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THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1128 Session of 2013

INTRODUCED BY ROSS, MILLER, MICOZZIE, HENNESSEY, MILLARD, MOUL, HESS AND SCHLEGEL CULVER, APRIL 8, 2013

REFERRED TO COMMITEE ON COMMERCE, APRIL 8, 2013

AN ACT

Amending Title 12 (Commerce and Trade) of the Pennsylvania Consolidated Statutes, codifying the provisions of the Motor Vehicle Sales Finance Act and the Goods and Services Installment Sales Act; making conforming amendments to Titles 7 and 42; and making related repeals.

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

Section 1. The definitions of "holder" and "installment seller" in section 6102 of Title 7 of the Pennsylvania Consolidated Statutes are amended to read:

§ 6102. 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:

* * *

"Holder." As defined in [section 3 of the act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act] 12 Pa.C.S. § 6202 (relating to definitions).

* * *

"Installment seller." As defined in [section 3 of the act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act] 12 Pa.C.S. § 6202 (relating to definitions).

* * *

Section 2. Section 6112(13) of Title 7 is amended to read:

§ 6112. Exceptions to license requirements.

The following persons shall not be required to be licensed under this chapter in order to conduct the mortgage loan business:

* * *

(13) An installment seller of, or holder of installment sales contracts secured by, manufactured homes who is licensed under [the act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act] 12 Pa.C.S. Ch.62 (relating to motor vehicle sales finance), provided the installment seller or holder only engages in the mortgage loan business regarding installment sales contracts secured by manufactured homes that are purchase-money mortgage loans. To qualify for the exception under this paragraph, the installment seller or holder must:

(i) Obtain a license as a mortgage originator, if licensed as an individual under [the Motor Vehicle Sales Finance Act] 12 Pa.C.S. Ch.62.

(ii) Be registered with the department.

(iii) Do either of the following:

(A) In the same manner as a mortgage lender or mortgage broker, as applicable depending upon whether the installment seller or holder makes or brokers installment sales contracts secured by manufactured homes that are purchase-money mortgage loans, obtain and maintain bond coverage for mortgage originators consistent with section 6131(c)(5) or (e)(3) and file an annual report consistent with section 6135(a)(3); or

(B) Annually demonstrate to the department that the mortgage originators employed by the installment seller or holder have obtained and maintained the bond coverage required by section 6131(f)(4) in a form acceptable to the department.

(iv) Ensure employees required to be licensed as mortgage originators have completed the requirements under section 6131.1 and have obtained the required mortgage originator license.

Section 3. Title 12 is amended by adding a part heading to read:

PART IV

ECONOMIC DEVELOPMENT AND FINANCING

Section 4. Title 12 is amended by adding a part to read:

PART V

CONSUMER CREDIT

Chapter

61. General Provisions

62. Motor Vehicle Sales Finance

63. Goods and Services Installment Sales

CHAPTER 61

GENERAL PROVISIONS

Sec.

6101. Scope of part.

6102. Definitions.

6103. Contracts and agreements.

6104. Electronic transactions.

§ 6101. Scope of part.

This part relates to consumer credit.

§ 6102. Definitions.

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

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

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

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

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

(2) retrievable in perceivable form.

§ 6103. Contracts and agreements.

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

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

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

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

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

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

§ 6104. Electronic transactions.

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

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

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

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

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

CHAPTER 62

MOTOR VEHICLE SALES FINANCE

SUBCHAPTER A

GENERAL PROVISIONS

Sec.

§ 6201. Scope of chapter.

This chapter relates to motor vehicle sales finance.

§ 6202. 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:

"Buyer."

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

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

"Collateral security."

(1) Security, other than a security interest in a motor vehicle, which is the subject of an installment sale contract and given to secure performance of an obligation of a buyer or the buyer's surety or guarantor under an installment sale

contract or an extension, deferment, renewal or other revision of the contract.

(2) The term includes the following:

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

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

"Collector-repossessor."

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

(2) The term excludes the following:

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

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

(A) was previously a holder; or

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

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

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

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

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

"Finance charge." Either of the following:

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

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

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

(2) The difference between the cash sale price of the motor vehicle and the time balance, exclusive of insurance charges, late charges and other charges that are necessary or incidental to an installment sale and specifically authorized by this chapter to be included in an installment sale contract.

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

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

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

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

"Installment sale contract."

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

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

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

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

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

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

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

(4) The term excludes the following:

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

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

(B) The buyer:

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

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

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

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

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

"Installment seller." A person engaged in the business of selling, hiring or leasing a motor vehicle under an installment sale contract or a legal successor in interest to the person.

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

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

"Manufactured home." The term includes both of the following:

(1) A manufactured home as it is defined under section 603(6) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (Public Law 93-383, 42 U.S.C. § 5402(6)).

(2) A mobile home as defined in 75 Pa.C.S. § 102 (relating to definitions).

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

"Motor vehicle."

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

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

(3) The term excludes the following:

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

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

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

(1) The charges for any insurance required or obtained as security for or by reason of the sale of a motor vehicle under an installment sale contract.

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

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

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

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

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

"Sales finance company."

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

(2) The term includes the following:

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

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

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

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

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

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

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

"Warranty."

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

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

(ii) Any undertaking in writing in connection with the sale of a motor vehicle by an installment seller or manufacturer to refund, repair, replace or take other remedial action with respect to the motor vehicle if the motor vehicle fails to meet the specifications set forth in the undertaking.

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

§ 6203. Authority of department.

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

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

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

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

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

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

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

(5) Promulgate regulations and issue orders, statements of policy and written interpretations as necessary or appropriate for the interpretation or enforcement of this

chapter.

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

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

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

(b) Applicability.--

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

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

(c) Administration.--In the case of disobedience of a subpoena or the noncooperation of a witness appearing before the department, the department may invoke the aid of the courts, and the court shall issue an order requiring the person subpoenaed to obey the subpoena, give evidence or produce records relative to the matter in question. Failure to obey the court order may be punished by the court as contempt.

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

§ 6204. Records.

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

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

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

(2) Approval of the request by the department.

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

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

§ 6205. Appeals.

An appeal may be taken from the action of the department in suspending and revoking a license under section 6218 (relating to revocation or suspension of license) or imposing a civil penalty under section 6274 (relating to civil penalty by department) in accordance with the procedure prescribed by 2 Pa.C.S. Chs. 5 Subch. A (relating to practice and procedure of Commonwealth agencies) and 7 Subch. A (relating to judicial review of Commonwealth agency action).

§ 6206. Deposit of fees and fines.

License fees and fines that are received by the department under this chapter shall be deposited in the State Treasury to the credit of a special fund for the use of the department in administering this and other laws of this Commonwealth placed under its administration.

§ 6207. Distribution of information.

(a) Department.--The department shall provide a copy of the provisions of this chapter to each licensee in conjunction with the licensee's initial license and all renewal applications.

(b) Licensee.--

(1) A licensee shall make the information under subsection (a) available to its employees.

(2) A copy of the information under subsection (a) shall be kept at the licensee's place of business for inspection by a buyer.

§ 6208. Venue.

An action on an installment sale contract shall be commenced in a county where any of the following occurred:

(1) The buyer signed the contract.

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

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

§ 6209. Applicability.

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

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

§ 6210. Consumer complaints.

(a) Review and investigation.--The department shall review and investigate, as appropriate, any consumer complaints or information obtained through examinations relating to any activities regulated by this chapter, including, but not limited to, those pertaining to charges for service contracts, warranties, debt cancellation agreements, debt suspension agreements and insurance products not required by section 6241 (relating to insurance).

(b) Annual reports.--The department shall annually report to the Consumer Protection and Professional Licensure Committee of the Senate and the Consumer Affairs Committee of the House of Representatives the number and disposition of such enforcement actions and consumer complaint resolutions.

SUBCHAPTER B

LICENSES

Sec.

6211. General license rules.

6212. Initial license application.

6213. Bond.

6214. License fees.

6215. License certificate.

6216. License renewal.

6217. Refusal to issue license or license renewal.

6218. Revocation or suspension of license.

6219. Multiple places of business.

§ 6211. General license rules.

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

(1) An installment seller.

(2) A sales finance company.

(3) A collector-repossessor.

(b) Term.--

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

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

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

§ 6212. Initial license application.

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

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

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

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

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

(4) If the applicant is a corporation:

(i) the date and place of incorporation; and

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

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

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

(7) Any other information that the department requires.

(c) Process; notice.--

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

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

(i) has died;

(ii) is removed from this Commonwealth; or

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

§ 6213. Bond.

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

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

(c) Amount.--

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

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

(d) Execution.--

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

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

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

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

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

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

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

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

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

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

(3) The person executes on the judgment.

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

§ 6214. License fees.

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

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

(1) issued for less than one year; or

(2) surrendered, canceled or revoked prior to the expiration of the license period for which the license was issued.

§ 6215. License certificate.

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

(b) Public inspection.--

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

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

(c) Amendment.--

(1) A licensee desiring to change the address of the place of business shall:

(i) give prior written notice to the department;

(ii) return the license certificate to the department for amendment; and

(iii) retain a copy of the license certificate.

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

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

§ 6216. License renewal.

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

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

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

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

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

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

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

§ 6217. Refusal to issue license or license renewal.

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

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

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

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

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

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

(b) Mandatory refusal.--

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

(2) The department may not issue a license or renew a license if, within ten years of the date of license application or license renewal application, the applicant or the applicant's affiliate, owner, partner, member, officer, director, employee or agent has pleaded guilty to, has

entered a plea of nolo contendere to or has been convicted of a violation under section 6271 (relating to operating without license) or subsection A of section 37 of the former act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act.

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

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

(c) License fee.--

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

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

§ 6218. Revocation or suspension of license.

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

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

(2) Violated a provision of this chapter.

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

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

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

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

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

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

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

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

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

(12) With respect to the tax or fee due the Commonwealth

upon the sale of a motor vehicle:

(i) Failed to collect the tax or fee.

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

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

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

(13) Engaged in unfair, deceptive, fraudulent or illegal practices or conduct in connection with a business regulated by this chapter.

(b) Notice.--

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

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

§ 6219. Multiple places of business.

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

(b) Bond.--A bond under section 6213 (relating to bond) shall be filed for each place of business conducted by a sales finance company and a collector-repossessor within this Commonwealth.

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

(d) Requirements.--

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

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

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

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

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

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

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

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

(e) License suspension and revocation.--

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

(2) If the department finds that grounds for revocation are of general application to all places of business or more than one place of business operated by a licensee, it may revoke all the licenses issued to the licensee or those

licenses to which grounds exist.

SUBCHAPTER C

INSTALLMENT SALE CONTRACTS

§ 6221. Requirements.

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

(1) be in writing;

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

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

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

(b) Copies.--

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

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

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

(c) Acknowledgment.--

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

(2) The acknowledgment shall be:

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

(ii) independently signed by the buyer.

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

(1) The buyer expects the buyer's income to vary because of seasonal employment, seasonal sales, use of accelerated depreciation for tax purposes or other known causes, in which case the contract may provide for payment of the time balance in amounts that vary with the expected varying income.

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

(3) The sale of a motor vehicle to a salesperson licensed under the act of December 22, 1983 (P.L.306, No.84), known as the Board of Vehicles Act.

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

(e) Disclosures.--

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

(2) The written disclosure shall:

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

(ii) be complete without any blank spaces; and

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

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

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

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

(f) Definition.--As used in this section, the term "fixed residual value financing" means the manner of purchase whereby a buyer listed as the owner on the motor vehicle title agrees, at the conclusion of a predetermined schedule of installment payments made in substantially equal periods and amounts, to:

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

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

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

§ 6222. Contents.

An installment sale contract shall contain the following:

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

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

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

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

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

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

(A) Taxes.

(B) Charges for delivery.

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

(D) Charges for a service contract, which:

(I) shall appear as separate items after the following or substantially similar words, which shall be boldface, underlined, adjacent to the purchase price and in type print size not smaller than that used for all item categories: "including optional service contracts and/or extended warranties in the amount of"; or

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

(E) Charges for accessories and installation.

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

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

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

(B) Other goods.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) A description that reasonably identifies collateral security in which a security interest is provided to secure the buyer's obligation pursuant to 13 Pa.C.S. § 9108 (relating to sufficiency of description), including the motor

vehicle and other collateral.

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

(8) Specific provisions regarding the following:

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

(ii) The buyer's liability respecting nonpayment.

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

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

(9) The following statement:

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

§ 6223. Notice.

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

(b) Form.--

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

NOTICE TO BUYER: Do not sign this contract in blank. You are entitled to an exact copy of the contract you sign.

Keep it to protect your legal rights. Any holder of this consumer credit contract is subject to all claims and defenses which the buyer could assert against the seller of goods or services obtained pursuant hereto or with the proceeds hereof. Recovery hereunder by the buyer shall not exceed amounts paid by the buyer hereunder.

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

§ 6224. Itemization.

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

§ 6225. Disclosure.

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

§ 6226. Heavy commercial motor vehicle.

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

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

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

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

(3) The payment schedule under section 6222(5)(ix).

§ 6227. Manufactured homes.

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

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

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

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

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

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

§ 6228. Prohibited provisions.

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

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

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

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

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

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

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

(v) The buyer's filing for bankruptcy.

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

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

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

(4) A provision whereby the buyer waives a right of action against the seller, holder, collector-repossessor or other person acting on behalf of the holder for an illegal

act committed in the collection of payments under the contract or in the repossession of the motor vehicle or collateral security.

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

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

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

§ 6229. Transfer.

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

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

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

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

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

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

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

(ii) The unpaid time balance.

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

(e) Applicability.--

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

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

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

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

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

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

§ 6230. Statement of account to buyer.

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

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

(i) The time balance.

(ii) Refinance charges.

(iii) Late charges.

(iv) Court costs.

(v) Attorney fees.

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

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

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

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

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

(b) Copies.--

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

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

§ 6231. Payment receipts.

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

(1) the buyer requests such receipt; or

(2) payment is made in cash.

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

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

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

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

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

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

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

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

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

§ 6232. Release of liens.

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

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

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

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

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

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

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

evidence of title.

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

§ 6233. Prohibited charges.

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

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

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

(d) Charges if contract not consummated.--

(1) Subject to paragraph (2), a licensee may not collect

a charge in connection with a contemplated sale of a motor vehicle under an installment sale contract if the contract is not consummated.

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

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

§ 6234. Waiver of statutory protection prohibited.

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

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

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

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

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

(c) Sale, transfer and assignment of contracts.--A licensee whose license has expired, was surrendered or was revoked may sell, transfer or assign contracts entered into or acquired prior to the expiration, surrender or revocation to a licensed sales finance company, which may renew the contracts in accordance with the provisions of this chapter.

(d) Prohibitions regarding contracts.--A licensee whose license has expired, was surrendered or was revoked may not:

(1) enter into new contracts for the retail sale of motor vehicles under installment sale contracts; or

(2) discount, purchase or otherwise acquire the new contracts.

§ 6236. Enforcement.

(a) When obligation unenforceable.--An obligation of the buyer of a motor vehicle under an installment sale contract that was consummated in this Commonwealth is not enforceable in this Commonwealth if:

(1) the installment seller was not licensed under this chapter when the seller entered into the contract; or

(2) the holder was not licensed under this chapter when the holder acquired the contract.

(b) Cancellation of contract; release of liens.--Upon payment or tender of payment to the holder of the principal amount financed under the contract described in subsection (a), less payments on account of the obligation exclusive of down payment which had been made previously, the buyer under the contract is entitled to:

(1) cancellation of the contract; and

(2) release of all liens against:

(i) the motor vehicle sold under the contract; and

(ii) collateral security owned by the buyer or the buyer's surety or guarantor.

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

SUBCHAPTER D

COSTS AND CHARGES

Sec.

6241. Insurance.

6242. Other costs included in amount financed.

6243. Finance charges.

6244. Refinance charges.

6245. Late charges.

6246. Refund for prepayment of contract.

§ 6241. Insurance.

(a) General rule.--

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

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

(ii) Written for the dual protection of the buyer and installment seller or holder to the extent of their respective interests in the motor vehicle.

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

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

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

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

(b) Purchase by buyer.--

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

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

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

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

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

(3) The status of the buyer and installment seller or

holder, as set forth in the insurance contract, shall reflect their respective interests in the motor vehicle.

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

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

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

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

(6) The insurance policy shall contain the following:

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

(ii) All the terms of the insurance contract.

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

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

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

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

(d) Early termination of policy.--

(1) This subsection applies if an installment seller or holder has placed insurance at the buyer's expense on a motor vehicle sold under an installment sale contract.

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

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

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

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

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

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

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

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

(A) Any additional insurance charges incurred by the buyer in rewriting the insurance for the unexpired period for which the original insurance was written.

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

§ 6242. Other costs included in amount financed.

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

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

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

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

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

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

(2) Fees payable to the Commonwealth for the buyer's driver's license.

(3) Costs of messenger service and other costs associated with the submission of documents to the

Commonwealth or other governmental entity.

(4) Licensing costs under section 27.1 of the act of December 22, 1983 (P.L.306, No.84), known as the Board of Vehicles Act.

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

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

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

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

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

(f) Incidental charges.--

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

(i) in violation of section 6218(a)(12) (relating to revocation or suspension of license); or

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

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

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

§ 6243. Finance charges.

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

(b) Method of computation.--

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

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

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

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

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

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

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

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

(d) New motor vehicles.--

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

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

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

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

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

(e) Used motor vehicles.--

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

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

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

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

§ 6244. Refinance charges.

(a) General rule.--

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

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

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

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

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

(b) Rates and computation.--

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Finance charges.

(g) Loan.--

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

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

§ 6245. Late charges.

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

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

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

(b) Rate and computation.--

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

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

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

(c) Collection.--

(1) Late charges may be:

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

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

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

§ 6246. Refund for prepayment of contract.

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

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

(c) Rebate amount.--

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

(2) The holder is not required to rebate:

(i) a portion of the unearned finance charge that results in a net minimum finance charge on the contract of less than $10; or

(ii) an unearned finance charge if the computed amount due is less than $1.

SUBCHAPTER E

REPOSSESSION

§ 6251. Repossession authorized.

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

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

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

(b) Legal process.--

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

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

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

§ 6252. Who may repossess.

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

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

(1) The holder.

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

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

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

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

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

§ 6253. Legal proceedings.

(a) When to commence action.--If repossession and sale of a motor vehicle subject to an installment sale contract or its collateral security is effected by legal process, the holder may commence legal proceedings immediately upon the buyer's default or breach of the contract.

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

§ 6254. Notice of repossession.

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

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

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

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

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

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

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

(5) The name and address of the person to whom the buyer

shall make payment or on whom the buyer may serve notice.

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

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

§ 6255. Personal property in repossessed motor vehicle.

A buyer may reclaim personal property left in the repossessed motor vehicle within 30 days of the mailing of the notice under section 6254 (relating to notice of repossession). If personal property is left in the motor vehicle after the 30-day time period, the holder may dispose of the personal property in any manner that it chooses.

§ 6256. Buyer's liability for costs.

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

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

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

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

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

§ 6257. Notice to police.

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

(1) the local municipal police department having jurisdiction of the area where the motor vehicle was located at the time of repossession; or

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

§ 6258. Reinstatement of contract after repossession.

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

(1) pays all past due installments; or

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

(i) Accrued late charges.

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

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

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

§ 6259. Redemption and termination of contract after repossession.

(a) Retaining motor vehicle.--Unless the right of redemption is waived in a nonconsumer transaction under 13 Pa.C.S. § 9624(c) (relating to waiver), if repossession of a motor vehicle subject to an installment sale contract is effected within or outside this Commonwealth other than by legal process, the holder shall retain the repossessed motor vehicle for a period of 15 days after the mailing of the notice of repossession under section 6254 (relating to notice of repossession).

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

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

(i) The unpaid time balance.

(ii) Accrued late charges authorized by this chapter.

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

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

(i) The unpaid time balance.

(ii) Accrued late charges authorized by this chapter.

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

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

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

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

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

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

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

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

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

§ 6260. Sale of motor vehicle after repossession.

(a) Forfeiture.--If the repossessed motor vehicle subject to an installment sale contract is not redeemed by the buyer either by termination or reinstatement of the contract within the 15-

day notice of redemption period, the buyer shall forfeit all claim to the motor vehicle and collateral security.

(b) Deficiency.--If the buyer does not redeem the repossessed motor vehicle within the 15-day notice of redemption period, the installment seller or holder may not bring an action or proceeding against the buyer for a deficiency under section 6261 (relating to deficiency judgment), unless there has been a public or private sale of the repossessed motor vehicle and collateral security.

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

§ 6261. Deficiency judgment.

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

(b) Reasonable value.--

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

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

(ii) the buyer.

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

(3) The determined reasonable value or the resale price of the motor vehicle, whichever is higher, shall be credited against the buyer's indebtedness.

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

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

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

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

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

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

§ 6262. Procedures for manufactured homes.

(a) Notice.--

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

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

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

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

(2) Notice of the intention to take an action under paragraph (1) shall be in writing and:

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

(ii) Clearly and conspicuously state the following:

(A) The particular obligation or security interest.

(B) The nature of the default claimed.

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

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

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

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

(b) Cure of default.--

(1) Notwithstanding any other provision of law, the buyer of a manufactured home under an installment sale contract or another person on the buyer's behalf may cure the

buyer's default and prevent the sale or other disposition of the manufactured home and avoid acceleration:

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

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

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

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

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

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

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

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

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

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

(3) The cure of a default under this subsection shall

restore the buyer to the same position as if the default had not occurred.

(c) Prepayment.--An obligation under an installment sale contract for a manufactured home may be prepaid without penalty or other charge for prepayment at any time before the end of the period of the loan.

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

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

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

(i) Reasonable and actually incurred.

(ii) Not in excess of $150.

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

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

(f) Applicability.--Notwithstanding this section, the act of November 24, 1976 (P.L.1176, No.261), known as the Manufactured Home Community Rights Act, shall govern procedures regarding abandoned manufactured homes.

SUBCHAPTER F

PENALTIES AND LIABILITY

Sec.

6271. Operating without license.

6272. Violation of chapter provisions.

6273. Use of unlicensed collector-repossessor.
6274. Civil penalty by department.
6275. Liability of sales finance company.

§ 6271. Operating without license.

(a) Prohibition; penalty.--An entity or individual under subsection (b) engaging in business in this Commonwealth as an installment seller, sales finance company or collector-repossessor without having obtained a license under this chapter commits a violation of this chapter and shall, upon conviction, be sentenced at the discretion of the court to either or both of the following:

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

(2) Imprisonment for not more than three years.

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

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

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

§ 6272. Violation of chapter provisions.

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

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

offense.

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

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

(ii) Imprisonment for not more than one year.

§ 6273. Use of unlicensed collector-repossessor.

A licensed seller or sales finance company acting as holder of a motor vehicle installment sale contract who hires, authorizes or permits an unlicensed collector-repossessor, as defined in this chapter, to collect payments on the contract or repossess a motor vehicle sold under the contract within this Commonwealth commits a violation of this chapter and shall, upon conviction, be sentenced at the discretion of the court to the following:

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

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

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

(ii) Imprisonment for not more than one year.

§ 6274. Civil penalty by department.

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

§ 6275. Liability of sales finance company.

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

(1) Excessive markups of charges by installment sellers.

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

(b) Federal status preserved.--This section does not affect the liability of a sales finance company that is a holder under the Federal Trade Commission Act (38 Stat. 717, 15 U.S.C. § 41 et seq.).

CHAPTER 63

GOODS AND SERVICES INSTALLMENT SALES

SUBCHAPTER A

GENERAL PROVISIONS

6310. Lien.
6311. Validity.
6312. Discharge of obligation.
6313. Prepayment of obligation.
6314. Acknowledgment of payment in full.

§ 6301. Scope of chapter.

This chapter relates to goods and services installment sales.

§ 6302. Definitions.

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

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

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

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

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

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

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

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

(i) The consideration that the bailee or lessee contracts to pay as compensation for the use of the goods is a sum substantially equivalent to or in excess of their value and is an obligation for the term of the lease that is not subject to termination by the bailee or lessee.

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

"Finance charge."

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

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

(3) Excludes the following:

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

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

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

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

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

(vi) Attorney fees.

(vii) Court costs.

(viii) Official fees.

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

"Goods."

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

(2) The term includes the following:

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

(ii) Electronic media items.

(iii) Items purchased through the Internet.

(3) The term excludes the following:

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

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

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

"Holder."

(1) Either of the following:

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

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

(2) Excludes a pledgee or holder of a security interest in an aggregate number of agreements to secure a bona fide loan on them.

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

"Open-end credit agreement." A contract:

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

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

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

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

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

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

"Services."

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

(2) The term includes the following:

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

(ii) A service contract.

(iii) Services purchased through the Internet.

(3) The term excludes the following:

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

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

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

(A) The Commonwealth.

(B) The Federal Government.

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

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

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

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

"Warranty."

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

(i) A written affirmation of fact or written promise made in connection with the sale of goods by a seller or manufacturer to a buyer that relates to the nature of the material or workmanship and affirms or promises that the material or workmanship is free of defects or will meet a specified level of performance over a specified period of time.

(ii) Any undertaking in writing in connection with the sale of goods by a seller or manufacturer to refund, repair, replace or take other remedial action with respect to the goods if the goods fail to meet the specifications set forth in the undertaking.

(2) Excludes a service contract and an extended warranty with the characteristics of a service contract.

§ 6303. Waiver.

A buyer's waiver of the provisions of this chapter, including any purported waiver effected by a contractual choice of the law of another jurisdiction contained in a closed-end credit agreement or an open-end credit agreement, shall be deemed contrary to public policy and is void and unenforceable.

§ 6304. Applicability.

(a) Agreements.--A closed-end credit agreement and an open-end credit agreement are deemed to be made in this Commonwealth and subject to the provisions of this chapter if either of the following occurs:

(1) The seller offers or agrees in this Commonwealth to sell to a resident buyer of this Commonwealth.

(2) A resident buyer of this Commonwealth accepts or makes the offer in this Commonwealth to buy, regardless of the situs specified in the agreement.

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

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

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

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

§ 6305. Prohibited activities and provisions.

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

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

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

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

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

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

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

(6) The buyer relieves the seller from liability for

legal remedies that the buyer may have against the seller under the agreement or a separate instrument executed in connection with the agreement.

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

(8) The seller or holder of the agreement is given the right to commence an action on the agreement under the provisions of this chapter in a county other than the county where any of the following occurred:

(i) The buyer signed the agreement.

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

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

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

(9) An assignment of wages is given.

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

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

§ 6306. Assignment.

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

§ 6307. Venue.

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

(1) The buyer signed the agreement.

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

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

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

§ 6308. Attorney fees and costs.

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

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

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

(1) The defendant:

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

(ii) Deposits the amount with the court.

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

§ 6309. Repossession; acceleration; right to cure.

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

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

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

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

(1) accelerate the maturity of the agreement; or

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

(c) Notice.--

(1) Notice under this section shall be:

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

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

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

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

(A) The amount in default.

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

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

(D) Actual repossession costs.

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

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

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

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

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

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

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

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

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

§ 6310. Lien.

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

§ 6311. Validity.

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

§ 6312. Discharge of obligation.

Unless a buyer has notice of the actual or intended assignment of a closed-end credit agreement or an open-end credit agreement, payment made by the buyer to the last known holder of the agreement shall, to the extent of the payment, discharge the buyer's obligation.

§ 6313. Prepayment of obligation.

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

(b) Refund credit.--

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

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

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

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

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

§ 6314. Acknowledgment of payment in full.

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

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

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

SUBCHAPTER B

CLOSED-END CREDIT AGREEMENTS

§ 6321. General rules.

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

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

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

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

§ 6322. Contents.

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

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

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

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

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

(2) The names of the seller and buyer.

(3) The place of business of the seller.

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

(5) A description of the goods or services sufficient to identify them. Services or multiple items of goods may be

described in general terms but in detail sufficient to identify them, in a separate writing.

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

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

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

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

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

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

(10) The amount of official fees.

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

(12) The amount of the finance charge.

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

(i) The number of installments required.

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

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

(14) The time sale price.

(15) The following notice provision:

NOTICE TO THE BUYER

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

(16) The following notice provision:

NOTICE

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

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

§ 6323. Copy of agreement.

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

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

(c) Acknowledgment.--

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

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

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

(4) The buyer's written acknowledgment of delivery of a copy of the agreement in conformity with this subsection shall be a rebuttable presumption of delivery and compliance with this subsection in an action or proceeding by or against an assignee of the agreement without knowledge to the contrary when the agreement is purchased.

§ 6324. Agreement resulting from telephone or mail communications.

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

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

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

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

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

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

§ 6325. Purchase money loan; notice.

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

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

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

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

NOTICE

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

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

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

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

§ 6326. Statement to buyer.

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

(b) Copies.--

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

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

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

§ 6327. Refinancing.

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

(b) Charges.--

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

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

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

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

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

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

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

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

(2) The amount of a refund credit.

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

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

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

(6) The new unpaid time balance.

(7) The new schedule of installment payments.

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

§ 6328. New payment schedule.

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

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

§ 6329. Add-on sales.

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

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

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

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

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

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

(b) Allocation.--

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

(2) A payment received after a subsequent purchase is made is deemed to be allocated to all the various time sale

prices in the same proportion or ratio as the original purchase prices of the various purchases bear to one another.

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

(i) An amount equal to the original installment payment, to the previous time sale price.

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

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

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

(1) The information under section 6322(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11) and (12) (relating to contents) as it relates to the subsequent purchase.

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

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

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

(i) The number of installments required.

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

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

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

SUBCHAPTER C

OPEN-END CREDIT AGREEMENTS

§ 6331. Establishment.

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

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

§ 6332. Requirements.

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

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

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

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

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

(3) "Open-End Credit Agreement" if the seller does not obtain security for the goods or services purchased.

(d) Entire agreement.--The written agreement shall contain the entire agreement of the parties regarding the costs and terms of payment for the goods and services.

§ 6333. Applicability and effect of subchapter.

(a) Security interest.--This subchapter does not prohibit the execution of an agreement between a buyer and seller whereby the seller retains a security interest in goods sold to the buyer until full payment has been made.

(b) Allocation.--Section 6329(b) (relating to add-on sales) governs goods sold under an agreement under subsection (a).

(c) Notes; third party rights.--An open-end credit agreement may not require or entail the execution of a note by the buyer that when separately negotiated will eliminate as to a third party a right of action or defense that the buyer may have against the seller.

SUBCHAPTER D

COSTS AND CHARGES

Sec.

§ 6341. Applicability.

A seller may contract for or collect a fee, expense or charge only if the fee, expense or charge is specifically set forth in this chapter.

§ 6342. Insurance.

(a) Compliance with law.--The following shall comply with the act of September 2, 1961 (P.L.1232, No.540), known as the Model Act for the Regulation of Credit Life Insurance and Credit Accident and Health Insurance:

(1) The seller and buyer, if:

(i) the cost of the insurance is included in the closed-end credit agreement; and

(ii) a separate charge is made to the buyer for the insurance.

(2) The seller or holder, if the insurance is to be procured by the seller or holder under an open-end credit agreement.

(b) Separate charge; agreement.--

(1) If the cost of insurance is to be separately charged to the buyer under an open-end credit agreement, the buyer and seller must so specify in a signed agreement.

(2) A copy of the agreement under paragraph (1) shall be given or furnished to the buyer.

(3) The agreement shall state whether the insurance is to be procured by the buyer, seller or holder.

§ 6343. Late fees.

(a) Closed-end credit agreement.--

(1) A closed-end credit agreement may provide for the payment by the buyer of a late fee on each installment in default for a period of not less than ten days in an amount not in excess of 5% of the installment or $10, whichever is less.

(2) Only one late fee may be collected on an installment regardless of the period that it remains in default.

(b) Open-end credit agreement.--A late fee may be assessed on an open-end credit agreement regarding each minimum payment not paid in full on the payment due date of the statement on which the minimum payment first appears.

§ 6344. Costs of collection.

A closed-end credit agreement or an open-end credit agreement may provide for payment of actual and reasonable costs of collection only if any of the following occurs:

(1) If the goods are subject to a security interest, the goods are removed from this Commonwealth without the written permission of the holder.

(2) The buyer fails to notify the holder of a change of residence.

(3) The buyer fails to communicate with the holder for a period of 45 days after a default in making payments due under the agreement.

§ 6345. Finance charges.

(a) General rule.--Pursuant to this section and the provisions of a closed-end credit agreement or an open-end credit agreement, a seller and holder may charge, receive and collect a finance charge.

(b) Closed-end credit agreement.--A finance charge under a closed-end credit agreement shall be:

(1) measured for a period between the date of the agreement and the due date of the last installment; and

(2) calculated for the period according to the actuarial method or the United States Rule method, at a rate agreed to by the buyer and the seller or holder.

(c) Open-end credit agreement.--

(1) Except as provided in paragraph (2), a finance charge on an open-end credit agreement:

(i) shall be computed based on the outstanding monthly balances; and

(ii) may not exceed the rate agreed to by the buyer and the seller or holder.

(2) A minimum finance charge of $1 per month may be made for each month, if the finance charge so computed is less than that amount.

§ 6346. Costs from nonaffiliated entity.

A closed-end credit agreement and an open-end credit agreement may provide for the reimbursement from a buyer of costs for a service provided by an entity that is not otherwise affiliated with the seller or holder if all the following conditions exist:

(1) The buyer requests that the seller or holder provide the service.

(2) The service is for the convenience of the buyer.

(3) The seller or holder contracts with the entity to provide the service to the buyer or other buyers.

(4) The seller or holder actually incurs the costs of the service provided by the entity.

(5) The costs incurred for the service are reasonable

and necessary.

(6) The reimbursement costs received from the buyer do not exceed the costs incurred by the seller or holder.

§ 6347. Extension and deferment.

(a) General rule.--Upon agreement with the buyer, the holder of a closed-end credit agreement or an open-end credit agreement may extend the scheduled due date or defer the scheduled payment of all or part of an installment payable under the agreement.

(b) Charges.--

(1) A charge may not be made for an extension or a deferment unless the extension or deferment agreement is in writing and signed by the parties.

(2) Subject to paragraph (3), the holder may contract for and collect the payment of an extension or deferment charge by the buyer.

(3) Except as provided in paragraph (4), the charge under paragraph (2) may not exceed an amount equal to 1.5% per month simple interest on the full amount or part of the installment for the extension or deferment period, which may not exceed the period:

(i) from the date when the extended or deferred installment would have been payable in the absence of the extension or deferment; and

(ii) to the date when the installment is made payable under the extension or deferment agreement.

(4) A minimum charge of $10 for the extension or deferment period may be made if the computed extension or deferment charge amounts to less than $10.

(5) Subject to section 6342 (relating to insurance), the agreement may provide for payment of the additional cost of

or premiums for continuing insurance coverage under the agreement until the end of the extension or deferment period.

§ 6348. Interest rate after maturity.

If a balance remains unpaid at the expiration of the scheduled maturity date of a closed-end credit agreement, the rate of the finance charge for the period beginning at the date of the maturity until payment in full may not exceed the rate of the finance charge under the original agreement.

SUBCHAPTER E

ENFORCEMENT AND PENALTIES

§ 6351. Willful and intentional violations.

A person who willfully and intentionally violates, or directs or consents to the violation of, a provision of this chapter commits a misdemeanor and shall, upon conviction, be sentenced to pay a fine of not more than $1,000 or to imprisonment for not more than one year, or both.

§ 6352. Noncompliance; costs and charges.

(a) Bar to recovery.--If a seller fails to comply with the provisions of this chapter, the seller or holder who acquires a closed-end credit agreement or an open-end credit agreement with knowledge of the noncompliance is barred from recovery of the following costs and charges imposed in connection with the agreement:

(1) Refinance charges under section 6327 (relating to

refinancing).

(2) Late fees under section 6343 (relating to late fees).

(3) Costs of collection under section 6344 (relating to costs of collection).

(4) Finance charges under section 6345 (relating to finance charges).

(5) Extension and deferment charges under section 6347 (relating to extension and deferment).

(6) Interest after maturity under section 6348 (relating to interest rate after maturity).

(b) Remedy of buyer.--The buyer shall have the right to recover from the person under subsection (a) an amount equal to the charges under subsection (a) that were paid by the buyer.

§ 6353. Willful violations regarding finance charges.

(a) Penalty.--If a seller or holder willfully violates a provision of this chapter regarding the imposition, computation or disclosure of a finance charge on a consolidated total of two or more agreements under section 6329 (relating to add-on sales), the buyer may recover from the seller or holder an amount equal to three times the total of the following, which have been actually paid by the buyer:

(1) Refinance charges under section 6327 (relating to refinancing).

(2) Late fees under section 6343 (relating to late fees).

(3) Costs of collection under section 6344 (relating to costs of collection).

(4) Finance charges under section 6345 (relating to finance charges).

(5) Extension and deferment charges under section 6347 (relating to extension and deferment).

(6) Interest after maturity under section 6348 (relating to interest rate after maturity).

(b) Bar to recovery.--If a violation has occurred under this section, the seller or holder is barred from the recovery of the costs and charges under subsection (a).

§ 6354. Corrections.

(a) General rule.--Notwithstanding the provisions of this chapter and subject to subsection (b), a seller or holder may correct a failure to comply with a provision of this chapter in accordance with this section unless a willful violation has occurred.

(b) Concurrence by buyer.--A correction that will increase the amount owed by the buyer or the amount of a payment is not permitted unless the buyer concurs in writing with the correction.

(c) No liability.--If a seller or holder corrects a violation in accordance with this section, the seller and holder are not subject to penalty under this subchapter.

(d) Delivery.--Within 30 days of the execution of the original closed-end credit agreement or open-end credit agreement by the buyer, a correction may be delivered to the buyer in the form of a corrected copy of the agreement.

(e) Credit.--An amount improperly collected from the buyer shall be:

(1) credited against the indebtedness evidenced by the agreement; or

(2) refunded to the buyer if the debt has already been satisfied.

§ 6355. Unfair trade practice.

A violation of any provision of this chapter shall be deemed to be a violation of the act of December 17, 1968 (P.L.1224, No. 387), known as the Unfair Trade Practices and Consumer Protection Law.

Section 5. Title 12 is amended by adding a part heading and part analysis to read:

PART IX

MISCELLANEOUS PROVISIONS

Chapter

97. Foreign Currency

98. Assembled Industrial Plant Doctrine

Section 6. The definition of "rental-purchase agreement" in section 6902 of Title 42 is amended to read:

§ 6902. 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:

* * *

"Rental-purchase agreement." An agreement for the use of personal property by an individual primarily for personal, family or household purposes for an initial period of four months or less that is automatically renewable with each rental payment after the initial period and that permits the lessee to acquire ownership of the property. The term shall not be construed to be, nor is it subject to laws governing, any of the following:

(1) A lease for agricultural, business or commercial purposes.

(2) A lease made to an organization.

(3) A lease of money or intangible personal property.

(4) A lease of a motor vehicle, motor home, mobile home or manufactured housing.

(5) A home solicitation sale under section 7 of the act of December 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices and Consumer Protection Law.

(6) [A retail installment sale, retail installment contract or retail installment account as defined in the act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act.] A closed-end credit agreement, open-end credit agreement or sale as defined in 12 Pa.C.S. § 6302 (relating to definitions).

(7) A security interest as defined in 13 Pa.C.S. § 1201 (relating to general definitions).

Section 7. Section 6911 of Title 42 is amended to read:

§ 6911. Conflict with other law.

In the event of a conflict between this chapter and [the act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act] 12 Pa.C.S. Ch. 63 (relating to goods and services installment sales), the provisions of this chapter shall be controlling.

Section 8. The following apply:

(1) The remedies under 12 Pa.C.S. Ch. 62 for violations of a provision of 12 Pa.C.S. Ch. 62 are not exclusive and shall be in addition to other procedures or remedies for a violation or conduct provided for in other law.

(2) The provisions of 12 Pa.C.S. Ch. 62 shall apply to any license, license renewal and license application issued or made on or after the effective date of this act.

(3) The provisions of 12 Pa.C.S. Ch. 62 do not apply to

or affect the validity of the following:

(i) A license issued prior to the effective date of this act.

(ii) A contract that is otherwise within the purview of 12 Pa.C.S. Ch. 62 and was made prior to the effective date of this act.

(4) Nothing in 12 Pa.C.S. Ch. 63 shall affect the validity of an agreement or contractual relationship entered into prior to April 1, 1967, except that a rate in excess of that allowed by 12 Pa.C.S. Ch. 63 shall be reduced to the permissible rate on or before April 1, 1967.

(5) The remedies under 12 Pa.C.S. Ch. 63 for violation of a provision of 12 Pa.C.S. Ch. 63 are not exclusive and shall be in addition to other procedures or remedies for a violation or conduct provided for in other law.

Section 9. Repeals are as follows:

(1) The General Assembly declares that the repeals under paragraphs (2) and (3) are necessary to effectuate the addition of 12 Pa.C.S. Pt. V.

(2) The act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act, is repealed.

(3) The act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act, is repealed.

Section 10. This act shall take effect in one year.