

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2495 Session of
1980

INTRODUCED BY HALVERSON, BENNETT, YOHN AND GRIECO,
APRIL 29, 1980

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, APRIL 29, 1980

AN ACT

1 Amending the act of September 20, 1961 (P.L.1548, No.658),
2 entitled "An act to provide for the organization,
3 incorporation, operation and supervision of cooperative
4 savings and credit associations, to be termed credit unions;
5 designating such credit unions as corporations and defining
6 their powers and duties; conferring certain powers and duties
7 on the Department of Banking; and providing penalties,"
8 further providing for interest rates.

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

11 Section 1. Section 19, act of September 20, 1961 (P.L.1548,
12 No.658), known as the "Credit Union Act," is amended to read:

13 Section 19. Rates and Fines.--Interest rates on loans made
14 by a credit union to its members shall not exceed [the rate of
15 six per centum per annum, when discounted on loans which are
16 repayable in equal installments, or the rate of] twelve per
17 centum per annum, when calculated on the unpaid principal
18 balances[. On a discounted loan which is prepaid by cash,
19 renewal or otherwise, at any time prior to maturity, the credit
20 union shall refund to the borrower the amount of unearned

1 interest or discount, calculated at the original contract rate,
2 on the total amount of full installments to become due, for the
3 term of all subsequent full installment periods, provided the
4 credit union shall not be required to refund any such unearned
5 interest or discount when the amount due, computed as herein
6 provided, is less than one dollar (\$1). For failure to pay an
7 installment or installments on a discounted loan when due, a
8 fine may be charged which shall in no case exceed one-fourth of
9 one per centum for each week of delinquency on the amount in
10 arrears, except that a minimum fine of five cents may be
11 charged. When interest is calculated on the unpaid principal
12 balances, it], except that the board of directors of a credit
13 union may increase the rate of interest to a maximum of fifteen
14 per centum per annum if at a meeting of the board of directors
15 the board approves a resolution increasing the rate of interest
16 to a rate not to exceed fifteen per centum per annum by a vote
17 of at least two-thirds of the entire board. Subsequent to the
18 board of directors' approval, the board shall, in writing,
19 notify members of the board's decision and of the new interest
20 rate to be charged. The written notice shall be mailed to the
21 members not less than thirty days prior to the effective date of
22 the rate increase. In the event that the National Credit Union
23 Administration grants authority to Federal credit unions to
24 charge more than fifteen per centum per annum, the Secretary of
25 Banking shall be empowered to grant the same authority to credit
26 unions chartered under the laws of the Commonwealth. Interest
27 shall be computed for the actual number of days which have
28 elapsed at the time of payment. No other charges or fines shall
29 be collected other than fees to public officials and reasonable
30 fees of attorneys and outside collectors or outside collection

1 agencies, provided the aggregate of such fees does not exceed
2 twenty per centum of the outstanding loan balance. The taking,
3 receiving, reserving, or charging interest greater than allowed
4 by this section shall be deemed a forfeiture of the entire
5 interest on the loan, except when such overcharge is the result
6 of a clerical error in computation. In case [the greater] an
7 interest greater than that which is allowed by this section has
8 been paid, the borrower may within six months after payment
9 recover from the credit union the entire amount of interest
10 paid, except when such overcharge is the result of a clerical
11 error in computation in which case only the excess interest paid
12 may be recovered.

13 Section 2. This act shall take effect immediately.