

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1606 Session of
1992

INTRODUCED BY SCANLON, HOLL, LOEPER, SALVATORE, TILGHMAN,
CORMAN, LEWIS, REIBMAN AND MELLOW, MARCH 16, 1992

REFERRED TO BANKING AND INSURANCE, MARCH 16, 1992

AN ACT

1 Amending the act of June 28, 1947 (P.L.1110, No.476), entitled
2 "An act defining and regulating certain installment sales of
3 motor vehicles; prescribing the conditions under which such
4 sales may be made and regulating the financing thereof;
5 regulating and licensing persons engaged in the business of
6 making or financing such sales; prescribing the form,
7 contents and effect of instruments used in connection with
8 such sales and the financing thereof; prescribing certain
9 rights and obligations of buyers, sellers, persons financing
10 such sales and others; limiting incidental charges in
11 connection with such instruments and fixing maximum interest
12 rates for delinquencies, extensions and loans; regulating
13 insurance in connection with such sales; regulating
14 repossessions, redemptions, resales and deficiency judgments
15 and the rights of parties with respect thereto; authorizing
16 extensions, loans and forbearances related to such sales;
17 authorizing investigations and examinations of persons
18 engaged in the business of making or financing such sales;
19 prescribing penalties and repealing certain acts," further
20 providing for installment sale contract requirements.

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

23 Section 1. Subsection F of section 13 of the act of June 28,
24 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales
25 Finance Act, amended April 4, 1990 (P.L.110, No.25), is amended
26 to read:

1 Section 13. Requirements as to Contracts.--

2 * * *

3 F. Every installment sale contract shall provide for payment
4 of the time balance in substantially equal periods and in
5 substantially equal amounts[: Provided, That when] except:

6 1. When the buyer expects his income to vary because of
7 seasonal employment, seasonal sales, use of accelerated
8 depreciation for tax purposes or other known cause, the contract
9 may provide for payment of the time balance in amounts which
10 vary with such expected varying income.

11 2. An installment sale contract for the sale of a heavy
12 commercial motor vehicle shall be exempt from the requirement
13 that payments must be for substantially equal periods and in
14 substantially equal amounts.

15 3. An installment sale of a new motor vehicle to a bona fide
16 salesman or of motor vehicles to be used by him principally as a
17 demonstrator shall be exempt from the equal payment schedule
18 requirement of this section.

19 4. Where the installment sale contract provides for fixed
20 residual value financing. As used in this clause "fixed residual
21 value financing" shall mean the manner of purchase whereby a
22 buyer, who is listed as the owner on the title of the vehicle,
23 agrees to select and perform, at the conclusion of a
24 predetermined schedule of installment payments made in
25 substantially equal periods and in substantially equal amounts,
26 one of the following options:

27 (a) satisfy the balance of the contractual amount owing;

28 (b) refinance any balance owing on the terms previously
29 agreed upon at the time of executing the installment sale
30 contract; or

1 (c) surrender the motor vehicle at such time and manner
2 agreed upon at the time of executing the installment sale
3 contract.

4 Section 2. This act shall take effect in 60 days.