

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2506 Session of
1978

INTRODUCED BY MESSRS. SCHMITT, KUKOVICH, PYLES, COHEN AND REED,
MAY 31, 1978

AS AMENDED ON SECOND CONSIDERATION, IN SENATE,
SEPTEMBER 26, 1978

AN ACT

1 Amending the act of April 8, 1937 (P.L.262, No.66), entitled, as
2 amended, "An act relating to consumer credit; requiring
3 licenses from the Secretary of Banking; restricting licenses
4 to domestic business corporations; fixing minimum capital
5 requirements; conferring certain powers on the Secretary of
6 Banking; limiting interest and other charges; providing
7 certain exemptions; and imposing penalties," authorizing
8 certain loans by foreign lenders and limiting interest and
9 other charges collected by foreign lenders AND CHANGING THE <—
10 AMOUNT, CHARGES AND DURATION OF LOANS OR ADVANCES.

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

13 Section 1. ~~Subsection A of section 3,~~ THE DEFINITION OF <—
14 "REVOLVING LOAN ACCOUNT" IN SECTION 2, SECTION 3, CLAUSE E OF
15 SECTION 13 AND CLAUSE A OF SECTION 14, act of April 8, 1937
16 (P.L.262, No.66), known as the "Consumer Discount Company Act,"
17 amended March 3, 1976 (P.L.36, No.17), ~~is~~ ARE amended to read: <—

18 SECTION 2. DEFINITIONS.--THE FOLLOWING TERMS SHALL BE <—
19 CONSTRUED IN THE ACT TO HAVE THE FOLLOWING MEANINGS, EXCEPT IN
20 THOSE INSTANCES WHERE THE CONTEXT CLEARLY INDICATES OTHERWISE:

21 * * *

1 "REVOLVING LOAN ACCOUNT" MEANS AN AGREEMENT PURSUANT TO WHICH
2 (I) THE LICENSEE MAY PERMIT THE BORROWER TO OBTAIN ONE OR A
3 SERIES OF LOANS OR ADVANCES FROM TIME TO TIME: PROVIDED,
4 HOWEVER, THAT THE AGGREGATE OF THE UNPAID PRINCIPAL BALANCES DUE
5 A LICENSEE FROM A CONSUMER UNDER THIS ACT ON ANY DATE SHALL NOT
6 EXCEED THE SUM OF [FIVE THOUSAND DOLLARS (\$5,000)] TEN THOUSAND
7 DOLLARS (\$10,000), (II) THE UNPAID PRINCIPAL BALANCES AND THE
8 APPROPRIATE CHARGES ARE DEBITED TO AN ACCOUNT, (III) THE CHARGES
9 FOR THE LOAN ARE COMPUTED ON THE OUTSTANDING UNPAID PRINCIPAL
10 BALANCES OF THE ACCOUNT FROM TIME TO TIME, AND (IV) THE BORROWER
11 HAS THE PRIVILEGE OF PAYING THE BALANCES IN INSTALLMENTS.

12 Section 3. License Required.--A. On and after the effective
13 date of this act, no person shall engage or continue to engage
14 in this Commonwealth, either as principal, employe, agent or
15 broker, in the business of negotiating or making loans or
16 advances of money on credit, in the amount or value of [five <—
17 thousand dollars (\$5,000)] TEN THOUSAND DOLLARS (\$10,000) or <—
18 less, and charge, collect, contract for or receive interest,
19 discount, bonus, fees, fines, commissions, charges, or other
20 considerations which aggregate in excess of the interest that
21 the lender would otherwise be permitted by law to charge if not
22 licensed under this act on the amount actually loaned or
23 advanced, or on the unpaid principal balances when the contract
24 is payable by stated installments except a domestic business
25 corporation organized under or existing by virtue of the
26 Business Corporation Law of this Commonwealth, after first
27 obtaining a license from the Secretary of Banking of the
28 Commonwealth of Pennsylvania in accordance with the provisions
29 of this act. However, any person not maintaining an office or
30 place of business within the Commonwealth and not represented

1 within the Commonwealth by any employe or agent shall not be
2 required to be a domestic corporation organized under or
3 existing by virtue of the Business Corporation Law of this
4 Commonwealth and if such person is licensed under a regulatory
5 lending law of another state similar in principle to this act,
6 he shall not be required to obtain a license under this act.

7 * * *

<—

8 B. ANY PERSON WHO SHALL HOLD HIMSELF OUT AS WILLING OR ABLE <—
9 TO ARRANGE FOR OR NEGOTIATE SUCH LOANS OF [FIVE THOUSAND DOLLARS
10 (\$5,000)] TEN THOUSAND DOLLARS (\$10,000), OR LESS WHERE THE
11 INTEREST, DISCOUNT, BONUS, FEES, FINES, COMMISSIONS OR OTHER
12 CONSIDERATIONS IN THE AGGREGATE EXCEEDS THE INTEREST THAT THE
13 LENDER WOULD OTHERWISE BE PERMITTED BY LAW TO CHARGE OR WHO
14 SOLICITS PROSPECTIVE BORROWERS OF SUCH LOANS OF [FIVE THOUSAND
15 DOLLARS (\$5,000)] TEN THOUSAND DOLLARS (\$10,000), OR LESS SHALL
16 BE DEEMED TO BE ENGAGED IN THE BUSINESS CONTEMPLATED BY THIS
17 ACT. THE REFERRING BORROWERS TO A LICENSEE SHALL NOT BE DEEMED
18 TO BE ENGAGED IN THE BUSINESS CONTEMPLATED BY THIS ACT IF NO
19 CHARGE, NO MATTER HOW DENOMINATED, FOR SUCH REFERENCE IS IMPOSED
20 ON THE PROSPECTIVE BORROWER BY THE PERSON MAKING THE REFERENCE.
21 NO LICENSEE SHALL KNOWINGLY INCLUDE IN ANY LOAN UNDER THIS ACT
22 ANY AMOUNT WHICH IS TO BE PAID BY THE BORROWER TO ANOTHER AS A
23 FEE OR CHARGE, NO MATTER HOW DENOMINATED, FOR REFERRING SAID
24 BORROWER TO THE LICENSEE.

25 SECTION 13. POWERS CONFERRED ON LICENSEES.--IN ADDITION TO
26 THE GENERAL POWERS CONFERRED UPON A CORPORATION BY THE BUSINESS
27 CORPORATION LAW OF THIS COMMONWEALTH, A CORPORATION LICENSED
28 UNDER THIS ACT SHALL HAVE POWER AND AUTHORITY:

29 * * *

30 E. TO CHARGE, CONTRACT FOR, RECEIVE OR COLLECT INTEREST OR

1 DISCOUNT AT A RATE NOT TO EXCEED NINE DOLLARS AND FIFTY CENTS
2 (\$9.50) PER ONE HUNDRED DOLLARS (\$100) PER YEAR WHEN THE
3 CONTRACT IS REPAYABLE WITHIN THIRTY-SIX (36) MONTHS FROM THE
4 DATE OF MAKING. WHEN THE CONTRACT IS REPAYABLE MORE THAN THIRTY-
5 SIX (36) MONTHS FROM THE DATE OF MAKING, THE RATE OF INTEREST OR
6 DISCOUNT WHICH MAY BE CHARGED, CONTRACTED FOR, RECEIVED OR
7 COLLECTED, SHALL NOT EXCEED NINE DOLLARS AND FIFTY CENTS (\$9.50)
8 PER ONE HUNDRED DOLLARS (\$100) PER YEAR FOR THE FIRST THIRTY-SIX
9 (36) MONTHS OF THE TERM OF THE CONTRACT PLUS SIX DOLLARS (\$6)
10 PER ONE HUNDRED DOLLARS (\$100) PER YEAR FOR ANY REMAINDER OF THE
11 TERM OF THE CONTRACT. SUCH INTEREST OR DISCOUNT SHALL BE
12 COMPUTED AT THE TIME THE LOAN IS MADE ON THE FACE AMOUNT OF THE
13 CONTRACT FOR THE FULL TERM OF THE CONTRACT FROM THE DATE OF THE
14 CONTRACT TO THE DATE OF THE SCHEDULED MATURITY NOTWITHSTANDING
15 ANY REQUIREMENT FOR INSTALLMENT PAYMENTS. ON CONTRACTS FOR
16 PERIODS WHICH ARE LESS OR GREATER THAN ONE YEAR, OR WHICH ARE
17 NOT A MULTIPLE OF ONE YEAR, THE INTEREST OR DISCOUNT SHALL BE
18 COMPUTED PROPORTIONATELY ON EVEN CALENDAR MONTHS: PROVIDED,
19 HOWEVER, THAT FOR A PERIOD OF LESS THAN ONE MONTH THE
20 COMPUTATION MAY BE BASED ON A FULL CALENDAR MONTH. THE FACE
21 AMOUNT OF ANY NOTE OR CONTRACT MADE PURSUANT TO THIS [ACT]
22 SECTION MAY, NOTWITHSTANDING ANY OTHER PROVISION, EXCEED FIVE
23 THOUSAND DOLLARS (\$5,000) BY THE AMOUNT OF INTEREST OR DISCOUNT
24 AND SERVICE OR OTHER CHARGE AUTHORIZED BY THIS [ACT] SECTION
25 COLLECTED OR DEDUCTED IN ADVANCE OR ADDED TO THE PRINCIPAL AT
26 THE TIME OF MAKING THE LOAN.

27 * * *

28 SECTION 14. LICENSEE REQUIREMENTS AND LIMITATIONS.--A. A
29 LICENSEE SHALL NOT PERMIT ANY PERSON TO BECOME OBLIGATED TO SUCH
30 LICENSEE AS A CONSUMER ON ONE OR MORE LOAN CONTRACTS FOR AN

1 AGGREGATE AMOUNT IN EXCESS OF [FIVE THOUSAND DOLLARS (\$5,000)]
2 TEN THOUSAND DOLLARS (\$10,000), EXCLUSIVE OF CHARGES AUTHORIZED
3 BY THIS ACT. [A HUSBAND AND WIFE FOR THE PURPOSES OF THIS
4 LIMITATION SHALL BE CONSTRUED AS ONE CONSUMER.] THIS LIMITATION
5 SHALL NOT APPLY TO THE PURCHASE OF CONTRACTS WHICH ARISE FROM
6 THE BONA FIDE SALE OF GOODS OR SERVICES BY A SELLER REGULARLY
7 ENGAGED IN THE SALE OF SUCH GOODS OR SERVICES. THIS LIMITATION
8 SHALL NOT IMPAIR THE AUTHORITY OF A LICENSEE TO LEND MONEY,
9 CREDIT, GOODS OR THINGS IN ACTION, OR TO PURCHASE CONTRACTS IN
10 AMOUNTS IN EXCESS OF [FIVE THOUSAND DOLLARS (\$5,000)] TEN
11 THOUSAND DOLLARS (\$10,000) AND CHARGE, CONTRACT FOR, RECEIVE OR
12 COLLECT INTEREST OR DISCOUNT ~~ON THE ENTIRE AMOUNT OF THE LOAN~~ AT <—
13 THE LEGAL RATE ESTABLISHED BY THE GENERAL USURY STATUTE OF THE
14 COMMONWEALTH.

15 * * *

16 SECTION 2. SECTION 17.1 OF THE ACT, ADDED DECEMBER 30, 1970
17 (P.L.959, NO.301), IS AMENDED TO READ:

18 SECTION 17.1. [REVOLVING LOAN ACCOUNTS] SIMPLE INTEREST
19 ACCOUNTS.--A. A LICENSEE MAY IN LIEU OF CONTRACTING FOR,
20 COLLECTING AND RECEIVING CHARGES IN THE MANNER AUTHORIZED BY
21 SECTION 13, CONTRACT FOR, CHARGE, COLLECT AND RECEIVE CHARGES ON
22 A LOAN OTHER THAN A REVOLVING LOAN ACCOUNT OR ON A REVOLVING
23 LOAN ACCOUNT AT A RATE NOT IN EXCESS OF TWO PER CENT (2%) PER
24 MONTH ON THE UNPAID PRINCIPAL BALANCES FROM TIME TO TIME
25 OUTSTANDING ON THAT PORTION NOT EXCEEDING FIVE THOUSAND DOLLARS
26 (\$5,000) AND ONE PER CENT (1%) PER MONTH ON THE REMAINING UNPAID
27 PRINCIPAL BALANCES FROM TIME TO TIME OUTSTANDING; WHICH CHARGES
28 SHALL NOT BE PAID, DEDUCTED OR RECEIVED IN ADVANCE NOR
29 COMPOUNDED BUT SHALL BE COMPUTED AND PAID ONLY AS A PERCENTAGE
30 PER MONTH OF THE UNPAID PRINCIPAL BALANCE OR PORTIONS THEREOF

1 AND BE COMPUTED UPON THE BASIS OF THE NUMBER OF DAYS ACTUALLY
2 ELAPSED. FOR A LOAN OTHER THAN A REVOLVING LOAN ACCOUNT, THE
3 INTEREST CHARGE MAY BE CONTRACTED FOR AND EARNED AT THE SINGLE
4 ANNUAL PERCENTAGE RATE THAT WOULD EARN THE SAME INTEREST CHARGE
5 AS THE GRADUATED RATES WHEN THE DEBT IS PAID ACCORDING TO THE
6 AGREED TERMS AND THE CALCULATIONS ARE MADE ACCORDING TO THE
7 ACTUARIAL METHOD. FOR THE PURPOSE OF COMPUTING CHARGES UNDER
8 THIS SECTION, WHETHER AT THE MAXIMUM RATE OR LESS, A MONTH SHALL
9 BE FROM ONE DATE IN A MONTH TO THE CORRESPONDING DATE IN THE
10 FOLLOWING MONTH BUT IF THERE IS NO SUCH CORRESPONDING DATE, THEN
11 TO THE LAST DAY OF SUCH FOLLOWING MONTH AND A DAY SHALL BE
12 CONSIDERED ONE-THIRTIETH (1/30) OF A MONTH WHEN COMPUTATION IS
13 MADE FOR A FRACTION OF A MONTH. IF PART OR ALL OF THE
14 CONSIDERATION FOR A LOAN CONTRACT MADE UNDER THIS SUBSECTION IS
15 THE UNPAID PRINCIPAL BALANCE OF A PRIOR LOAN, THEN THE PRINCIPAL
16 PAYABLE UNDER SUCH LOAN CONTRACT MAY INCLUDE ANY UNPAID CHARGES
17 ON THE PRIOR LOAN WHICH HAVE ACCRUED WITHIN SIXTY (60) DAYS
18 BEFORE THE MAKING OF SUCH NEW LOAN CONTRACT.

19 B. REVOLVING LOAN ACCOUNTS MAY BE MADE UNDER THE PROVISIONS
20 OF THIS SECTION. IN LIEU OF THE STATEMENT REQUIRED BY SECTION 15
21 BEFORE MAKING A LOAN PURSUANT TO A REVOLVING LOAN ACCOUNT, THE
22 LICENSEE SHALL DISCLOSE TO THE BORROWER THE MAXIMUM AMOUNT THAT
23 MAY BE BORROWED, THE METHOD BY WHICH LOANS OR ADVANCES ARE TO BE
24 MADE, WHETHER BY CHECK OR DRAFT DRAWN ON THE LICENSEE OR
25 OTHERWISE; A SIMPLE STATEMENT OF THE METHOD BY WHICH THE AMOUNT
26 OF THE CHARGES IS TO BE CALCULATED; A SIMPLE STATEMENT OF THE
27 INSURANCE COVERAGES TO BE AFFORDED THE BORROWER, IF OBTAINED BY
28 OR THROUGH THE LICENSEE, AND IF A CHARGE FOR INSURANCE IS TO BE
29 MADE A SIMPLE STATEMENT OF THE AMOUNT OF SUCH CHARGE OR THE
30 METHOD BY WHICH IT WILL BE CALCULATED. IF, DURING A BILLING

1 CYCLE, THE LICENSEE MAKES A LOAN OR ADVANCE OR THE BORROWER
2 MAKES A PAYMENT THE LICENSEE SHALL GIVE TO THE BORROWER WITHIN A
3 REASONABLE TIME AFTER THE END OF THE BILLING CYCLE A WRITTEN
4 STATEMENT OF (I) THE OUTSTANDING BALANCE AT THE BEGINNING OF THE
5 BILLING CYCLE, (II) THE LOANS OR ADVANCES MADE DURING THE
6 BILLING PERIOD EXCLUDING CHARGES, (III) THE AMOUNT OF CHARGES
7 ACCRUED OR DEBITED DURING THE PERIOD, (IV) PAYMENTS MADE BY THE
8 BORROWER, (V) THE BALANCE AT THE END OF THE BILLING CYCLE, AND
9 (VI) THE AMOUNT WHICH MUST BE PAID AND THE DATE BY WHICH IT MUST
10 BE PAID TO AVOID A DEFAULT.

11 Section ~~2~~ 3. The act is amended by adding a section to read: <—

12 Section 17.2. Persons Not Maintaining a Place of Business or
13 Agent in the Commonwealth.--A. Any person who does not maintain
14 an office or place of business within the Commonwealth and is
15 not represented within the Commonwealth by any employe or agent,
16 and is licensed under a regulatory lending law of another state
17 similar in principle to this act, shall have the powers granted
18 to licensees in section 13 and shall be subject to sections 13,
19 14, 15, 16 and 17.1 and the regulations relating thereto
20 promulgated pursuant to section 12. For the purposes of this
21 act, the formation of a contract for the loan or advance of
22 money or credit shall constitute making a contract within the
23 Commonwealth for the supply of services within the Commonwealth
24 in accordance with 42 Pa.C.S. § 5322(a)(2), (relating to bases
25 of personal jurisdiction over persons outside this
26 Commonwealth), if the offer, solicitation or advertisement of
27 the loan was delivered to the prospective debtor within the
28 Commonwealth by mail or otherwise and the debtor signed the
29 contract or document evidencing the obligation within the
30 Commonwealth.

1 B. Any person not maintaining an office or place of business
2 within the Commonwealth and not represented within the
3 Commonwealth by any employe or agent shall forfeit the right to
4 all interest, discount, bonus, fees, fines, commissions, charges
5 or other considerations which would otherwise be due on a loan
6 or advance of money or credit, with respect to any loan or
7 advance of money or credit for which:

8 (1) the principal amount is five thousand dollars
9 (\$5,000) or less and the interest, discount, bonus, fees,
10 fines, commissions, charges or other considerations aggregate
11 in excess of what a lender is permitted to charge under this
12 act and the other laws of the Commonwealth; or

13 (2) the principal amount is in excess of the amount
14 which a lender is permitted to loan or advance under this act
15 and the other laws of the Commonwealth.

16 C. Whenever the Attorney General has reason to believe that
17 any person not licensed under this act is using or is about to
18 use any method, act or practice declared to be unlawful by this
19 act, and that proceedings would be in the public interest, he
20 may bring an action in the name of the Commonwealth against such
21 person to restrain by temporary or permanent injunction the use
22 of such method, act or practice. The action may be brought in
23 the court of common pleas or the Commonwealth Court. The said
24 courts are authorized to issue temporary or permanent
25 injunctions to restrain and prevent violations of this act, and
26 such injunctions shall be issued without bond. Whenever any
27 court issues a permanent injunction to restrain and prevent
28 violations of this act as authorized in this section, the court
29 may in its discretion provide for payment by defendant or
30 defendants to the Commonwealth of the court costs of the action.

1 In addition, the court may in its discretion direct that the
2 defendant or defendants restore to any person in interest any
3 moneys or property, real or personal, which may have been
4 acquired by means of any violation of this act, under terms and
5 conditions to be established by the court.

6 D. In the enforcement of this act as authorized by this
7 section, the Attorney General may accept an assurance of
8 voluntary compliance with respect to any method, act or practice
9 deemed to be violative of the act from any person who has
10 engaged or was about to engage in such method, act or practice.
11 Such assurance may include a stipulation for voluntary payment
12 by the alleged violator providing for the restitution by the
13 alleged violator to consumers, of money, property or other
14 things received from them in connection with a violation of this
15 act. Any such assurance shall be in writing and be filed with
16 the appropriate court of common pleas or the Commonwealth Court.
17 Such assurance of voluntary compliance shall not be considered
18 an admission of violation for any purpose. Matters thus closed
19 may at any time be reopened by the Attorney General for further
20 proceedings in the public interest, pursuant to this section.

21 SECTION 4. SECTION 18 OF THE ACT, AMENDED MARCH 3, 1976 <—
22 (P.L.36, NO.17), IS AMENDED TO READ:

23 SECTION 18. PENALTIES.--ANY PERSON WHO HAS NOT OBTAINED A
24 LICENSE FROM THE SECRETARY OF BANKING OF THE COMMONWEALTH OF
25 PENNSYLVANIA IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT, AND
26 WHO SHALL ENGAGE IN THE BUSINESS OF NEGOTIATING OR MAKING LOANS
27 OR ADVANCES OF MONEY OR CREDIT, IN THE AMOUNT OR VALUE OF [FIVE
28 THOUSAND DOLLARS (\$5,000)] TEN THOUSAND DOLLARS (\$10,000) OR
29 LESS, AND CHARGE, COLLECT, CONTRACT FOR OR RECEIVE INTEREST,
30 DISCOUNT, BONUS, FEES, FINES, COMMISSIONS, CHARGES OR OTHER

1 CONSIDERATIONS WHICH AGGREGATE IN EXCESS OF THE INTEREST THAT
2 THE LENDER WOULD OTHERWISE BE PERMITTED BY LAW TO CHARGE IF NOT
3 LICENSED UNDER THIS ACT ON THE AMOUNT ACTUALLY LOANED OR
4 ADVANCED, OR ON THE UNPAID PRINCIPAL BALANCES WHEN THE CONTRACT
5 IS PAYABLE BY STATED INSTALLMENTS, SHALL BE GUILTY OF A
6 MISDEMEANOR, UPON CONVICTION THEREOF SHALL BE SENTENCED TO PAY A
7 FINE OF NOT LESS THAN FIVE HUNDRED DOLLARS (\$500) OR MORE THAN
8 FIVE THOUSAND DOLLARS (\$5,000), AND/OR SUFFER IMPRISONMENT NOT
9 LESS THAN SIX (6) MONTHS NOR MORE THAN THREE (3) YEARS, IN THE
10 DISCRETION OF THE COURT.

11 EXCEPT AS THE RESULT OF AN ACCIDENTAL BONA FIDE ERROR, A
12 CORPORATION LICENSED UNDER THE PROVISIONS OF THIS ACT OR ANY
13 DIRECTOR, OFFICER, EMPLOYEE OR AGENT WHO SHALL VIOLATE ANY
14 PROVISION OF THIS ACT OR SHALL DIRECT OR CONSENT TO SUCH
15 VIOLATIONS, SHALL BE GUILTY OF A MISDEMEANOR, AND, UPON
16 CONVICTION THEREOF, SHALL BE SENTENCED TO PAY A FINE OF NOT MORE
17 THAN TWO THOUSAND DOLLARS (\$2,000) FOR THE FIRST OFFENSE, AND
18 FOR EACH SUBSEQUENT OFFENSE A LIKE FINE, AND/OR SUFFER
19 IMPRISONMENT NOT TO EXCEED ONE YEAR, IN THE DISCRETION OF THE
20 COURT.

21 THE PAYMENT OF [FIVE THOUSAND DOLLARS (\$5,000)] TEN THOUSAND
22 DOLLARS (\$10,000 OR LESS, IN MONEY, CREDIT, GOODS OR THINGS IN
23 ACTION AS CONSIDERATION FOR ANY SALE OR ASSIGNMENT OF, OR ORDER
24 FOR, THE PAYMENT OF WAGES, SALARY, COMMISSIONS OR OTHER
25 COMPENSATION FOR SERVICES, WHETHER EARNED OR TO BE EARNED,
26 SHALL, FOR THE PURPOSES OF REGULATION UNDER THIS ACT, BE DEEMED
27 A LOAN SECURED BY SUCH ASSIGNMENT, AND THE AMOUNT BY WHICH SUCH
28 ASSIGNED COMPENSATION EXCEEDS THE AMOUNT OF SUCH CONSIDERATION
29 ACTUALLY PAID SHALL FOR THE PURPOSE OF REGULATION UNDER THIS
30 ACT, BE DEEMED INTEREST OR CHARGES UPON SUCH LOAN FROM THE DATE

1 OF SUCH PAYMENT TO THE DATE SUCH COMPENSATION IS PAYABLE. SUCH
2 TRANSACTIONS SHALL BE GOVERNED BY AND SUBJECT TO THE PROVISIONS
3 OF THIS ACT.

4 THE PAYMENT OF [FIVE THOUSAND DOLLARS (\$5,000)] TEN THOUSAND
5 DOLLARS (\$10,000) OR LESS, IN MONEY, CREDIT, GOODS OR THINGS IN
6 ACTION AS CONSIDERATION FOR ANY SALE OF REAL OR PERSONAL
7 PROPERTY WHICH IS MADE ON CONDITION OR AGREEMENT, EXPRESSED OR
8 IMPLIED, THAT SUCH PROPERTY BE SOLD BACK AT A GREATER PRICE
9 SHALL, FOR THE PURPOSE OF THIS ACT, BE DEEMED TO BE A LOAN
10 SECURED BY SUCH PROPERTY, AND THE AMOUNT BY WHICH THE REPURCHASE
11 PRICE EXCEEDS SUCH ORIGINAL PURCHASE PRICE ACTUALLY PAID SHALL
12 BE DEEMED INTEREST OR CHARGES UPON SUCH LOAN FROM THE DATE SUCH
13 ORIGINAL PAYMENT IS MADE UNTIL THE DATE SUCH REPURCHASE PRICE IS
14 PAID. SUCH TRANSACTION SHALL BE GOVERNED BY AND SUBJECT TO THE
15 PROVISIONS OF THIS ACT.

16 WHEN REAL OR PERSONAL PROPERTY IS PLEDGED AS SECURITY ON A
17 LOAN OF [FIVE THOUSAND DOLLARS (\$5,000)] TEN THOUSAND DOLLARS
18 (\$10,000) OR LESS, AND THE LENDER REQUIRES THE BORROWER TO PAY
19 FOR INSURANCE THEREON, SUCH CHARGE FOR INSURANCE SHALL BE
20 CONSTRUED AS INTEREST UNDER THIS ACT WHEN THE LENDER HAS FAILED
21 TO HAVE SUCH INSURANCE WRITTEN BY AN INSURANCE COMPANY LEGALLY
22 AUTHORIZED TO CONDUCT BUSINESS IN PENNSYLVANIA. WHEN THE AMOUNT
23 CHARGED FOR SUCH INSURANCE IS IN EXCESS OF THE STANDARD COST OF
24 SIMILAR INSURANCE IN OTHER INSURANCE COMPANIES LEGALLY
25 AUTHORIZED TO CONDUCT BUSINESS IN PENNSYLVANIA, THE EXCESS SHALL
26 BE CONSTRUED AS INTEREST UNDER THIS ACT.

27 Section 3 5. This act shall take effect in 60 days AND SHALL <—
28 APPLY TO CONTRACTS MADE, RENEWED OR REFINANCED THEREAFTER.