upon payment of a reasonable
6 fee not to exceed the cost of production.

7 (c) Applicability.--This section does not apply to a
8 transaction that, instead of periodic statements of account, the
9 buyer is provided with a passbook or payment book in which
10 payments, credits, charges and the unpaid balance are entered.

11 § 6327. Refinancing.

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

16 (b) Charges.--

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

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

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

23 (ii) The deduction of a refund credit in an amount
24 equal to that to which the buyer would have been entitled
25 under section 6313 (relating to prepayment of obligation)
26 if the buyer had prepaid in full the obligations under
27 the agreement.

28 (3) A refinance charge may not exceed the rate of
29 finance charges under section 6345 (relating to finance
30 charges).

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

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

7 (1) The amount of the unpaid time balance to be
8 refinanced.

9 (2) The amount of a refund credit.

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

12 (4) The amount of the finance charge under the
13 refinancing agreement.

14 (5) The additional cost of insurance and official fees
15 to the buyer.

16 (6) The new unpaid time balance.

17 (7) The new schedule of installment payments.

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

21 § 6328. New payment schedule.

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

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

30 § 6329. Add-on sales.

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

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

7 (2) The total price of the goods or services covered by
8 the agreement shall be increased by the price of the
9 additional goods or services.

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

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

14 (5) The goods purchased under the previous agreement
15 shall be security for the goods purchased under the
16 subsequent agreement but only until the time sale price under
17 the previous agreement is fully paid.

18 (b) Allocation.--

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

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

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

30 (i) An amount equal to the original installment

1 payment, to the previous time sale price.

2 (ii) An amount equal to the increase, to the
3 subsequent time sale price.

4 (4) The amount of an initial or down payment on a
5 subsequent purchase is deemed to be allocated in its entirety
6 to the subsequent purchase.

7 (c) New agreement.--When a subsequent purchase is made, the
8 seller shall deliver to the buyer prior to the due date of the
9 first installment a new agreement that sets forth all the
10 following:

11 (1) The information under section 6322(1) through (12)
12 (relating to contents) as it relates to the subsequent
13 purchase.

14 (2) The unpaid time balance of the prior agreement with
15 the seller.

16 (3) The new unpaid balance, which is the sum of the
17 amount under paragraph (2) and the amount described in
18 section 6322(11) for the subsequent purchase.

19 (4) The consolidated time balance, which is the sum of
20 the unpaid balance under paragraph (3) and the amount of the
21 finance charge payable by the buyer to the seller, including
22 the following:

23 (i) The number of installments required.

24 (ii) The amount of each installment expressed in
25 dollars.

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

27 (5) A statement that the seller is adding the subsequent
28 purchase to the buyer's existing agreement in accordance with
29 the provisions of that agreement.

30 SUBCHAPTER C

1 OPEN-END CREDIT AGREEMENTS

2 Sec.

3 6331. Establishment.

4 6332. Requirements.

5 6333. Applicability and effect of subchapter.

6 § 6331. Establishment.

7 (a) Seller.--A seller may enter into an open-end credit
8 agreement upon the request of a buyer or prospective buyer.

9 (b) Financing agency.--Subject to the other provisions of
10 this chapter, a financing agency may enter into an open-end
11 credit agreement on behalf of a seller from whom the financing
12 agency may, with the buyer's consent, purchase or acquire the
13 buyer's indebtedness, to be paid according to the agreement.

14 § 6332. Requirements.

15 (a) Signature.--A seller may not obtain the signature of a
16 buyer on an application for an open-end credit agreement if it
17 contains blank spaces to be filled in after it has been signed.

18 (b) Separate agreement unnecessary.--A buyer does not need
19 to sign a separate account agreement when a new purchase is made
20 under an existing agreement.

21 (c) Heading.--The following heading shall appear at the top
22 of the agreement or directly above the space reserved for the
23 signature of the buyer:

24 (1) "Security Agreement" if the seller retains a
25 security interest in the goods as security for the goods or
26 services purchased.

27 (2) "Lien Contract" if the seller obtains a lien on
28 other goods or nonresidential real estate as security for the
29 goods or services purchased.

30 (3) "Open-End Credit Agreement" if the seller does not

1 obtain security for the goods or services purchased.

2 (d) Entire agreement.--The written agreement shall contain
3 the entire agreement of the parties regarding the costs and
4 terms of payment for the goods and services.

5 § 6333. Applicability and effect of subchapter.

6 (a) Security interest.--This subchapter does not prohibit
7 the execution of an agreement between a buyer and seller whereby
8 the seller retains a security interest in goods sold to the
9 buyer until full payment has been made.

10 (b) Allocation.--Section 6329(b) (relating to add-on sales)
11 governs goods sold under an agreement under subsection (a).

12 (c) Notes; third party rights.--An open-end credit agreement
13 may not require or entail the execution of a note by the buyer
14 that when separately negotiated will eliminate as to a third
15 party a right of action or defense that the buyer may have
16 against the seller.

17 SUBCHAPTER D

18 COSTS AND CHARGES

19 Sec.

20 6341. Applicability.

21 6342. Insurance.

22 6343. Late fees.

23 6344. Costs of collection.

24 6345. Finance charges.

25 6346. Costs from nonaffiliated entity.

26 6347. Extension and deferment.

27 6348. Interest rate after maturity.

28 § 6341. Applicability.

29 A seller may contract for or collect a fee, expense or charge
30 only if the fee, expense or charge is specifically set forth in

1 this chapter.

2 § 6342. Insurance.

3 (a) Compliance with law.--The following shall comply with
4 the act of September 2, 1961 (P.L.1232, No.540), known as the
5 Model Act for the Regulation of Credit Life Insurance and Credit
6 Accident and Health Insurance:

7 (1) The seller and buyer, if:

8 (i) the cost of the insurance is included in the
9 closed-end credit agreement; and

10 (ii) a separate charge is made to the buyer for the
11 insurance.

12 (2) The seller or holder, if the insurance is to be
13 procured by the seller or holder under an open-end credit
14 agreement.

15 (b) Separate charge; agreement.--

16 (1) If the cost of insurance is to be separately charged
17 to the buyer under an open-end credit agreement, the buyer
18 and seller must so specify in a signed agreement.

19 (2) A copy of the agreement under paragraph (1) shall be
20 given or furnished to the buyer.

21 (3) The agreement shall state whether the insurance is
22 to be procured by the buyer, seller or holder.

23 § 6343. Late fees.

24 (a) Closed-end credit agreement.--

25 (1) A closed-end credit agreement may provide for the
26 payment by the buyer of a late fee on each installment in
27 default for a period of not less than ten days in an amount
28 not in excess of 5% of the installment or \$10, whichever is
29 less.

30 (2) Only one late fee may be collected on an installment

1 regardless of the period that it remains in default.

2 (b) Open-end credit agreement.--A late fee may be assessed
3 on an open-end credit agreement regarding each minimum payment
4 not paid in full on the payment due date of the statement on
5 which the minimum payment first appears.

6 § 6344. Costs of collection.

7 A closed-end credit agreement or an open-end credit agreement
8 may provide for payment of actual and reasonable costs of
9 collection only if any of the following occurs:

10 (1) If the goods are subject to a security interest, the
11 goods are removed from this Commonwealth without the written
12 permission of the holder.

13 (2) The buyer fails to notify the holder of a change of
14 residence.

15 (3) The buyer fails to communicate with the holder for a
16 period of 45 days after a default in making payments due
17 under the agreement.

18 § 6345. Finance charges.

19 (a) General rule.--Pursuant to this section and the
20 provisions of a closed-end credit agreement or an open-end
21 credit agreement, a seller and holder may charge, receive and
22 collect a finance charge.

23 (b) Closed-end credit agreement.--A finance charge under a
24 closed-end credit agreement shall be:

25 (1) measured for a period between the date of the
26 agreement and the due date of the last installment; and

27 (2) calculated for the period according to the actuarial
28 method or the United States Rule method, at a rate agreed to
29 by the buyer and the seller or holder.

30 (c) Open-end credit agreement.--

1 (1) Except as provided in paragraph (2), a finance
2 charge on an open-end credit agreement:

3 (i) shall be computed based on the outstanding
4 monthly balances; and

5 (ii) may not exceed the rate agreed to by the buyer
6 and the seller or holder.

7 (2) A minimum finance charge of \$1 per month may be made
8 for each month, if the finance charge so computed is less
9 than that amount.

10 § 6346. Costs from nonaffiliated entity.

11 A closed-end credit agreement and an open-end credit
12 agreement may provide for the reimbursement from a buyer of
13 costs for a service provided by an entity that is not otherwise
14 affiliated with the seller or holder if all the following
15 conditions exist:

16 (1) The buyer requests that the seller or holder provide
17 the service.

18 (2) The service is for the convenience of the buyer.

19 (3) The seller or holder contracts with the entity to
20 provide the service to the buyer or other buyers.

21 (4) The seller or holder actually incurs the costs of
22 the service provided by the entity.

23 (5) The costs incurred for the service are reasonable
24 and necessary.

25 (6) The reimbursement costs received from the buyer do
26 not exceed the costs incurred by the seller or holder.

27 § 6347. Extension and deferment.

28 (a) General rule.--Upon agreement with the buyer, the holder
29 of a closed-end credit agreement or an open-end credit agreement
30 may extend the scheduled due date or defer the scheduled payment

1 of all or part of an installment payable under the agreement.

2 (b) Charges.--

3 (1) A charge may not be made for an extension or a
4 deferment unless the extension or deferment agreement is in
5 writing and signed by the parties.

6 (2) Subject to paragraph (3), the holder may contract
7 for and collect the payment of an extension or deferment
8 charge by the buyer.

9 (3) Except as provided in paragraph (4), the charge
10 under paragraph (2) may not exceed an amount equal to 1% per
11 month simple interest on the full amount or part of the
12 installment for the extension or deferment period, which may
13 not exceed the period:

14 (i) from the date when the extended or deferred
15 installment would have been payable in the absence of the
16 extension or deferment; and

17 (ii) to the date when the installment is made
18 payable under the extension or deferment agreement.

19 (4) A minimum charge of \$10 for the extension or
20 deferment period may be made if the computed extension or
21 deferment charge amounts to less than \$10.

22 (5) Subject to section 6342 (relating to insurance), the
23 agreement may provide for payment of the additional cost of
24 or premiums for continuing insurance coverage under the
25 agreement until the end of the extension or deferment period.

26 § 6348. Interest rate after maturity.

27 If a balance remains unpaid at the expiration of the
28 scheduled maturity date of a closed-end credit agreement, the
29 rate of the finance charge for the period beginning at the date
30 of the maturity until payment in full may not exceed the rate of

1 the finance charge under the original agreement.

2 SUBCHAPTER E

3 ENFORCEMENT AND PENALTIES

4 Sec.

5 6351. Willful and intentional violations.

6 6352. Noncompliance; costs and charges.

7 6353. Willful violations regarding finance charges.

8 6354. Corrections.

9 6355. Unfair trade practice.

10 § 6351. Willful and intentional violations.

11 A person who willfully and intentionally violates, or directs
12 or consents to the violation of, a provision of this chapter
13 commits a misdemeanor and shall, upon conviction, be sentenced
14 to pay a fine of not more than \$1,000 or to imprisonment for not
15 more than one year, or both.

16 § 6352. Noncompliance; costs and charges.

17 (a) Bar to recovery.--If a seller fails to comply with the
18 provisions of this chapter, the seller or holder who acquires a
19 closed-end credit agreement or an open-end credit agreement with
20 knowledge of the noncompliance is barred from recovery of the
21 following costs and charges imposed in connection with the
22 agreement:

23 (1) Refinance charges under section 6327 (relating to
24 refinancing).

25 (2) Late fees under section 6343 (relating to late
26 fees).

27 (3) Costs of collection under section 6344 (relating to
28 costs of collection).

29 (4) Finance charges under section 6345 (relating to
30 finance charges).

1 (5) Extension and deferment charges under section 6347
2 (relating to extension and deferment).

3 (6) Interest after maturity under section 6348 (relating
4 to interest rate after maturity).

5 (b) Remedy of buyer.--The buyer shall have the right to
6 recover from the person under subsection (a) an amount equal to
7 the charges under subsection (a) that were paid by the buyer.

8 § 6353. Willful violations regarding finance charges.

9 (a) Penalty.--If a seller or holder willfully violates a
10 provision of this chapter regarding the imposition, computation
11 or disclosure of a finance charge on a consolidated total of two
12 or more agreements under section 6329 (relating to add-on
13 sales), the buyer may recover from the seller or holder an
14 amount equal to three times the total of the following, which
15 have been actually paid by the buyer:

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) Bar to recovery.--If a violation has occurred under this
29 section, the seller or holder is barred from the recovery of the
30 costs and charges under subsection (a).

1 § 6354. Corrections.

2 (a) General rule.--Notwithstanding the provisions of this
3 chapter and subject to subsection (b), a seller or holder may
4 correct a failure to comply with a provision of this chapter in
5 accordance with this section unless a willful violation has
6 occurred.

7 (b) Concurrence by buyer.--A correction that will increase
8 the amount owed by the buyer or the amount of a payment is not
9 permitted unless the buyer concurs in writing with the
10 correction.

11 (c) No liability.--If a seller or holder corrects a
12 violation in accordance with this section, the seller and holder
13 are not subject to penalty under this subchapter.

14 (d) Delivery.--Within 30 days of the execution of the
15 original closed-end credit agreement or open-end credit
16 agreement by the buyer, a correction may be delivered to the
17 buyer in the form of a corrected copy of the agreement.

18 (e) Credit.--An amount improperly collected from the buyer
19 shall be:

20 (1) credited against the indebtedness evidenced by the
21 agreement; or

22 (2) refunded to the buyer if the debt has already been
23 satisfied.

24 § 6355. Unfair trade practice.

25 A violation of any provision of this chapter shall be deemed
26 to be a violation of the act of December 17, 1968 (P.L.1224,
27 No.387), known as the Unfair Trade Practices and Consumer
28 Protection Law.

29 Section 3. Title 12 is amended by adding a part heading and
30 part analysis to read:

1 PART IX

2 MISCELLANEOUS PROVISIONS

3 Chapter

4 97. Foreign Currency

5 98. Assembled Industrial Plant Doctrine

6 Section 4. The definition of "rental-purchase agreement" in
7 section 6902 of Title 42 is amended to read:

8 § 6902. Definitions.

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

12 * * *

13 "Rental-purchase agreement." An agreement for the use of
14 personal property by an individual primarily for personal,
15 family or household purposes for an initial period of four
16 months or less that is automatically renewable with each rental
17 payment after the initial period and that permits the lessee to
18 acquire ownership of the property. The term shall not be
19 construed to be, nor is it subject to laws governing, any of the
20 following:

21 (1) A lease for agricultural, business or commercial
22 purposes.

23 (2) A lease made to an organization.

24 (3) A lease of money or intangible personal property.

25 (4) A lease of a motor vehicle, motor home, mobile home
26 or manufactured housing.

27 (5) A home solicitation sale under section 7 of the act
28 of December 17, 1968 (P.L.1224, No.387), known as the Unfair
29 Trade Practices and Consumer Protection Law.

30 (6) [A retail installment sale, retail installment

1 contract or retail installment account as defined in the act
2 of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as
3 the Goods and Services Installment Sales Act.] A closed-end
4 credit agreement, open-end credit agreement or sale as
5 defined in 12 Pa.C.S. § 6302 (relating to definitions).

6 (7) A security interest as defined in 13 Pa.C.S. § 1201
7 (relating to general definitions).

8 Section 5. Section 6911 of Title 42 is amended to read:

9 § 6911. Conflict with other law.

10 In the event of a conflict between this chapter and [the act
11 of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the
12 Goods and Services Installment Sales Act] 12 Pa.C.S. Ch. 63
13 (relating to goods and services installment sales), the
14 provisions of this chapter shall be controlling.

15 Section 6. The following apply:

16 (1) The remedies under 12 Pa.C.S. Ch. 62 for violations
17 of a provision of 12 Pa.C.S. Ch. 62 are not exclusive and
18 shall be in addition to other procedures or remedies for a
19 violation or conduct provided for in other law.

20 (2) The provisions of 12 Pa.C.S. Ch. 62 shall apply to
21 any license, license renewal and license application issued
22 or made on or after the effective date of this act.

23 (3) The provisions of 12 Pa.C.S. Ch. 62 do not apply to
24 or affect the validity of the following:

25 (i) A license issued prior to the effective date of
26 this act.

27 (ii) A contract that is otherwise within the purview
28 of 12 Pa.C.S. Ch. 62 and was made prior to the effective
29 date of this act.

30 (4) Nothing in 12 Pa.C.S. Ch. 63 shall affect the

1 validity of an agreement or contractual relationship entered
2 into prior to April 1, 1967, except that a rate in excess of
3 that allowed by 12 Pa.C.S. Ch. 63 shall be reduced to the
4 permissible rate on or before April 1, 1967.

5 (5) The remedies under 12 Pa.C.S. Ch. 63 for violation
6 of a provision of 12 Pa.C.S. Ch. 63 are not exclusive and
7 shall be in addition to other procedures or remedies for a
8 violation or conduct provided for in other law.

9 Section 7. Repeals are as follows:

10 (1) The General Assembly declares that the repeals under
11 paragraphs (2) and (3) are necessary to effectuate the
12 addition of 12 Pa.C.S. Pt. V.

13 (2) The act of June 28, 1947 (P.L.1110, No.476), known
14 as the Motor Vehicle Sales Finance Act, is repealed.

15 (3) The act of October 28, 1966 (1st Sp.Sess., P.L.55,
16 No.7), known as the Goods and Services Installment Sales Act,
17 is repealed.

18 Section 8. This act shall take effect in one year.