AN ACT

Amending Titles 7 (Banks and Banking) and 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, providing for micro loan reform and imposing penalties; further providing for deceptive or fraudulent business practices; and providing for unlicensed short-term lending.

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

Section 1. Part II of Title 7 of the Pennsylvania Consolidated Statutes is amended by adding a chapter to read:

CHAPTER 51
MICRO LOAN REFORM

Subchapter

A. Preliminary Provisions
B. Consumer Protections
C. Nature of Loans
D. Administrative and Licensure Provisions
E. Miscellaneous Provisions

SUBCHAPTER A
PRELIMINARY PROVISIONS
§ 5101. Scope of chapter.

This chapter relates to micro loan reform.

§ 5102. 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:


"Applicant." A person that applies for a license under this chapter.

"Check." A check as that term is defined in 13 Pa.C.S. § 3104(f) (relating to negotiable instrument) which is drawn on a depository institution.

"Consecutive short-term loan." The application by a consumer for and approval by a licensee of a short-term loan no earlier than one business day nor more than two business days after the payment by the consumer of a previous short-term loan, whether from the same or a different licensee.

"Consumer." An individual who applies for or is the recipient of a short-term loan.

"Deferment period." The term of a loan or the number of days a licensee agrees to defer depositing or presenting a repayment mechanism, as the context may require.

"Department." The Department of Banking and Securities of the Commonwealth.

"Depository institution." A person authorized to accept deposits in accordance with Federal or State law.

"Extended short-term loan." A loan made by a licensee which has all of the requirements of a short-term loan except that:
(1) its deferment period is not less than 60 days nor
more than 120 days; and
(2) its repayment schedule is of equal amounts and
periods and consistent with the consumer's regular
installment of income.
"Gross monthly income." Wages or commissions received by a
consumer in the 30-day period immediately preceding the date of
the consumer's application for a loan or as otherwise determined
by the Department of Banking and Securities.
"Licensee." A person licensed by the Department of Banking
and Securities under this chapter.
"Loan agreement." A signed written agreement between a
licensee and a consumer.
"Person." An individual, association, joint venture or
joint-stock company, partnership, limited liability company,
limited partnership, limited partnership association, business
corporation or any other group of individuals, however
organized.
"Repayment mechanism." A method agreed to by a consumer
which a licensee may use to effect repayment of a loan,
including a present-dated or postdated check, electronic debit
or assignment of a future deposit.
"Secretary." The Secretary of Banking and Securities.
"Short-term lender." A person who, as principal or agent,
markets, negotiates, arranges, places, makes, services, holds or
originates short-term loans for consumers for a fee, finance
charge or other consideration. The term includes a short-term
lender who acquires a short-term loan from another short-term
lender by purchase or assignment.
"Short-term loan." As follows:
(1) A loan or advance of money or credit to a consumer by a short-term lender that, for a fee, finance charge or other consideration, does all of the following:

(i) Accepts a check or other repayment mechanism from the consumer.

(ii) Agrees to hold the check or repayment mechanism for a deferment period.

(iii) Pays to the consumer a cash advance, a locally cashable check, debit card or money order or credits to the consumer's account the amount of the check less finance charges permitted under Subchapter C (relating to nature of loans).

(2) The term includes an arrangement in which a person pays a cash advance to a consumer in return for a repayment mechanism and a fee, finance charge or other consideration.

"Short-term loan business." A person is deemed to be engaged in the short-term loan business in this Commonwealth if that person, in the ordinary course of its business, advertises, causes to be advertised, solicits, negotiates or arranges, offers to make, makes, services or holds a short-term loan in this Commonwealth, whether directly or through another person acting for his benefit.

"Tangible net worth." Net worth, less all of the following:

(1) The portion of assets pledged to secure obligations of a person other than that of the applicant.

(2) An asset due from officers or stockholders of the applicant or related companies in which the applicant's officers or stockholders have an interest.

(3) The portion of the value of a marketable security, listed or unlisted, not shown at lower of either cost or
market value.

(4) An investment shown on the applicant's balance sheet in the applicant's joint ventures, subsidiaries, affiliates or related companies which is greater than the value of the assets at equity.

(5) Goodwill.

(6) The value placed on insurance renewals, property management contract renewals or other similar intangibles of the applicant.

(7) Organization costs of the applicant.

(8) Real estate held for investment where development will not start within two years from the date of its initial acquisition.

(9) Leasehold improvements not being amortized over the lesser of the expected life of the asset or the remaining term of the lease.

SUBCHAPTER B

CONSUMER PROTECTIONS

Sec.

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§ 5111. License requirements.

(a) General rule.--No person may market, service, arrange, make, hold, originate, extend, contract or negotiate, whether electronically or by other means, loans established under this chapter to an individual who resides in this Commonwealth or, if the person has a place of business in this Commonwealth, to an individual regardless of his residence, without first obtaining a license from the department under this chapter and otherwise complying with all of the provisions of this chapter.

(b) Exemptions.--

(1) Except as provided under paragraph (2), the requirements to verify compliance and collect and remit the verification fee established under sections 5119 (relating to verification of compliance with regulatory terms and conditions) and 5120 (relating to verification fee) shall apply to depository institutions. A depository institution
may make short-term loans in accordance with the terms and
interest rates, fees and charges permissible under Federal or
State law.

(2) A licensee that is an agent of a depository
institution for the purpose of brokering short-term loans
made by a depository institution shall be subject to the
provisions of this chapter except for provisions related to
finance charges and loan terms. This paragraph shall apply to
the brokering of short-term loans that are made and held by a
depository institution.

§ 5112. Loan agreement requirements.
(a) General rule.--Each loan, regardless of the term of that
loan, shall be documented by a loan agreement which shall
contain all of the following:

(1) The name and address of the consumer.

(2) The transaction date and a prominently labeled
transaction number.

(3) The amount of the loan or advance.

(4) A statement of the total amount of finance charges
charged, expressed both as a dollar amount and an annual
percentage rate.

(5) A specific date for the end of the deferment period
or extended payment plan.

(6) The name, address and telephone number of the
licensee and the name and title of the individual employee
who signs the loan agreement on behalf of the licensee.

(7) An itemization of the fees to be paid by the
consumer.

(8) Disclosures required under the Truth in Lending Act
(9) A clear description of the consumer's payment obligations under the loan, a clear description of the repayment mechanism agreed to by the licensee and the consumer and a clear description of the consumer's right to request an extended payment plan under section 5128.1 (relating to extended payment plan).

(10) Disclosure in boldface print and in at least ten-point type indicating the loan amount and finance charge.

(11) Disclosure in boldface print and in at least ten-point type indicating the restrictions on loans provided for under this chapter.

(12) Disclosure in boldface print and in at least ten-point type indicating the consumer's right of rescission under this chapter. The disclosure of the consumer's right of rescission shall be set forth immediately above the consumer's signature line and shall state as follows:

This transaction is not meant to meet long-term financial needs and should be used only to meet short-term cash needs. You have the right to rescind this transaction at any time before the lender's close of business on the next business day after the transaction date shown above. In order to rescind, you must return all of the loan proceeds you received to the lender. The lender will refund to you all fees if you rescind this transaction.

(14) Any other information as the department may require.

(b) Limitations.--A loan agreement, or any other document or instrument signed by the consumer in connection with the loan, may not contain any of the following:
(1) A mandatory arbitration clause that does not comply
with the standards set forth in the statement of principles
of the National Consumer Disputes Advisory Committee of the
American Arbitration Association in effect on the effective
date of this section.

(2) A hold harmless clause for the benefit of the
licensee.

(3) A confession of judgment clause.

(4) A waiver by the consumer of any contractual right or
any provision of this chapter.

§ 5113. Sole allowable interest charge.
Notwithstanding the term of or another provision applicable
to the categories of loans authorized under this chapter, a
licensee may charge and receive on each loan interest at a
simple annual rate that does not exceed 28% per year. The
interest on the short-term loan shall be calculated in
compliance with 15 U.S.C. § 1606 (relating to determination of
annual percentage rate). The finance charge shall be deemed
fully earned as of the date of the short-term loan transaction,
unless the consumer rescinds the loan under section 5116
(relating to maximum number and amount of loans, use of consumer
report, right of rescission and prohibition on same-day loans).

§ 5114. Limitation on repayment terms.
Loans under this chapter shall have, as far as is
practicable, repayment terms of substantially equal installment
amounts and time periods. A loan to a consumer whose repayment
period spans multiple regular occurrences of income shall be
entitled to repayment over substantially equal time periods and
for substantially equal amounts consistent with those
occurrences of income. Loans in excess of 30 days shall not have
§ 5115. Prohibition on rollover loans.

Notwithstanding the term or another provision applicable to the categories of loans authorized under this chapter, a licensee may not offer a consumer a loan whose purpose is to fund the repayment of a prior unpaid loan received from that licensee.

§ 5116. Maximum number and amount of loans, use of consumer report, right of rescission and prohibition on same-day loans.

(a) General rule.--A licensee may not make a short-term or extended short-term loan to a consumer in an amount that would result in the consumer having more than one outstanding loan to a single or to multiple licensees at a time. The amount of a short-term or extended short-term loan may not be in excess of the lesser of $1,000 or 25% of the consumer's gross monthly income at any time. A licensee shall maintain records evidencing the consumer's gross monthly income as required under section 5141(a)(1) (relating to licensee and compliance system provider requirements).

(b) Consumer report.--

(1) A short-term lender may request, at no cost to the consumer, a borrower's consumer report from a consumer reporting agency as part of the short-term lender's underwriting process.

(2) A short-term lender may rely on the consumer report:

(i) As a permissible method of verifying the borrower's monthly gross income in making the short-term loan.

(ii) In underwriting and making subsequent short-
term loans to the same customer if the report was 
obtained within the previous 12 months.

(3) As used in this subsection, the following words and 
phrases shall have the meanings given to them in this 
paragraph unless the context clearly indicates otherwise:

1681a(d) (relating to definitions; rules of 
construction).

"Consumer reporting agency." As defined in 15 U.S.C. 
§ 1681a(f).

(c) Right to rescind.--

(1) A consumer may rescind a loan before the licensee's 
close of business on the next business day immediately 
following the day on which the loan proceeds were received by 
the consumer.

(2) In order to rescind a loan, a consumer shall notify 
the licensee of the consumer's desire to rescind the loan and 
return to the licensee, at the time of giving notice, the 
proceeds of the loan received by the consumer from the 
licensee under section 5123 (relating to form of loan 
proceeds).

(3) No finance charge or other charge or fee may be 
charged or collected by the licensee if a loan is rescinded.

(4) Upon rescission of a loan, the licensee shall return 
to the consumer any check given to the licensee in connection 
with the loan or shall agree in writing that any other 
repayment mechanism shall not be utilized.

(d) Completed transaction.--A loan transaction shall be 
completed when the licensee receives payment in full of the loan 
or the consumer redeems the repayment mechanism being held by
the licensee by paying the full amount represented by the repayment mechanism to the licensee. The consumer may repay a loan at an office of the original licensee or the assignee of the licensee at the consumer's election.

(e) Same-day loan.--Upon repayment of a loan, a licensee may not make or offer a loan to the consumer on the same day that the consumer repays the loan.

§ 5117. Licensee duty to offer credit counseling.

(a) General rule.--Notwithstanding the term of the loan involved, a licensee shall deliver written notice that advises the consumer that the consumer is entitled to credit counseling at no cost to the consumer from an unaffiliated third party credit counselor approved by the agency to provide credit counseling prior to executing a loan agreement with the consumer.

(b) Consumer acknowledgment.--The licensee shall have the consumer acknowledge the licensee's delivery of the notice of availability of no-cost credit counseling on a form prescribed by the department, which shall include the following notice:

You are entitled to no-cost credit counseling in connection with obtaining this short-term loan. This loan is not meant to meet long-term financial needs and should be used only to meet short-term cash needs. Taking advantage of this no-cost credit counseling could help you avoid the need to seek this kind of loan in the future.


(a) Establishment.--There is established within the agency a restricted account to be known as the Commonwealth Consumer Credit Counseling Account. Funds collected under section 20130SB0975PN1126
5120(b)(i) (relating to verification fee) shall be deposited into the account.

(b) Designation and approval by agency.--

(1) The agency shall designate and approve credit counseling agencies to be available to assist the agency in implementing the provisions of this chapter related to consumer credit counseling. Credit counseling agencies seeking to provide budget and credit counseling to consumers must meet the requirements prescribed by the agency.

(2) The agency shall maintain an up-to-date list of approved credit counseling agencies by county and publish the list on the agency's publicly accessible Internet website.

(3) The agency shall allocate quarterly, at its discretion, funds to approved credit counseling agencies from the account.

(4) The agency shall pay all costs and expenses for delivery of consumer credit counseling from amounts available in the account.

§ 5119. Verification of compliance with regulatory terms and conditions.

(a) Consumer compliance.--In order to insure compliance with the terms and conditions of this chapter and any subsequent rules and regulations established by the department, a consumer shall verify in writing at the time of entering into a loan transaction:

(1) The number of loans the consumer has outstanding from any licensee.

(2) The date of repayment of the consumer's last loan, if applicable.

(3) That the consumer has not entered into an extended
payment plan under section 5128.1 (relating to extended payment plan).

(b) Verification of confirmation.--A licensee shall confirm the accuracy of the verification required under subsection (a) by all of the following:

(1) A query of the licensee's own records.

(2) A query of the compliance system established under section 5121 (relating to establishment and operation of compliance system).

§ 5120. Verification fee.

(a) Authority.--In addition to the interest authorized under this chapter, a licensee may charge and receive a verification fee in an amount not to exceed $5 for a loan made under this chapter. The verification fee shall be used in part to defray the costs of submitting a compliance system inquiry as provided under section 5119 (relating to verification of compliance with regulatory terms and conditions), for the Commonwealth Consumer Credit Counseling Account under section 5118 (relating to Commonwealth Consumer Credit Counseling Account), for the regulatory expenses of the department and for the costs accrued by licensees related to compliance verification.

(b) Required remittance of fees.--

(1) A licensee shall remit all of the following on a monthly basis:

(i) Fifty cents per loan transaction to the Commonwealth Consumer Credit Counseling Account for the agency to pay for costs to provide consumer budget and credit counseling.

(ii) A fee up to 50¢ per loan transaction, as determined by the department, to a compliance system
provider for the purpose of determining outstanding loans and repayment dates provided under section 5119.

(iii) One dollar and fifty cents per loan transaction, plus any difference in the fee determined by the department for the services of the compliance system provider provided under section 5121 (relating to establishment and operation of compliance system).

§ 5121. Establishment and operation of compliance system.

(a) Provider.--The department shall engage a third party provider capable of developing, implementing and maintaining a compliance system, at no cost to the department, with real time access for reporting of loan transactions and verifying the information required under subsection (b).

(b) Duty.--Licensees shall enter into the compliance system information determined by the department to be necessary to verify the number and amount of loans a consumer has outstanding with any licensee, the date of repayment of a consumer's last loan and if a consumer has met the eight successful short-term loan restrictions established under this chapter.

§ 5122. Licensee duties with respect to military personnel.

(a) Primacy of Federal military lending law.--A licensee may not offer a loan under this chapter to a member of the military on active duty, a reserve or National Guard member called to active duty or their eligible family members that is not in accordance with 10 U.S.C. § 987 (relating to terms of consumer credit extended to members and dependents: limitations) and 32 CFR Pt. 232 (relating to limitations on terms of consumer credit extended to service members and dependents) and any Federal law or regulation enacted on or after the effective date of this section relating to the extension of consumer credit to active
military service members and dependents.

(b) Universal application.--Subsection (a) shall apply to loans offered under this chapter, notwithstanding the active duty service member's or dependent's domicile or permanent home of record.

(c) Identification of and disclosure to covered military personnel.--All licensees shall be required to ascertain and document whether a borrower is a member of the military on active duty, a member of the United States Army Reserve or National Guard called to active duty or an eligible family member before proceeding with a loan. If the identification is established and a licensee is willing to offer a loan, the loan must include a disclosure, in writing, to the potential borrower of the effect of the provisions of 10 U.S.C. § 987 and 32 CFR Pt. 232. The disclosure must be made in ten-point type and shall read:

If you are a member of the military on active duty, a member of the United States Army Reserve or National Guard, or an eligible family member, the loans offered by this licensee are covered by Federal law. As such, a loan offered to you must meet the requirements of Federal law and regulations applicable to active duty military personnel, including:

(1) a rate which, including all fees and charges which in total does not exceed 36% APR;

(2) a prohibition on the use of your personal check or other access to your bank accounts, your personal vehicle or your military allotment as security for the loan;

(3) a prohibition on the use of prepayment penalties, rollovers, renewals or refinancing unless the
refinancing lowers your total cost; and

(4) a prohibition on any requirement that you sign
away your legal rights to recourse as a condition of
receiving the loan.

(d) Veteran disclosure.--All licensees shall be required to
ascertain and document whether a borrower is a veteran of
military service. If a borrower is a veteran, the licensee shall
provide the borrower a written disclosure in ten-point type. The
disclosure shall be in addition to all other applicable
disclosures required under this chapter and shall state:

As a veteran of the armed forces you can receive assistance
from programs established specifically to help you. You may:

(1) obtain financial assistance from Army Emergency
Relief, the Navy and Marine Corps Relief Society, the Air
Force Aid Society, Coast Guard Mutual Aid or other
military aid societies and assistance organizations;

(2) request free legal advice regarding an
application for credit from a military service legal
assistance office or financial counseling from a consumer
credit counselor; and

(3) apply for financial assistance from the
Veterans' Emergency Assistance Program by contacting the
Pennsylvania Department of Military and Veterans Affairs
at 1-800-547-2838.

(e) Collection activity.--A licensee shall defer collection
activity against:

(1) a consumer who is a member of the military that has
been deployed to combat or a combat support posting, for the
duration of the posting; or

(2) a reserve or National Guard member called to active
duty.

(f) Military chain of command.--A licensee may not contact the military chain of command of a consumer who is a member of the military in an effort to collect a loan.

(g) Repayment agreement.--A licensee shall honor the terms of a repayment agreement that it has entered into with a consumer who is a member of the military, including a repayment agreement negotiated through military counselors or third-party credit counselors.

§ 5123. Form of loan proceeds.

(a) General rule.--A licensee shall disburse the proceeds of a loan to the consumer in the form of an immediately and locally cashable check, money order, cash, debit card or credit to the consumer's account at a depository institution.

(b) Prohibition.--A licensee may not impose a fee for cashing the licensee's check or money order or for otherwise effecting the disbursement of loan proceeds.

§ 5124. Endorsement of check.

A licensee may not negotiate or present a check for payment of a loan unless the instrument is endorsed with the actual business name or registered fictitious name of the licensee.

§ 5124.1. Redemption of repayment mechanism.

Prior to the licensee's negotiating or presenting a consumer's check or utilizing any other repayment mechanism, the consumer shall have the right to redeem the check or any other repayment mechanism if the consumer pays the full amount of the check or other repayment mechanism to the licensee.

§ 5125. Posting of charges.

(a) Finance charges.--A licensee shall post, in large type in plain view of the public at a place of business where short-
term loans are made, a notice of the finance charges and any related charges, such as the charge for dishonored repayment mechanisms, imposed for loans.

(b) Mandatory notice.--A licensee shall provide to each consumer at the time a loan agreement is signed, and conspicuously display in the lending area of each business location of the licensee, the following notice:

NOTICE: If you are unable to repay your short term loan, you are entitled to request an extended payment plan agreement with a fully disclosed rate, term and payment plan.

§ 5126. Notice of assignment or sale of loans.

(a) General rule.--A licensee shall inform a consumer in writing immediately of the name, address and telephone number of the person to whom a loan is assigned or sold. A licensee may assign or sell a loan to another licensee or to a depository institution.

(b) Notice.--Prior to the assignment or sale of a loan, a licensee shall provide the following notice to the buyer or assignee:

The repayment mechanism associated with this loan has been given by a consumer to secure a short-term loan transaction under Pennsylvania State law and the assignee or buyer is deemed to have knowledge of and shall be bound by the terms and conditions of the loan agreement between the consumer and the original lender.

§ 5127. Criminal culpability.

A consumer shall not be subject to a criminal penalty:

(1) For entering into a loan agreement.

(2) If a consumer's repayment mechanism is dishonored,
unless the consumer's account on which the repayment mechanism is drawn is closed by the consumer before the end of the agreed-upon deferment period. If the consumer's account on which the repayment mechanism is drawn is closed by the consumer before the end of the agreed-upon deferment period, 18 Pa.C.S. § 4105 (relating to bad checks) or 4106 (relating to access device fraud), as applicable, shall apply.

§ 5128. Unfair or deceptive practices.
A person may not engage in unfair or deceptive acts, practices or advertising in connection with a loan. A violation of this section shall be deemed a violation of the act of December 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices and Consumer Protection Law.

§ 5128.1. Extended payment plan.
(a) General rule.--A consumer of a short-term loan shall be entitled to an extended payment plan agreement under subsection (b) at least once per year if at any time on or before the loan's due date the consumer declares an inability to repay.
(b) Extended payment plan agreement.--An extended payment plan agreement shall be subject to the following terms:
(1) The principal balance due under the extended payment plan shall be the outstanding principal balance and finance charge due under the existing loan. The licensee may encourage, but shall not require, the consumer to reduce the balance of the existing loan by paying the licensee cash on the date the consumer enters into the extended payment plan agreement.
(2) The licensee may not impose a finance charge for entering into the extended payment plan.
(3) The extended payment plan agreement shall allow the consumer to pay the sums due under the extended payment plan over at least four 14-day installments. Each installment shall be in an amount arrived at by dividing the total amount outstanding under paragraph (1) to a licensee by the number of 14-day installments of the extended payment plan.

(4) A licensee shall report to the compliance system described in section 5115 (relating to prohibition on rollover loans) that the consumer is enrolled in an extended payment plan.

(5) Except when the consumer is required to enter into an extended payment plan under the provisions of this chapter, the consumer shall have the same right to rescind an extended payment plan as is provided in section 5116(c) (relating to maximum number and amount of loans, use of consumer report, right of rescission and prohibition on same-day loans) for the rescission of a loan.

(c) Eligibility requirements.--In order to enter into an extended payment plan, a consumer must:

(1) Have obtained a loan from the same licensee, or its assignee, that will enter into the extended payment plan.

(2) Request an extended payment plan prior to or on the due date of the loan.

(3) Reasonably inform the licensee, either orally or in writing, that the consumer requests an extended payment plan.

(d) Prohibition.--During any period in which all or part of an extended payment plan is outstanding and during the seven-day period following a consumer's payment in full of an extended payment plan, no licensee may make or offer to make a short-term loan to the consumer.
§ 5129. Prohibited practices regarding loans.

(a) Practices.--The following are prohibited regarding loans:

(1) Taking or attempting to take a security other than the consumer's check or other repayment mechanism.

(2) Taking or attempting to take more than a single check or other repayment mechanism from the consumer in connection with a single transaction.

(3) Selling, offering or soliciting an application for credit insurance in connection with a transaction.

(4) Tying a transaction to another transaction, offer or obligation of the consumer.

(5) Assigning or selling a loan to another person other than in accordance with this chapter.

(6) Engaging in a device or subterfuge to evade the requirements of this chapter, including making loans disguised as personal property sales and leaseback transactions or disguising loan proceeds as cash rebates for the pretextual installment sale of goods and services.

(7) Failing to collect and provide information regarding the number, total and average transaction amounts and other information the department may request.

(8) Offering, arranging, negotiating, making, holding or acting as an agent or broker for the making of a loan, unless the short-term lender complies with all applicable provisions of this chapter.

(9) Altering or deleting the date on a loan agreement or repayment mechanism held by the licensee.

(10) Rolling over, refinancing, extending or consolidating short-term loans.
(11) Failing to immediately and accurately report a loan
or an extended payment plan to the compliance system provider
as required by this chapter or by the department.

(12) Threatening to use or using the criminal process in
any state to collect the balance due on a loan.

(13) Depositing a check or otherwise implementing a
repayment mechanism prior to the expiration of the agreed-
upon deferment period.

(b) Penalty.--In addition to any other penalties provided
under law, a transaction in violation of subsection (a) shall be
uncollectible and unenforceable.

§ 5130. Anti-money laundering requirements.
A person licensed by the department under this chapter shall:

(1) Comply with all Federal and State statutes and rules
relating to the detection and prevention of money laundering,
including 31 CFR §§ 103.20 (relating to reports by money
services businesses of suspicious transactions), 103.22
(relating to reports of transactions in currency), 103.23
(relating to reports of transportation of currency or
monetary instruments), 103.27 (relating to filing of
reports), 103.28 (relating to identification required),
103.29 (relating to purchases of bank checks and drafts,
cashier's checks, money orders and traveler's checks), 103.33
(relating to records to be made and retained by financial
institutions), 103.37 (relating to additional records to be
made and retained by currency dealers or exchangers) and
103.41 (relating to registration of money services
businesses).

(2) Maintain an anti-money laundering program in
accordance with 31 CFR § 103.125 (relating to anti-money
laundering programs for money services businesses). The
program must be reviewed and updated as necessary to ensure
that it continues to be effective in detecting and deterring
money laundering activities in the licensee's short-term loan
business.

(3) Comply with United States Treasury Interpretive

SUBCHAPTER C

NATURE OF LOANS

Sec.

5131. Short-term loans.

5132. Extended short-term loans.

5133. Micro loan program.

5134. Authorized charges for late payments.

5135. Authorized charges for dishonored repayment mechanisms.

§ 5131. Short-term loans.

(a) General rule.--A licensee may approve a short-term loan
to a consumer consistent with this chapter, except that no
licensee or combination of licensees may approve more than eight
consecutive short-term loans to an individual consumer. After
eight consecutive short-term loans, a licensee must offer the
consumer an extended short-term loan as provided under section
5132 (relating to extended short-term loans). If the consumer
refuses the offer of the extended short-term loan, the consumer
shall not be eligible for additional short-term loans from a
licensee for a period equal to the combined length of the
previous short-term loans or 90 days, whichever is less.

(b) Additional authorized charges.--A licensee may impose
the following charges in conjunction with the application for
and approval of a short-term loan:
(1) An application fee not to exceed 5% of the loan amount may be charged by a licensee for each loan application.

(2) A processing fee not to exceed 5% of the loan amount may be charged by a licensee for each short-term loan approved for a consumer.

(c) Authorized deferment period.--The deferment period for a short-term loan may not be less than 14 days or in excess of 60 days and shall include at least one regular installment of income for the consumer. The deferment period shall be calculated from the date of the loan agreement.

§ 5132. Extended short-term loans.

(a) General rule.--At any time, but no later than the successful satisfaction of eight consecutive short-term loans by a consumer, whether from a single or multiple licensees, a licensee may offer a consumer an extended short-term loan. Extended short-term loans shall meet all of the requirements of this chapter but may not have deferment periods of less than 61 business days or in excess of 120 business days and shall contain more than one regular installment of income for the consumer. The deferment period shall be calculated from the date of the loan agreement.

(b) Additional authorized charges.--A licensee may impose the following charges in conjunction with the application for and approval of an extended short-term loan:

(1) An application fee not to exceed 5% of the loan amount or $25, whichever is more, may be charged by a licensee for each loan application.

(2) A processing fee not to exceed 5% of the loan amount or $25, whichever is more, may be charged by a licensee for
each short-term loan approved for a consumer.

§ 5133. Micro loan program.

(a) General rule.--If a consumer has successfully satisfied an extended short-term loan, a licensee may offer a consumer a micro loan. A micro loan shall meet the requirements of this chapter, except that a micro loan may:

(1) have a deferment period of up to 52 weeks; and

(2) include a repayment amount which may not exceed 25% of the gross monthly income of a consumer.

(b) Annual fee.--In addition to the application and processing fees allowed for extended short-term loans, a licensee may charge an annual fee not to exceed $95 to a consumer prior to an application for a micro loan whose term is at least 52 weeks in duration.

§ 5134. Authorized charges for late payments.

(a) General rule.--Each contract shall include a specific date on which a payment must be made by the consumer. If the consumer repays a loan three or more days after the contracted repayment date, the licensee shall be entitled to charge a late payment penalty of $25. The penalty may be levied once for a payment repaid late.

(b) Penalty for subsequent repayments.--If a consumer repays a loan three or more days after the contracted repayment date and the late repayment occurs on a separate loan from the same licensee but less than three months after another late payment, the licensee shall be entitled to charge a late payment penalty of $35 on the late repayment and any subsequent late repayments.

§ 5135. Authorized charges for dishonored repayment mechanisms.

(a) General rule.--If a consumer's repayment mechanism is dishonored due to insufficient funds in the consumer's account,
the licensee:

(1) Shall have the right to exercise all civil means authorized by law to collect the face value of the repayment mechanism.

(2) May contract for and collect from the consumer a charge not to exceed $25.

(b) Charge not allowed.--A charge authorized under this section shall not be allowed:

(1) if the consumer does not receive the loan proceeds from the licensee for any reason; or

(2) if the consumer places a stop-payment order due to forgery or theft.

SUBCHAPTER D
ADMINISTRATIVE AND LICENSURE PROVISIONS

Sec.
5136. Application for license.
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§ 5136. Application for license.

(a) Contents.--An application for a license under this chapter shall be on a form prescribed and provided by the
department. The application shall include the name of the applicant, the address of the principal place of business of the applicant and the address or addresses where the applicant's short-term loan business is to be conducted, the full name, official title and business address of each director and principal officer of the short-term loan business and any other information that may be required by the department. An applicant shall demonstrate to the department that policies and procedures have been developed to receive and process consumer inquiries and grievances promptly and fairly.

(b) Duty to update.--All applicants and licensees shall be required to provide the department with written notice of the change in information contained in an application for a license or for a renewal of a license within ten days of the applicant or licensee becoming aware of the change.

(c) Financial structure.--

(1) The applicant must establish that the applicant:

(i) has, at the time of application, a minimum tangible net worth of $250,000;

(ii) will at all times maintain the minimum tangible net worth required under subparagraph (i); and

(iii) has an otherwise adequate financial structure.

(2) The following shall apply:

(i) Prior to and as a condition of the issuance of a license, an applicant for a license shall maintain a bond in the amount of $100,000 in a form acceptable to the department from a surety company authorized to do business in this Commonwealth.

(ii) The bond shall be:

(A) a penal bond conditioned on compliance by
the licensee with this chapter and subject to
forfeiture;

(B) for the use of:

(I) the Commonwealth; and

(II) a consumer against the licensee for
failure to carry out the terms of any loan or
extended payment plan; and

(C) held by the department for the term of the
license.

(iii) If a consumer is aggrieved, the consumer may:

(A) with the written consent of the department,
orecover the amount by which the consumer is aggrieved
from the bond by filing a claim with the surety
company or maintaining an action on the bond; or

(B) recover the amount by which the consumer is
aggrieved by filing a formal complaint against the
licensee with the department, which shall adjudicate
the matter.

(iv) An adjudication under subparagraph (iii)(B)
shall be binding upon the surety company and enforceable
by the department in Commonwealth Court and by an
aggrieved consumer in any court.

(v) An aggrieved consumer seeking to recover an
amount from a bond that has already been forfeited by the
licensee or which the department is in the process of
having forfeited may recover payment on the bond if,
after filing a petition with the department, the
department consents to the requested payment or portion
of the payment. The department may pay the aggrieved
consumer from the bond proceeds recovered by the
department under this subparagraph.

(vi) Nothing under this paragraph shall be construed as limiting the ability of a court or magisterial district judge to award to an aggrieved consumer other damages, court costs and attorney fees permitted by applicable law, except that claims that are not directly related to the loan or extended payment plan may not be recovered from the proceeds of the bond.

(vii) The department may consent to or order pro rata or other recovery on the bond for any aggrieved consumer if claims against the bond may or do exceed its full monetary amount.

(viii) A bond shall not be in compliance with this paragraph unless it contains a provision that it may not be canceled for a cause unless notice of intention to cancel is given to the department at least 30 days before the day upon which cancellation takes effect. If a bond is to be canceled, a licensee shall replace the bond with a bond substantially in the same form as the original bond. Cancellation of a bond shall not invalidate the bond regarding the period of time it was in effect.

(d) License renewals.—Licenses shall be issued for terms of not more than 14 months and may be renewed by the department upon application by the licensee and the payment of any and all applicable renewal fees. A licensee shall comply with the same requirements for renewal of its license as it did for the issuance of the original license.

§ 5137. Annual license fee.

(a) General rule.—An applicant for a license shall pay to the department at the time an application is filed, and upon
filing of each application for renewal, a license fee for the
principal place of business of $3,000 and an additional license
fee for each branch office of $1,000.
(b) Recovery of costs.--No abatement of a license fee may be
made if the license is issued for a period of less than one
year. The department shall be entitled to recover a cost of
investigation in excess of license or renewal fees from the
licensee or from a person who is not licensed under this chapter
but who is believed to be engaged in the short-term loan
business.
§ 5138. Adjustment of fees.
The secretary may adjust upward fees established under this
chapter if there is an upward adjustment in the Consumer Price
Index for that year. The authorized adjustment shall be for the
same percentage that the Consumer Price Index increases.
§ 5139. Issuance of license.
(a) Time limit.--Upon receipt of an application for a
license, the department may conduct an investigation to
determine that the applicant and its officers, directors and
principals are of good character and ethical reputation. Within
60 days of receipt of a completed application, the department
shall:
(1) issue a license; or
(2) refuse to issue a license for:
   (i) a reason which the department may refuse to
   issue a license under this section; or
   (ii) which the department may suspend, revoke or
   refuse to renew a license under section 5145 (relating to
   suspension, revocation or refusal).
(b) Appeal of denial.--If the department refuses to issue a
license, it shall notify the applicant in writing of the denial, the reason for the denial and the applicant's right to appeal the denial to the secretary. The department shall require that an appeal from refusal to approve an application for a license be filed by the applicant within 30 days of notice of refusal.

(c) Contents of license.--Every license issued by the department shall specify:

(1) The name and address of the licensee and the address or addresses covered by the license.

(2) The licensee's reference number.

(3) Any other information the department shall require to carry out the purposes of this chapter.

(d) Denial of license due to conviction.--

(1) The department may deny a license if it finds that the applicant or a director, officer, partner, employee or ultimate equitable owner of 10% or more of the applicant has been convicted of a felony or a crime of moral turpitude in any jurisdiction or convicted of a crime which, if committed in this Commonwealth, would constitute a felony or a crime of moral turpitude. For the purposes of this chapter, a person shall be deemed to have been convicted of a crime if the person:

(i) enters a guilty plea or plea of nolo contendere to a criminal charge before a Federal magistrate or a court, unless the guilty plea or plea of nolo contendere is set aside, vacated, reversed or abrogated by lawful judicial process; or

(ii) is found guilty by the verdict of a jury or the decision or judgment of a Federal magistrate or court, notwithstanding pronouncement or suspension of sentence,
unless the decision or judgment is set aside, vacated, reversed or otherwise abrogated by lawful judicial process.

(2) A license under this chapter shall be deemed to be a "covered license" within the meaning of section 405 of the act of May 15, 1933 (P.L.565, No.111), known as the Department of Banking and Securities Code. The department shall notify a licensee if a covered individual who is or will be employed or contracted by the licensee has a criminal background that renders the employee unfit for employment in the short-term loan business.

(e) Denial of license for other than conviction.--The department may deny a license or restrict a license if it finds that the applicant or a director, officer, partner, employee, agent or ultimate equitable owner of 10% or more of the applicant:

(1) has had a license application or license issued by the department or another State business licensing agency denied, not renewed, suspended or revoked;

(2) is the subject of an order of the department;

(3) has violated or failed to comply with a provision of this chapter or a regulation or order of the department;

(4) has an outstanding debt to the Commonwealth or any Commonwealth agency; or

(5) does not possess the financial responsibility, character, reputation, integrity and general fitness to command the confidence of the public and to warrant the belief that the short-term loan business will be operated lawfully, honestly, fairly and within the legislative intent of this chapter and in accordance with the general laws of
this Commonwealth. For purposes of this paragraph, an
applicant is not financially responsible if the applicant has
shown a disregard in the management of his or her own
financial condition. The factors that the department may
consider in making a determination regarding an applicant's
financial responsibility shall include:

(i) Current outstanding judgments, other than
judgments solely as a result of medical expenses.
(ii) Current outstanding tax liens or other
government liens and filings.
(iii) Foreclosures within the past three years.
(iv) A pattern of seriously delinquent accounts
within the past three years.

§ 5140. License duration.

A license issued by the department:

(1) Must be renewed on the license's renewal date of
each year upon payment of the annual renewal fee and after
the department determines that the licensee is conducting
business in accordance with this chapter. No refund of a
portion of the license fee shall be made if the license is
voluntarily surrendered to the department or suspended or
revoked by the department prior to its expiration date.

(2) Shall be invalid if the licensee's authority to
conduct business is voided under a law of this Commonwealth
or an other state unless the licensee demonstrates that the
applicable court or governmental entity was clearly erroneous
in voiding the licensee's authority to conduct business.

(3) Is not assignable or transferable by operation of
law or otherwise.

§ 5141. Licensee and compliance system provider requirements.
(a) Requirements of a licensee.--A licensee shall do all of the following:

(1) Maintain at its principal place of business within this Commonwealth, or at a place outside this Commonwealth if agreed to by the department, the original, a copy or electronic access to books, accounts, records and documents of the business conducted under the license as prescribed by the department to enable the department to determine whether the business of the licensee is being conducted in accordance with this chapter and the orders, regulations and statements of policy issued under this chapter. Instruments, documents, accounts, books and records shall be kept separate and apart from the records of any other business conducted by the licensee and shall be preserved and kept available for investigation or examination by the department for a period determined by the department. The department shall have free access to and authorization to examine records maintained outside this Commonwealth. The costs of the examination, including travel costs, shall be borne by the licensee. The department may deny or revoke the authority to maintain records outside this Commonwealth for good cause in the interest of protection for Commonwealth consumers, including for the licensee's failure to provide books, accounts, records or documents to the department upon request.

(2) Be subject to examination by the department. The department may examine a licensee if the department deems the examination to be necessary or desirable. The cost of the examination shall be borne by the licensee. During an examination, the department shall have free access, during regular business hours, to the licensee's place or places of business.
business in this Commonwealth and to all instruments, documents, accounts, books and records which pertain to a licensee's short-term loan business, whether maintained in or outside this Commonwealth.

(3) Include in all advertisements language indicating that the licensee is licensed by the department.

(b) Requirements of compliance system provider.--Annually, on a date determined by the department, the compliance system provider shall file a report with the department setting forth the information the department requires concerning the short-term loan business conducted by each licensee during the preceding calendar year. The report must be in writing and subject to penalty of perjury on a form provided by the department. If the compliance system provider fails to file the required report in a timely manner, it shall be subject to a penalty of $500 for each day after the report is due until the report is filed. The report shall include:

(1) The total number of short-term loans made during the preceding calendar year.

(2) The minimum, maximum and average dollar amount of short-term loans made during the preceding calendar year.

(3) The average annual percentage rate and the average term of short-term loans made during the preceding calendar year.

(4) The total number of returned checks, the total of checks recovered and the total of checks charged off during the preceding calendar year.

(5) The total number of short-term loans paid in full, the total number of loans which went into default and the total number of loans charged off during the preceding
calendar year.

(6) The total number of consumer complaints.

(7) Frequency of repeat use by consumers of postdated or delayed deposit checks.

(8) Verification that the licensee has not used the criminal process or caused the criminal process to be used in the collection of any short-term loan during the preceding calendar year.

(9) Information on the number of consumers referred to financial literacy counseling within the preceding calendar year.

(10) Any other information or data the department may require.

(c) Accounting records.--The licensee's accounting records shall be constructed and maintained in compliance with generally accepted accounting principles or as provided by department regulation.

(d) Copies.--Copies of instruments, documents, accounts, books or records maintained under subsection (a)(2) may be photostatic, microfilm or electronic copies or copies provided in some other manner approved by the department.

(e) Background check.--The department shall require a criminal background check for all compliance system providers.

§ 5142. Licensee limitations.

A licensee may not do any of the following:

(1) Transact business under this chapter under another name except for a name designated in its license. A licensee that changes its name or place of business shall immediately notify the department.

(2) Conduct a business other than the short-term loan
business licensed by the department under this chapter
without at least 30 days' prior written notification to and
approval by the department.

§ 5143. Surrender of license.

(a) Authorization.--Upon satisfying the department that all
creditors of a licensee have been paid or that other
arrangements satisfactory to the creditors and the department
have been made, a licensee may voluntarily surrender its license
to the department by providing written notice that the license
is being voluntarily surrendered.

(b) Effect.--Surrender under this section shall not affect
the licensee's civil or criminal liability for acts the licensee
committed.

§ 5144. Authority of department.

(a) General authority.--The department shall have the
following powers and duties:

(1) Examine an instrument, document, account, book,
record or file of a licensee or a person having a connection
to the licensee or make an investigation necessary to
administer this chapter. The cost of the examination shall be
borne by the licensee or the entity subject to the
examination. Under the authority under this subsection, the
department may remove an instrument, document, account, book,
record or file of a licensee to a location outside of the
licensee's office location.

(2) Conduct an administrative hearing on a matter
pertaining to this chapter, issue subpoenas to compel the
attendance of witnesses and the production of instruments,
documents, accounts, books and records at the hearing.
Subpoenaed material may be retained by the department until
the completion of all proceedings in connection with the
materials. A department official may administer oaths and
affirmations to an individual whose testimony is required. If
a person fails to comply with a subpoena issued by the
department or to testify on a matter concerning which the
person may be lawfully interrogated, on application by the
department, the Commonwealth Court may issue an order
requiring the attendance of the person, the production of
instruments, documents, accounts, books or records or the
giving of testimony.

(3) Request and receive information or records,
including reports of criminal history record information from
any Federal, State, local or foreign government entity
regarding an applicant for a license, a licensee or a person
related to the business of the applicant or licensee, at a
cost to be paid by the applicant or licensee.

(4) Require a person to pay the department's costs
incurred while conducting an investigation of the person for
purposes of issuance or renewal of a license or for any
violation of this chapter.

(5) Promulgate regulations and statements of policy and
issue orders as necessary for the proper conduct of the
short-term loan business by licensees, the issuance and
renewal of licenses and the enforcement of this chapter.

(6) Prohibit or permanently remove an individual
responsible for a violation of this chapter from working in
the individual's present capacity or in any other capacity
related to activities regulated by the department.

(7) Order a person to make restitution for actual
damages to consumers caused by any violation of this chapter.
(8) Impose conditions as the department deems appropriate.

(b) Hearings.--A person aggrieved by a decision of the department may appeal the decision of the department to the secretary. The appeal shall be conducted under 2 Pa.C.S. Ch. 5 Subch. A (relating to practice and procedure of Commonwealth agencies).

(c) Injunctions.--The department may maintain an action for an injunction or other process against a person to restrain the person from engaging in an activity violating this chapter.

(d) Final orders.--A decision of the secretary shall be a final order of the department and shall be enforceable in a court of competent jurisdiction. The department shall publish the final adjudication issued under this section, subject to redaction or modification to preserve confidentiality.

(e) Appeals.--A person aggrieved by a decision of the secretary may appeal the decision under 2 Pa.C.S. Ch. 7 Subch. A (relating to judicial review of Commonwealth agency action).

§ 5145. Suspension, revocation or refusal.

(a) Departmental action.--The department may suspend, revoke or refuse to renew a license issued under this chapter if a fact or condition exists or is discovered which, if it had existed or had been discovered at the time of filing of the application for the license, would have warranted the department in refusing to issue the license or if a licensee or director, officer, partner, employee or owner of a licensee has:

(1) Made a material misstatement in an application, report or submission required by this chapter, department regulation or order.

(2) Failed to comply with or violated this chapter or a
(3) Engaged in dishonest, fraudulent or illegal practices or conduct in a business or unfair or unethical practices or conduct in connection with the short-term loan business.

(4) Been convicted of or pled guilty or nolo contendere to a crime of moral turpitude or a felony.

(5) Permanently or temporarily been enjoined by a court of competent jurisdiction from engaging in or continuing conduct or a practice involving an aspect of the short-term loan business.

(6) Become the subject of an order of the department denying, suspending or revoking a license applied for or issued under this chapter.

(7) Become the subject of a United States Postal Service fraud order.

(8) Become the subject of an order of the department denying, suspending or revoking a license under any other law administered by the department.

(9) Demonstrated negligence or incompetence in performing an act for which the licensee is required to hold a license under this chapter.

(10) Failed to comply with the requirements of this chapter to make and keep records prescribed by regulation or order of the department, to produce records required by the department or to file financial reports or other information that the department, by regulation or order, may require.

(11) Become insolvent. For purposes of this paragraph, the term "become insolvent" shall mean that the liabilities of the applicant or licensee exceed the assets of the
applicant or licensee or that the applicant or licensee cannot meet the obligations of the applicant or licensee as they mature or is in a financial condition that the applicant or licensee cannot continue in business with safety to the customers of the applicant or licensee.

(12) Failed to comply with the terms of any agreement under which the department authorizes a licensee to maintain records at a place other than the licensee's principal place of business.

(b) Reinstatement.--The department may reinstate a license which was previously revoked or denied renewal if all of the following exist:

(1) The condition which warranted the original action has been corrected to the department's satisfaction.

(2) The department has reason to believe that the condition is not likely to occur again.

(3) The licensee satisfies all other requirements of this chapter.

§ 5146. Whistleblower protection.

(a) Adverse action prohibited.--An employer may not discharge, threaten, discriminate or retaliate against an employee regarding the employee's compensation, terms, conditions, location or privileges of employment because the employee makes a good faith report or is about to report, verbally or in writing, to the employer or appropriate authority an instance of wrongdoing under section 5128 (relating to unfair or deceptive practices) or another violation of this chapter.

(b) Remedies.--The remedies, penalties and enforcement procedures for violations of this section shall be as provided in the act of December 12, 1986 (P.L.1559, No.169), known as the 20130SB0975PN1126
Whistleblower Law.

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

"Appropriate authority." As follows:

(1) Any of the following:

(i) a Federal, State or local government body, agency or organization having jurisdiction over criminal law enforcement, regulatory violations, professional conduct or ethics or waste; or

(ii) a member, officer, agent, representative or supervisory employee of the body, agency or organization.

(2) The term includes the Office of Attorney General, the Department of the Auditor General, the Treasury Department, the General Assembly and committees of the General Assembly having the power and duty to investigate criminal law enforcement, regulatory violations, professional conduct or ethics or waste.

"Employee." A person who works for a licensee.

"Employer." A licensee.

"Good faith report." A report of conduct that alleges wrongdoing or waste which is made by a person without malice or consideration of personal benefit and which the person has reasonable cause to believe is true.

"Public body." All of the following:

(1) A State officer, agency, department, division, bureau, board, commission, council, authority or other body in the executive branch of State government.

(2) A county, city, township, regional governing body, council, school district, special district or municipal
corporation, or a board, department, commission, council or agency.

(3) Any body other than one listed under paragraphs (1) and (2) which is created by the Commonwealth or a political subdivision authority or which is funded in an amount by or through the Commonwealth or a political subdivision authority or a member or employee of that body.

"Whistleblower." A person who witnesses or has evidence of wrongdoing or waste while employed and who makes a good faith report of the wrongdoing or waste, verbally or in writing, to one of the person's superiors, to an agent of the employer or to an appropriate authority.

"Wrongdoing." A violation which is not of a merely technical or minimal nature of a Federal or State statute or regulation, of a political subdivision ordinance or regulation or of a code of conduct or ethics designed to protect the interest of the public or the employer.

§ 5147. Penalties.

(a) Licensee.--A licensee and a director, officer, owner, partner, employee or agent of a licensee that violates this chapter or commits an action which would subject the licensee to sanction under section 5145 (relating to suspension, revocation or refusal) may be fined by the department up to $10,000 for each offense.

(b) Nonlicensee.--A person subject to this chapter and not licensed by the department that violates this chapter or commits an action which would subject a licensee to sanction under section 5145 may be fined by the department up to $10,000 for each offense.
§ 5151. Applicability.

This chapter shall apply to a loan which:

(1) is made or executed within this Commonwealth; or
(2) is negotiated, offered or transacted within this Commonwealth or with a resident of this Commonwealth, in whole or in part, by the ultimate lender or another person.

§ 5152. Preemption.

(a) General rule.--Except as provided under subsection (b), the following shall apply:

(1) This chapter shall preempt an ordinance, resolution or regulation imposing reporting requirements, financial or lending activities or other obligations upon a person subject to this chapter.

(2) A political subdivision shall be prohibited from enacting and enforcing an ordinance, resolution and regulation expressly pertaining to a person subject to this chapter.

(b) Exception.--A political subdivision may, under zoning and subdivision ordinances, require a short-term lender to:

(1) locate within approved residential, industrial, commercial or other zones; and

(2) obtain necessary and appropriate zoning and subdivision permits, pay appropriate fees and undergo required inspections under the zoning and subdivision

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§ 5153. Prohibited location.
The location of a short-term loan business may not be within
1,000 feet of the following:

(1) A racetrack or other nonprimary location where
thoroughbred or harness horse race meetings are conducted,
respectively, with pari-mutuel wagering in accordance with
the act of December 17, 1981 (P.L.435, No.135), known as the
Race Horse Industry Reform Act.

(2) A licensed facility at which slot machine gaming is
conducted under 4 Pa.C.S. Pt. II (relating to gaming).

(3) A military installation or a facility operated by
the United States Department of Veterans Affairs.

§ 5154. Report to General Assembly.
One year from the effective date of this section, and
annually thereafter, the department shall report to the
Secretary of the Senate and the Chief Clerk of the House of
Representatives on the status of the short-term loan industry.
The report shall include:

(1) The number of short-term lenders with active
licenses issued by the department and the number of persons
employed in this Commonwealth.

(2) A summary of the number of loans issued, the average
loan amount and any other information as determined by the
department.

(3) A compilation of aggregate data concerning the
short-term lending industry in this Commonwealth as reported
to the department under section 5119 (relating to
verification of compliance with regulatory terms and
conditions).
(4) Information on consumer complaints. This paragraph shall include alleged or confirmed reports of unfair or deceptive trade practices and false, misleading or deceptive advertising.

(5) The effectiveness of the compliance system in providing real-time reporting of loan transactions, verification of consumers' borrowing and repayment history, enrollment in extended payment plans and use of financial literacy programs.

(6) Information on the effectiveness of credit counseling under section 5117 (relating to licensee duty to offer credit counseling), including all of the following:

(i) Identification by name and address of third-party credit counselors approved by the agency.

(ii) The geographic locations in this Commonwealth where credit counseling is available to consumers.

(iii) Information on the number of consumers who participated in credit counseling, including demographic data associated with the consumers.

(iv) Information on the instructional format used by third-party credit counselors to provide financial and educational credit counseling.

(v) Number of participating third-party certified credit counselors.

(vi) Identification by licensee of the consumers who participated in credit counseling.

(7) Other information the department deems necessary and appropriate.

Section 2. Section 4107(a) of Title 18 is amended by adding a paragraph to read:
§ 4107. Deceptive or fraudulent business practices.

(a) Offense defined.--A person commits an offense if, in the course of business, the person:

* * *

(9.1) violates 7 Pa.C.S. § 5128 (relating to unfair or deceptive practices);

* * *

Section 3. Title 18 is amended by adding a section to read:

§ 7332. Unlicensed short-term lending.

A person that operates without a license in violation of 7 Pa.C.S. § 5111 (relating to license requirements) commits a felony of the third degree.

Section 4. This act shall take effect as follows:

(1) The following provisions of 7 Pa.C.S. shall take effect 30 days after publication by the Department of Banking and Securities of a notice in the Pennsylvania Bulletin that the compliance system described in 7 Pa.C.S. § 5121 is operational and ready to begin receiving the information required to be provided to the compliance system by licensees under 7 Pa.C.S. § 5121(b):

(i) Section 5119(b).

(ii) Section 5120(b)(1)(ii).

(2) This section shall take effect immediately.

(3) The remainder of this act shall take effect in 60 days.