

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1919 Session of
1972

INTRODUCED BY MESSRS. GELFAND, SCHMITT, BRUNNER, MURTHA,
GALLAGHER, MRS. TOLL AND MRS. KELLY, FEBRUARY 2, 1972

REFERRED TO COMMITTEE ON CONSUMER PROTECTION, FEBRUARY 2, 1972

AN ACT

1 Amending the act of October 28, 1966 (P.L.55), entitled "An act
2 defining, regulating and relating to retail installment
3 contracts for all goods and services except certain motor
4 vehicles and home improvements; prescribing the requirements
5 of such contracts and limitations on the enforcement thereof;
6 and providing remedies and penalties," further providing for
7 retail installment contracts, and the rights and liabilities
8 thereto.

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

11 Section 1. The act of October 28, 1966 (P.L.55), known as
12 the "Goods and Services Installment Sales Act," is amended by
13 adding three sections to read:

14 Section 104. Every seller shall furnish to the buyer, prior
15 to agreeing to extend credit pursuant to a retail installment
16 contract, a separate memorandum, labeled a "Buyers Memo,"
17 containing a clear and conspicuous disclosure of the name and
18 address of the seller and the following items which shall be
19 incorporated into the retail installment contract (1) cash
20 price, (2) down payment, if any, (3) official fees, if any, (4)
21 charges for insurance, if any, (5) time sale price, (6) finance

1 charge, (7) the number, amount and due dates or periods of
2 payment scheduled to pay the indebtedness of credit is extended,
3 and (8) the rate of the finance charge expressed as an annual
4 percentage rate.

5 Section 105. (a) Whenever any retail seller represents or
6 solicits in any advertisement that the seller offers credit
7 pursuant to a retail installment sale, he must make credit
8 available to buyers to whom he sells goods or services on
9 credit, at a rate not exceeding that provided in sections 501
10 and 904 of this act. No seller who has advertised that he offers
11 credit to buyers may refer any buyer to any person authorized to
12 make loans at rates in excess of those provided by this act.

13 (b) Whenever any retail seller does not offer credit
14 pursuant to a retail sale subject to the rates and all other
15 provisions of this act he must clearly and conspicuously display
16 the statement that there are "No Credit Terms Available" in any
17 representation, solicitation or advertisement. This section
18 does not apply to a seller who offers goods for sale on a cash
19 basis only.

20 (c) No seller, person, or financing agency who violates this
21 section shall have a right to collect, receive, or retain the
22 amount of any credit charge, interest, or the amount of any
23 delinquency, collection, extension, deferral or refinance charge
24 that has been paid or may become due or payable. Any such
25 amounts collected, received, or retained shall be applied to any
26 unpaid balance of the buyer or to the extent no such unpaid
27 balance exists, such amounts shall be refunded to the buyer
28 against whom such charges or amounts were originally levied.

29 (d) Any seller who violates this section shall be liable to
30 the buyer for any amounts collected from or paid by the buyer

1 notwithstanding that another person or financing agency
2 collected, received, or retained such amounts specified in
3 subsection (c) of this section.

4 (e) Any violation of subsection (a) of this section shall be
5 construed as a wilful and intentional violation of this act
6 within the meaning of sections 1201 and 1204 of this act, and
7 any forfeitures made under this section shall not be in lieu of
8 any other penalties or remedies provided by this act.

9 Section 106. (a) No seller shall in any advertisement,
10 solicitation, or representation make any misleading or deceptive
11 statement concerning any credit charge offered or available or
12 conditions upon which the seller will make any retail
13 installment contract or account or finance such contract or
14 account.

15 (b) In the event of a violation of subsection (a) of this
16 section, the seller shall within fifteen days after having been
17 notified of such violation by the Attorney General, district
18 attorney, or court of common pleas, be required to carry a
19 correction in at least twelve point type, in the same size
20 space, in the publication which carried the violation or shall
21 clearly and conspicuously include such correction in the same
22 manner and with the same frequency and emphasis in any other
23 medium in which the violation was presented.

24 Any printed correction shall read as follows: "The (seller)
25 makes available rental installment sales for which the finance
26 charge is at an annual percentage rate of _____ percent (_____ %)."

27 Section 2. Subsections (6), (7), (9), (10), (12) and (16) of
28 section 201 of the act are amended and section 201 is further
29 amended by adding three subsections to read:

30 Section 201. Unless the context or subject matter otherwise

1 requires, the definitions given in this article govern the
2 construction of this act.

3 * * *

4 (6) "Retail installment contract" or "contract" means any
5 contract for a retail installment sale between a buyer and a
6 seller which provides for repayment in installments, whether or
7 not such contract contains a title retention provision, and in
8 which a [time price differential] finance charge is computed
9 upon and added to the unpaid balance at the time of sale or
10 where no [time price differential] finance charge is added but
11 the goods or services are available at a lesser price if paid by
12 cash or where the buyer, if he had paid cash, would have
13 received any additional goods or services or any higher quality
14 goods or services at no added cost over the total amount he pays
15 in installments. When taken or given in connection with a
16 retail installment sale, the term includes but is not limited to
17 a security agreement and a contract for the bailment or leasing
18 of goods by which the bailee or lessee contracts to pay as
19 compensation for their use a sum substantially equivalent to or
20 in excess of their value and by which it is agreed that the
21 bailee or lessee is bound to become, or has the option of
22 becoming, the owner of the goods upon full compliance with the
23 terms of the contract.

24 (7) "Retail installment account" or "installment account" or
25 "revolving account" means an account established by an agreement
26 pursuant to which the buyer promises to pay, in installments, to
27 a retail seller or to a financing agency, his outstanding
28 balance incurred in retail installment sales, whether or not a
29 security interest in the goods sold is retained by the seller,
30 and which provides for a [service] finance charge which is

1 expressed as a percent of the periodic balances to accrue
2 thereafter providing such charge is not capitalized or stated as
3 a dollar amount in such agreement.

4 * * *

5 (9) "Time sale price" means the total of the cash sale price
6 of the goods or services and the amounts, if any, included for
7 insurance, official fees and [service] finance charge.

8 (10) ["Time price differential" or "service] Finance
9 charge" means the amount however denominated or expressed which
10 the retail buyer contracts to pay or pays for the privilege of
11 purchasing goods or services to be paid for by the buyer in
12 installments; it does not include the amounts, if any, charged
13 for insurance premiums, delinquency charge, attorney's fees,
14 court costs, collection expenses or official fees. [Wherever
15 either of such terms is required to be used under the provisions
16 of this act the other may be used interchangeably.]

17 * * *

18 (12) ["Time balance"] "Total of payments" means the total of
19 the unpaid balance and the amount of the [service] finance
20 charge, if any.

21 * * *

22 (16) "Financing agency" means a person, persons,
23 partnership, association, or corporation engaged in this
24 Commonwealth in whole or in part in the business of purchasing
25 retail installment contracts, or installment accounts from one
26 or more retail sellers. The term includes but is not limited to
27 a bank, bank and trust company, private banker, [or] investment
28 company, or a licensee in accordance with the act of June 17,
29 1915 (P.L.1012); the act of June 4, 1919 (P.L.375); the act of
30 May 28, 1937 (P.L.989); the act of June 2, 1953 (P.L.262), or

1 the act of April 8, 1937 (P.L.262).

2 (17) "Advertisement" means any commercial message in any
3 newspaper, magazine, leaflet, flyer, or catalog, on radio,
4 television or public address system, in direct mail literature
5 or other printed material, on any interior or exterior sign or
6 display, in any window display, in any point-of-transaction
7 literature or price tag which is delivered or made available to
8 a retail buyer or prospective retail buyer in any manner
9 whatsoever.

10 (18) "Annual percentage rate" means the finance charge
11 applicable to any installment contract or installment account
12 which has been computed so as to permit disclosure of this rate
13 with an accuracy at least to the nearest quarter of one percent.
14 For the purposes of determining the annual percentage rate on
15 installment contracts the retail seller or holder shall
16 calculate the rate in accordance with the actuarial method of
17 computation or by application of the United States Rule. For the
18 purposes of installment accounts, where the finance charge is
19 exclusively the product of the application of a periodic rate,
20 the annual percentage rate may be determined by multiplying such
21 periodic rate by the number of periods in a year; where the
22 seller imposes all periodic finance charges in amounts based on
23 specified ranges or brackets of balances, the periodic rate
24 shall be determined by dividing the amount of the finance charge
25 for the period by the amount of the median balance within the
26 range or bracket of balances to which it is applicable, and the
27 annual percentage rate shall be determined by multiplying that
28 periodic rate (expressed as a percentage) by the number of
29 periods in a year.

30 (19) "Truth in Lending Act" means Title I of the Federal

1 Consumer Credit Protection Act of May 29, 1968 (Public Law 90-
2 321) and the regulations issued pursuant thereto by the Board of
3 Governors of the Federal Reserve System (Regulation Z).

4 Section 3. Sections 302, 303, 304, 305, 307, 308, 309, 401,
5 402, 501, 503, 504, 601, 603 and 604 of the act are amended to
6 read:

7 Section 302. Except as provided in [sections 309 and]
8 section 803, every retail installment contract shall be
9 contained in a single document which shall contain:

10 (a) All of the information required by the Truth in Lending
11 Act using the form, content and terminology required thereby as
12 applicable.

13 [(a)] (b) The entire agreement of the parties with respect
14 to the cost and terms of payment for the goods and services,
15 including any promissory notes or any other evidences of
16 indebtedness between the parties relating to the transaction. [,
17 and including any promise, whether made in writing or orally, by
18 the seller, made as an inducement to the buyer to become a party
19 to the contract or which is part of the contract or which is
20 made incidental to negotiations between the seller and the buyer
21 with respect to the sale of the goods or services that are the
22 subject of the contract, that the seller will compensate the
23 buyer for referring customers or prospective customers to the
24 seller for goods or services which the seller has for sale or
25 for referring the seller to such customers or prospective
26 customers. In any case in which, pursuant to the preceding
27 provisions, the contract contains a promise to compensate the
28 buyer for referring customers or prospective customers to the
29 seller or the seller to such customers, the contract must
30 contain a provision to the effect that the amount otherwise

1 owing under the contract at any time is reduced by the amount of
2 compensation owing pursuant to such promise.

3 (b)] (c) Either at the top of the contract or directly above
4 the space reserved for the signature of the buyer, the words
5 "Security Agreement" [or "Lien Contract," as the case may be,]
6 shall appear in at least ten-point bold type where a security
7 interest in the goods is retained or a lien on other goods or
8 realty is obtained by the seller as security for the goods or
9 services purchased. Either at the top of the contract or
10 directly above the space reserved for the signature of the
11 buyer, the words "Retail Installment Contract," shall appear in
12 at least ten-point bold type where security is not obtained by
13 the seller for the goods or services purchased: Provided, That
14 a revolving charge agreement or account need not be signed again
15 but a memorandum shall be sent to the buyer by the seller at the
16 time of the issuance of new credit under the contract.

17 [(c)] (d) A notice in at least [eight-point] ten-point bold
18 type reading as follows: "Notice to the buyer: (1) Do not
19 sign this agreement before you read it [or if it contains any
20 blank space]. (2) You are entitled to a completely filled-in
21 copy of this agreement. A seller is violating the law if your
22 signature is obtained on a contract containing blank spaces.

23 (3) Under the law, you have the right to pay off in advance the
24 full amount due and under certain conditions to obtain a partial
25 refund of the [service charge] finance charge and insurance."

26 Section 303. [Except as provided in Article VIII of this
27 act, a contract shall contain the following:

28 (a) The names of the seller and the buyer, the place of
29 business of the seller, the residence or place of business of
30 the buyer as specified by the buyer and a description of the

1 goods or services sufficient to identify them. Services or
2 multiple items of goods may be described in general terms and
3 may be described in detail sufficient to identify them in a
4 separate writing.

5 (b) The cash sale price of the goods, services and
6 accessories which are the subject matter of the retail
7 installment sale.

8 (c) The amount of the buyer's down payment, itemizing the
9 amounts paid in money and in goods and containing a brief
10 description of the goods, if any, traded in.

11 (d) The difference between item (b) and item (c).

12 (e) The amount, if any, included for insurance, specifying
13 the coverages and the cost of each type of coverage.

14 (f) The amount, if any, of official fees.

15 (g) The unpaid balance, which is the sum of items (d), (e)
16 and (f).

17 (h) The amount of the service charge, if any, and the
18 following statement in at least ten-point bold type: "The
19 service charge herein contained does not exceed the equivalent
20 of fifteen percent (15%) simple interest per annum on the unpaid
21 balance, except that a minimum service charge of seventy cents
22 (70¢) per month may be made."

23 (i) The time balance, which is the sum of items (g), and
24 (h), payable by the buyer to the seller, the number of
25 installments required, the amount of each installment expressed
26 in dollars and the due date or period thereof.

27 (j) The time sale price.

28 The items need not be stated in the sequence or order set
29 forth above; additional items may be included to explain the
30 computations made in determining the amount to be paid by the

1 buyer.] (a) If any amount for insurance is included in a retail
2 installment contract, the contract shall specify the coverages
3 and the cost for each type of coverage.

4 (b) Any express warranty or guarantee must be included in
5 the contract above the buyer's signature or incorporated by
6 reference to an appendix attached thereto and such appendix must
7 be signed by the buyer and seller at the time the original
8 contract is executed.

9 Section 304. The seller shall [not obtain] neither attempt
10 to obtain nor obtain the signature of the buyer to a contract
11 when it contains blank spaces [to be filled in] nor fill in any
12 blanks after it has been signed.

13 Section 305. If the cost of any insurance is included in the
14 contract and a separate charge is made to the buyer for such
15 insurance [, the seller and the buyer shall comply in all
16 respects with the act of September 2, 1961 (P.L.1232), known as
17 the "Model Act for the Regulation of Credit Life Insurance and
18 Credit Accident and Health Insurance."]:

19 (a) The contract shall grant the buyer the option to
20 purchase any insurance required from the agent or broker of his
21 own selection and state whether the insurance is to be procured
22 by the buyer or furnished by the seller;

23 (b) If the insurance is to be furnished by the seller or
24 holder, (1) he shall deliver to the buyer at the time the
25 contract is signed by the buyer, a copy of the policy or
26 policies or a certificate of insurance, and (2) the amount of
27 the premium for such insurance shall not be in an amount in
28 excess of the unpaid balance, and (3) if such insurance is
29 cancelled or the buyer pays the contract in full before maturity
30 the unearned portion of the premium shall be refunded to the

1 buyer notwithstanding the provision of any other law.

2 Section 307. The seller shall deliver to the buyer, [or mail
3 to him, at his address shown on the contract, a] an exact
4 legible copy [thereof] of the contract at the time the buyer
5 signs such contract. Such buyer's copy of the contract shall
6 contain the signature of the seller identical with such
7 signature on the original contract and otherwise completed in
8 accordance with the provisions of this act. Until the seller
9 does so, the buyer, who has received the goods or services,
10 shall be obligated to pay only the cash sale price without any
11 credit charge for the period of the seller's failure to comply.
12 A buyer who has not received the goods or services shall have an
13 unconditional right to cancel the contract and to receive
14 immediate refund of all payments made and redelivery of all
15 goods traded in to the seller on account of or in contemplation
16 of the contract. Any acknowledgment by the buyer [of delivery
17 of a copy of the contract] shall be printed or written in a size
18 equal to at least ten-point bold type and [, if contained in the
19 contract] shall also appear directly above the space reserved
20 for the buyer's signature. The buyer's written acknowledgment,
21 conforming to the requirements of this [section of] act as to
22 delivery and completeness of a copy of a contract shall be a
23 rebuttable presumption of such delivery and completeness and of
24 compliance with this section and section 304, in any action or
25 proceeding by or against a seller or an assignee of the contract
26 without knowledge to the contrary when he purchases the
27 contract. [If the holder furnishes the buyer a copy of the
28 contract, or a notice containing the items required by section
29 303 and stating that the buyer should notify the holder in
30 writing within fifteen (15) days if he was not furnished a copy

1 of the contract, and no such notification is given, it shall be
2 conclusively presumed in favor of the third party that a copy
3 was furnished as required by sections 304 and 307.]

4 Section 308. Retail installment sales negotiated and entered
5 into by mail or telephone without personal solicitation by a
6 salesman or other representative of the seller, where the
7 seller's cash and deferred payment prices and other terms are
8 clearly set forth in a catalog or other printed solicitation of
9 business which is generally available to the public, may be made
10 as hereinafter provided. All of the provisions of this act shall
11 apply to such sales except that the seller shall not be required
12 to deliver a copy of the contract to the buyer as provided in
13 section 307, and, if when the proposed retail installment sale
14 contract is received by the seller from the buyer, there are
15 blank spaces to be filled in, the seller may insert in the
16 appropriate blank spaces the amounts of money and other terms
17 which are set forth in the seller's catalog which is then in
18 effect. In lieu of the copy of the contract provided for in
19 section 307 the seller shall, prior to the due date of the first
20 installment, furnish to the buyer a written statement [of the
21 items inserted in such blank spaces.] conforming to the
22 requirements of the Truth in Lending Act.

23 Section 309. [If a retail installment sale is sale of goods
24 or services for a cash sale price of fifty dollars (\$50) or
25 less, then the retail installment contract need not be contained
26 in a single document. If the contract is contained in more than
27 one document, one such document shall be an original document
28 signed by the retail buyer, stated to be applicable to purchases
29 of goods or services to be made by the retail buyer from time to
30 time. In such case such document, together with the sales slip,

1 account book or other written statement relating to each
2 purchase, shall set forth all of the information required by
3 section 303 and shall constitute a separate retail installment
4 contract for each purchase. On each succeeding purchase pursuant
5 to such original document, the sales slip, account book or other
6 written statement may at the option of the seller constitute the
7 memorandum required by section 803.] The buyer has the
8 following rights in rescinding a contract:

9 (a) In the case of any retail installment contract or
10 installment account in which the buyer takes possession of the
11 goods at other than the seller's place of business or in which a
12 security interest or lien is retained or acquired in any real
13 property which is used or is expected to be used as the
14 residence of the person to whom credit is extended, the buyer
15 shall have the right to rescind the transaction until midnight
16 of the third business day following the date the contract was
17 made or the delivery of all material disclosures required under
18 this act, whichever is later, by notifying the seller of his
19 intention to do so at his place of business given in the
20 contract. The creditor shall provide an adequate opportunity to
21 the buyer to exercise his right to rescind any transaction
22 subject to this section and may comply with this requirement by
23 providing the buyer with a notice in the form prescribed for
24 transactions subject to rescission under the Truth in Lending
25 Act.

26 (b) When a buyer exercises his right to rescind under this
27 section he is not liable for any finance or other charge, and
28 any security interest given by the buyer becomes void upon such
29 a rescission. Within ten (10) days after receipt of a notice of
30 rescission, the creditor shall return to the buyer any money or

1 goods given as a down payment or otherwise, and shall take any
2 action necessary or appropriate to reflect the termination of
3 any security interest created under the transaction. If the
4 seller has delivered any goods to the buyer, the buyer may
5 retain possession of them until the performance of the seller's
6 obligations under this section. The buyer shall tender the goods
7 to the seller, except that if return of the goods in kind would
8 be impracticable or inequitable, the buyer shall tender its
9 reasonable value. Tender shall be made at the location of the
10 goods or at the residence of the buyer, at the option of the
11 buyer. If the seller does not take possession of the goods
12 within ten (10) days after tender by the buyer, ownership of the
13 goods vests in the buyer without obligation on his part to pay
14 for it.

15 (c) Notwithstanding any rule of evidence, written
16 acknowledgment of receipt of any disclosures required under this
17 act by a buyer to whom a statement is required to be given does
18 no more than create a rebuttable presumption of delivery
19 thereof.

20 Section 401. No contract or obligation shall contain any
21 provision by which:

22 (a) The buyer agrees not to assert against a seller [a claim
23 or defense arising out of the sale or agrees not to assert
24 against] or an assignee [such a] any claim or defense [other
25 than as provided in section 402] arising out of the transaction.

26 (b) In the absence of the buyer's default in the performance
27 of any of his obligations, the holder may accelerate the
28 maturity of any part or all of the amount owing thereunder.

29 (c) The seller or holder of the contract or other person
30 acting on his behalf is given authority to enter upon the

1 buyer's premises unlawfully or to commit any breach of the peace
2 in the repossession of goods.

3 (d) The buyer waives any right of action against the seller
4 or holder of the contract or other person acting on his behalf,
5 for any illegal act committed in the collection of payments
6 under the contract or in the repossession of goods.

7 (e) The buyer executes a power of attorney appointing the
8 seller or holder of the contract, or other person acting on his
9 behalf, as the buyer's agent in collection of payments under the
10 contract or in the repossession of goods.

11 (f) The buyer relieves the seller from liability for any
12 legal remedies which the buyer may have against the seller under
13 the contract or any separate instrument executed in connection
14 therewith.

15 (g) The buyer agrees to the payment of any charge by reason
16 of the exercise of his right to rescind or avoid the contract.

17 (h) The seller or holder of the contract is given the right
18 to commence an action on a contract under the provisions of this
19 act in a county other than the county in which the contract was
20 in fact signed by the buyer, the county in which the buyer
21 resides at the commencement of the action, the county in which
22 the buyer resided at the time that the contract was entered
23 into, or in the county in which the goods purchased pursuant to
24 such contract have been so affixed to real property as to become
25 a part of such real property.

26 (i) An assignment of wages is given.

27 (j) Language which describes the goods sold "as is" unless
28 the description of the goods in the contract or obligation
29 clearly and legibly states that the goods are purchased "as is -
30 without warranty:" Provided, however, That such description

1 shall not be used to describe new goods nor to reduce nor waive
2 the effectiveness of any warranty which ordinarily would
3 accompany such goods.

4 (k) The maturity of any part or all of the amount owing
5 thereon is accelerated where, following the buyer's default and
6 the repossession of the goods, the buyer makes timely tender of
7 an amount which would be sufficient to redeem the goods in the
8 absence of such a provision.

9 (l) The buyer's equity shall be forfeited.

10 (m) A seller promises or offers to pay credit or allow to
11 any buyer, as an inducement to enter into any goods or services
12 contract, any compensation or reward for the procurement of a
13 goods or services installment sale with others.

14 Section 402. [No right of action or defense arising out of a
15 retail installment sale which the buyer has against the seller,
16 other than as provided in section 1202, and which would be cut
17 off by assignment, shall be cut off by assignment of the
18 contract to any third party whether or not he acquires the
19 contract in good faith and for value unless the assignee gives
20 notice of the assignment to the buyer as provided in this
21 section, and within forty-five (45) days of the mailing of such
22 notice receives no written notice of the facts giving rise to
23 the claim or defense of the buyer. A notice of assignment shall
24 be in writing addressed to the buyer at the address shown on the
25 contract and shall: identify the contract; state the name of
26 the seller and buyer; describe the goods or services; state the
27 time balance and the number and amounts of the installments. The
28 notice of assignment shall contain the following warning to the
29 buyer:

30 "You have forty-five (45) days within which to notify us of

any claims or defenses which you may have against the seller. If you have any complaints or objections to make, you should notify us at this time."] (a) All legal defenses which are available to the buyer against the seller shall also be available against a holder or assignee.

(b) No retail installment contract or any separate instrument executed in connection therewith shall contain any provision waiving any legal remedies or defenses which a buyer may have had against the seller, nor shall said contract or instrument contain any provision relieving the holder or assignee from defenses available to the buyer against the seller.

(c) The retail installment contract may require or entail the execution of a promissory note but only if it bears on the face of the note, the following legend in at least ten-point bold type: "Payment of this note is subject to the terms of a retail installment contract of even date between maker and payee."

Section 501. (a) A seller may, in a retail installment contract, contract for and, if so contracted for, the holder thereof may charge, receive and collect a [service] finance charge which shall not exceed [the following rates multiplied by the number of months, including any fraction in excess of more than fifteen days as one month, elapsing between the date of such contract and the due date of the last installment:

(a) On the unpaid balance, two-thirds (2/3) of one percent (1%).

(b) A service charge shall not exceed] the equivalent of fifteen percent (15%) simple interest per annum on the [unpaid] outstanding balance calculated according to the actuarial method

1 of computation or by application of the United States Rule.

2 (b) Each installment or payment shall be allocated to the
3 amount of the finance charge so calculated for each period the
4 balance is outstanding and the remainder shall be allocated to
5 the reduction of the time balance or principal.

6 (c) A [minimum service] maximum finance charge may be made
7 in excess of the rate provided for in subsection (a) at the rate
8 of [seventy cents (70¢)] fifty cents (50¢) per month [may be
9 made] for each month if the [service] finance charge so computed
10 is less than that amount; but such [minimum service] maximum
11 finance charge may be imposed for [a minimum period of] only six
12 [months] monthly periods at any time during the duration of each
13 contract.

14 (d) The finance charge provided for by this section shall be
15 the only charge of any nature whatever, including but not
16 limited to charges for delinquent or late payments over and
17 above the principal amount, which may be made against a buyer.

18 Section 503. When a retail installment contract provides
19 for unequal or irregular installments, the [service] finance
20 charge shall be at the effective rate provided for in section
21 501, having due regard for the schedule of installments.

22 Section 504. The [service] finance charge shall be inclusive
23 of all charges incident to investigating and making the contract
24 and for the extension of the credit provided for in the
25 contract, and no fee, expense or other charge whatsoever shall
26 be taken, received, reserved or contracted for except as
27 otherwise provided in this act.

28 Section 601. (a) Unless the buyer has notice of actual or
29 intended assignment of a contract or installment account,
30 payment thereunder made by the buyer to the last known holder of

1 such contract or installment account, shall to the extent of the
2 payment, discharge the buyer's obligation.

3 (b) The buyer is authorized to pay the assignor until the
4 buyer receives notification that the contract or installment
5 account has been assigned and that payment is to be made to the
6 assignee. A notification which does not set forth the unpaid
7 balance and reasonably identify the rights assigned is
8 ineffective. If requested by the buyer, the assignee must
9 seasonably furnish reasonable proof that the assignment has been
10 made, and unless he does so, the buyer may pay the assignor.

11 Section 603. Notwithstanding the provisions of any contract
12 to the contrary, any buyer may pay the contract in full at any
13 time before maturity and in so paying it shall receive a refund
14 credit thereon for such anticipation [. The amount of any such
15 refund credit shall represent at least as great a proportion of
16 the service charge or, if the contract has been extended,
17 deferred or refinanced, of the additional charge therefor, as
18 the sum of the periodic monthly time balances under the schedule
19 of installments in the contract, or, if the contract has been
20 extended, deferred or refinanced, as so extended, deferred or
21 refinanced.] which refund credit shall be determined by using
22 the actuarial method or the United States Rule and applying the
23 annual percentage rate at which the original finance charge was
24 computed to prepaid installments for the time period by which
25 each installment was anticipated. Where the amount of the credit
26 for anticipation of payment is less than one dollar (\$1) no
27 refund need be made. Where the earned [service] finance charge
28 amounts to less than the [minimum service] maximum finance
29 charge, there may be retained an amount equal to the [minimum
30 service] maximum finance charge applicable.

1 Section 604. After the payment of all sums for which the
2 buyer is obligated under a contract, [and upon demand made by
3 the buyer,] the holder shall deliver, or mail to the buyer at
4 his last known address, such one or more good and sufficient
5 instruments as may be necessary to acknowledge payment in full
6 and to release all security in the goods under such contract.

7 Section 4. The act is amended by adding a section to read:

8 Section 605. A seller may, if the contract so provides,
9 confess judgment against a buyer; but no judgment on confession,
10 whether by amicable action or by a note, bond or other
11 instrument in writing shall be executed upon until the plaintiff
12 files a complaint averring default and proceeds as in original
13 proceedings in assumpsit. The judgment by confession shall be
14 changed as may be appropriate by a judgment, order or decree on
15 the proceedings based on the complaint; but, the priority of the
16 lien on the confession of judgment shall not be affected
17 thereby. The parties to the action shall have the same rights as
18 parties to other original proceedings in assumpsit.

19 Every person who has received satisfaction for his debt or
20 damages on which a judgment was entered of record shall enter
21 satisfaction on the record within thirty (30) days after
22 satisfaction was received. If satisfaction is not entered of
23 record as herein required, the judgment holder failing, refusing
24 or neglecting to do so within thirty (30) days shall forfeit and
25 pay to the aggrieved judgment debtor, any sum not exceeding the
26 original judgment debt but not less than one hundred dollars
27 (\$100), plus costs, reasonable attorney's fee, and lost earnings
28 to be recovered as other debts are recoverable.

29 Section 5. Sections 701, 702, 703, 801, 802, 803, 804 and
30 805 of the act, are amended to read:

1 Section 701. The holder of a retail installment contract
2 may, upon agreement with the buyer, extend the scheduled due
3 date or defer the scheduled payment of all or any part of any
4 installment or installments payable thereunder. [No charge
5 shall be made for any such extension or deferment unless the
6 agreement for such extension or deferment is in writing and
7 signed by the parties thereto. The holder may charge and
8 contract for the payment of an extension or deferral charge by
9 the buyer and collect and receive the same, but such charge may
10 not exceed an amount equal to one percent (1%) per month simple
11 interest on the amount of the installment or installments, or
12 part thereof, extended or deferred for the period of extension
13 or deferral. Such period shall not exceed the period from the
14 date when such extended or deferred installment or installments,
15 or part thereof, would have been payable in the absence of such
16 extension or deferral, to the date when such installment or
17 installments, or part thereof, are made payable under the
18 agreement of extension or deferment; except that a minimum
19 charge of one dollar (\$1) for the period of extension or
20 deferral may be made in any case where the extension or deferral
21 charge, when computed at such rate, amounts to less than one
22 dollar (\$1).] Such agreement may also provide for the payment by
23 the buyer of the additional cost to the holder of the contract
24 [or] for premiums for continuing in force, until the end of such
25 period of extension or deferral, any insurance coverages
26 provided for in the contract, subject to the provisions of
27 section 305.

28 Section 702. The holder of a retail installment contract or
29 contracts may, upon agreement in writing with the buyer,
30 refinance the payment of the unpaid [time balance] total of

1 payments or balances of the contract or contracts by providing
2 for a new schedule of installment payments. The holder may
3 charge and contract for the payment of a refinance charge by the
4 buyer and collect and receive the same, but such refinance
5 charge (1) shall be based upon the amount refinanced, plus any
6 additional cost of insurance and of official fees incident to
7 such refinancing, after the deduction of a refund credit in an
8 amount equal to that to which the buyer would have been entitled
9 under section 603 if he had prepaid in full his obligations
10 under the contract or contracts [, but in computing such refund
11 credit there shall not be allowed the minimum earned service
12 charge as authorized by such section]; and (2) may not exceed
13 the rate of [service] finance charge provided under Article V of
14 this act. Such agreement for refinancing may also provide for
15 the payment by the buyer of the additional cost to the holder of
16 the contract or contracts of premiums for continuing in force,
17 until the maturity of the contract or contracts as refinanced,
18 any insurance coverages provided for therein, subject to the
19 provisions of section 305. The refinancing agreement shall set
20 forth the amount of the unpaid [time balance] total of payments
21 or balances to be refinanced, the amount of any refund credit,
22 the amount to be refinanced after the deduction of the refund
23 credit, the amount of the [service] finance charge under the
24 refinancing agreement, any additional cost of insurance and of
25 official fees to the buyer, the new unpaid [time balance] total
26 of payments and the new schedule of installment payments. Where
27 there is a consolidation of two or more contracts then the
28 provisions of section 801 and 802 shall apply.

29 Section 703. [In the event a contract provides for the
30 payment of any installment which is more than double the amount

1 of the average of the preceding installments the buyer, upon
2 default of this installment, shall be given an absolute right to
3 obtain a new payment schedule. Unless agreed to by the buyer,
4 the periodic payments under the new schedule shall not be
5 greater than the average of the preceding installments.] The
6 dollar amount of any installment of a retail installment
7 contract shall not exceed the dollar amount of any other single
8 installment by more than ten (10) per cent or five dollars (\$5)
9 whichever is greater.

10 Section 801. A retail installment contract which otherwise
11 conforms to the requirements of this act may contain the
12 provision that the seller may at his option add subsequent
13 purchases made by the buyer to the contract, and that the total
14 price of the goods or services covered by the contract shall be
15 increased by the price of such additional goods or services, and
16 that all [service] finance charges and installment payments may
17 at the seller's option be increased proportionately, and that
18 all terms and conditions of the contract shall apply equally to
19 such additional goods or services. The contract may also provide
20 that the goods purchased under the previous contract or
21 contracts shall be security for the goods purchased under the
22 subsequent contract but only until such time as the time sale
23 price under the previous contract or contracts is fully paid.

24 Section 802. [When a subsequent purchase is made, the entire
25 amount of all payments made previous thereto shall be deemed to
26 have been applied toward the payment of the previous time sale
27 price or time sale prices. Each payment thereafter received
28 shall be deemed to be allocated to all of the various time sale
29 prices in the same proportion or ratio as the original cash sale
30 prices of the various purchases bear to one another; where the

1 amount of each installment payment is increased in connection
2 with the subsequent purchase, the subsequent payments (at the
3 seller's election) may be deemed to be allocated as follows: an
4 amount equal to the original rate, to the previous time sale
5 price, and an amount equal to the increase, to the subsequent
6 time sale price. However, the amount of any initial or down
7 payment on the subsequent purchase shall be deemed to be
8 allocated in its entirety to such purchase.] In determining when
9 the time sale price has been fully paid, every down payment
10 shall be allocated in its entirety to the purchase with respect
11 to which it was made and all other payments made under an add-on
12 sales agreement shall be applied to the unpaid balance of goods
13 or services in their order of purchase.

14 Section 803. When a subsequent purchase is made the seller
15 shall deliver to the buyer, prior to the due date of the first
16 installment, a memorandum which shall set forth [the following:]
17 all of the information required by the Truth in Lending Act
18 using the form, content and terminology required thereby as
19 applicable.

20 [(a) The names of the seller and the buyer, the place of
21 business of the seller, the residence or place of business of
22 the buyer as specified by the buyer and a description of the
23 goods and services sufficient to identify them. Services or
24 multiple items of goods may be described in general terms and
25 may be described in detail in a separate writing.

26 (b) The cash sale price of the goods, services and
27 accessories which are the subject matter of the new retail
28 installment sale.

29 (c) The amount of the buyer's down payment, itemizing the
30 amounts paid in money and in goods and containing a brief

1 description of the goods, if any, traded in.

2 (d) The difference between item (b) and item (c).

3 (e) The amount, if any, included for insurance, specifying
4 the coverages and the cost of each type of coverage.

5 (f) The amount, if any, of official fees.

6 (g) The unpaid balance, which is the sum of items (d), (e)
7 and (f).

8 (h) The unpaid time balance of the prior contract or
9 contracts.

10 (i) The new unpaid balance, which is the sum of items (g)
11 and (h).

12 (j) The amount of the service charge computed in conformity
13 with section 805.

14 (k) The consolidated time balance, which is the sum of items
15 (i) and (j), payable by the buyer to the seller, the number of
16 installments required, the amount of each installment expressed
17 in dollars and the due date or period thereof.

18 The items need not be stated in the sequence or order set
19 forth above; additional items may be included to explain the
20 computation made in determining the amount to be paid by the
21 buyer.

22 This memorandum shall contain the statement that the seller
23 is adding the subsequent purchase to the buyer's existing
24 contract in accordance with the provisions thereof.]

25 Section 804. Until the seller delivers to the buyer the
26 memorandum in complete form and as provided in section 803 the
27 buyer shall be obligated to pay only the cash sale price of the
28 subsequent purchase without any finance charge for the period of
29 the seller's failure to comply.

30 Section 805. Subject to the other provisions of Article V,

1 the [service] finance charge to be included in a consolidated
2 [time balance] total of payments shall be determined by applying
3 the [service] finance charge at the applicable rate specified in
4 that article to [either:] the consolidated outstanding balances.

5 [(a) The total of the unpaid balance of the subsequent
6 contract and the unpaid balance of any previous contract
7 included in the consolidated total determined by deducting from
8 the then unpaid time balance thereof any then unearned service
9 charge in an amount not less than the refund credit for
10 anticipation provided for in Article VI of this act (computed,
11 however, without the allowance of any minimum earned service
12 charge), for the period from the date thereof to and including
13 the date when the final installment of such consolidated total
14 is payable; or

15 (b) The principal balance of the subsequent contract for the
16 period from the date thereof to and including the date when the
17 final installment of such consolidated total is payable and, if
18 the due date of the final installment of such consolidated total
19 is later than the due date of the final installment of any
20 previous contract included in the consolidated total, on the
21 time balance then unpaid on such previous contract from the date
22 when the final installment thereof was payable to the date when
23 the final installment of such consolidated total is payable.]

24 Section 6. Section 806 of the act is repealed.

25 Section 7. Sections 901, 902, 903, 904 and 905 of the act
26 are amended to read:

27 Section 901. (a) A retail installment account may be
28 established by the seller upon the request of a buyer or
29 prospective buyer. A statement setting forth the rates of
30 [service] finance charge, which shall not exceed those

1 authorized by section 904, and describing the balance on which
2 such [service] finance charge will be computed, shall be printed
3 in type no smaller than eight point in every application form
4 used by the seller and shall be stated to the applicant when
5 such installment accounts are negotiated by telephone.

6 Subject to [the other] all provisions of this article, a
7 retail installment account may be established by a financing
8 agency on behalf of one or more sellers from whom the financing
9 agency may, with the buyer's consent purchase or acquire
10 indebtedness of the buyer to be paid in accordance with the
11 agreement.

12 (b) A retail installment account opened after sixty days
13 after the final enactment of this amending act shall be dated
14 and in writing and shall be signed by the retail buyer. The
15 printed portion thereof shall be in at least eight-point type.
16 The contract shall constitute the entire agreement of the
17 parties with respect to the cost and terms of payment for the
18 goods and services, including any promissory notes or any other
19 evidences of indebtedness between the parties relating to the
20 transaction.

21 (c) The provisions of a retail installment account shall
22 include a notice in at least ten-point bold type reading as
23 follows: "Notice to buyer: (1) Do not sign this agreement
24 before you read it. (2) You are entitled to a completely
25 filled-in copy of this agreement. A seller is violating the law
26 if your signature is obtained on a contract containing blank
27 spaces."

28 Section 902. [At the time a seller accepts the credit of the
29 buyer and establishes a retail installment account for his use,
30 the seller shall confirm this fact to the buyer in writing. Such

1 confirmation shall contain the same disclosures as required by
2 section 901. This confirmation shall also contain a legend that
3 the buyer may at any time pay his entire balance.

4 (a) The confirmation shall be in type no smaller than elite
5 typewriter characters.

6 (b) If no copy of the confirmation is retained by the
7 seller, a notation in his permanent record showing that such
8 confirmation was mailed, and the date of the mailing, shall
9 serve as prima facie evidence of such mailing.] Before the
10 first transaction is made on any retail installment account, the
11 seller or financing agency shall furnish to the buyer the
12 information required by the Truth in Lending Act using the form,
13 content and terminology required thereby as applicable.

14 Section 903. Each retail seller, before he can avail himself
15 of the [service] finance charges permitted by this article,
16 shall display prominently in his main place of business and in
17 each branch thereof, a statement outlining [the service] his
18 finance charge rates [which will conform to section 904 of this
19 act].

20 Section 904. Subject to the other provisions of this article
21 the seller or holder of a retail installment account may charge,
22 receive and collect the [service] finance charge authorized by
23 this act. The [service] finance charge shall not exceed the
24 following rates computed on the outstanding balances from month
25 to month:

26 (a) On the outstanding balance, one and one-quarter percent
27 (1 1/4%) per (1 1/4%) per month.

28 (b) A [minimum service] maximum finance charge may be made
29 in excess of the rate provided in item (a) at the rate of
30 [seventy cents (70¢)] fifty cents (50¢) per month [may be made]

1 for each month if the [service] finance charge so computed is
2 less than that amount [; such minimum service charge may be
3 imposed for a minimum period of six months].

4 (c) The [service] finance charge may be computed on a
5 schedule of fixed amounts if as so computed it is applied to all
6 amounts of outstanding balances equal to the fixed amount minus
7 a differential of not more than five dollars (\$5), provided that
8 it is also applied to all amounts of outstanding balances equal
9 to the fixed amount plus at least the same differential.

10 (d) The finance charge provided for by this section shall be
11 the only charge of any nature whatever, including but not
12 limited to charges for delinquent or late payments over and
13 above the principal amount, which may be made against a buyer.

14 Section 905. The seller or holder of a retail installment
15 account shall promptly provide the buyer with a statement as of
16 the end of each monthly period (which need not be a calendar
17 month) setting forth the [following:

18 (a) The balance due to the seller or holder from the buyer
19 at the beginning of the monthly period.

20 (b) The dollar amount of each purchase by the buyer during
21 the monthly period and, (unless a sales slip or memorandum of
22 each purchase has previously been furnished the buyer or is
23 attached to the statement) the purchase or posting date, a brief
24 description and the cash price of each purchase.

25 (c) The payments made by the buyer to the seller or holder
26 and any other credits to the buyer during the monthly period.

27 (d) The amount of the service charge, and the following
28 statement: The service charge herein contained does not exceed
29 the equivalent of fifteen percent (15%) simple interest per
30 annum on the unpaid balance except that a minimum service charge

1 of seventy cents (70¢) per month may be made.

2 (e) The total balance in the account at the end of the
3 monthly period.

4 (f) A legend to the effect that the buyer may at any time
5 pay his total balance.

6 The items need not be stated in the sequence or order set
7 forth above; additional items may be included to explain the
8 computations made in determining the amount to be paid by the
9 buyer.] information required by the Truth in Lending Act using
10 the form, content and terminology required thereby as
11 applicable.

12 Section 8. Section 909 of the act is repealed.

13 Section 9. Section 910 of the act is amended to read:

14 Section 910. The provisions of sections 305, 402, 601 and
15 604 shall be applicable to retail installment accounts.

16 Section 10. Section 1101 of the act is amended to read:

17 Section 1101. [In the event of any default by the buyer in
18 the performance of his obligations under a contract or
19 installment account, the holder, pursuant to any rights granted
20 therein, in proceeding to recover judgment for the balance due
21 or in retaking the goods, shall comply with and be limited by
22 all the requirements of the Uniform Commercial Code.]

23 Repossession.--(a) The holder may repossess goods subject to a
24 security interest when the buyer is in default under a retail
25 installment contract, or revolving charge agreement. Unless the
26 goods can be repossessed without use of force, they shall be
27 repossessed by legal process. No less than fourteen (14) days
28 before he repossesses, the holder shall give notice to the buyer
29 of his intention to repossess. The notice shall state the
30 default and the period, if any, at the end of which the goods

1 may be repossessed, and shall briefly state the buyer's rights
2 in case the goods are repossessed. The notice may be delivered
3 to the buyer personally or be sent by registered or certified
4 mail to his last known address.

5 (b) Within five (5) days after goods are repossessed, the
6 holder shall deliver to the buyer personally, or send to him by
7 registered or certified mail to his last known address, a
8 written notice stating briefly: (1) That the goods, including a
9 general description thereof, have been repossessed; (2) the
10 buyer's right to redeem and the amount payable therefor which
11 shall include no delinquency charges; (3) the buyer's rights as
12 to a resale and his liability for a deficiency; and (4) the
13 exact address where any payment is to be made or notice
14 delivered.

15 (c) After default and repossession of the collateral and
16 subject to the provisions of this section and section 1102 of
17 the act, the holder may sell or otherwise dispose of the
18 collateral, the sale or disposition to be carried out in a
19 commercially reasonable manner. The proceeds of any disposition
20 shall be applied in the following order:

21 (1) If the holder has given notice of his intention to
22 repossess under this section reasonable expenses of preparation
23 of the collateral for disposition and any obligation of the
24 holder to others for any reasonable costs in disposing of the
25 collateral.

26 (2) If the holder has given notice of his intention to
27 repossess under this section, reasonable expenses of
28 repossession and holding the goods, and reasonable attorney's
29 fees where the attorney is not a salaried employe of the holder.

30 (3) Satisfaction of the unpaid total of payments,

delinquency and extension charges, if any, less credit charges and insurance premiums, if any, allocable to installments due after repossession as determined in sections 305 and 603 of this act.

(4) Surplus, if any, to the buyer without request, and a copy of an affidavit signed by the holder stating the price for which the goods were sold and the date and place of sale.

(d) No court shall enter a deficiency judgment against a buyer which includes a finance charge, insurance premiums or delinquency charges allocable to installments due after repossession as determined in sections 305 and 603 of the act.

(e) A buyer of goods which have been repossessed shall not be liable in a suit for a deficiency unless on the return day of the suit the holder files an affidavit signed either by the purchaser at the sale or by the holder stating the price for which the goods were sold and the date and place of sale.

(f) Repossession with delivering or sending the notice required by subsection (b) of this section shall subject the holder to a penalty to the retail buyer of an amount equal to fifty percent (50%) of the fair market value of the collateral at the time of repossession and in addition the retail buyer may sue the holder for conversion of the collateral.

Section 11. The act is amended by adding a section to read:

Section 1102. Redemption.--(a) If goods are repossessed within the Commonwealth, the holder shall retain possession of such goods for fifteen (15) days after notice has been delivered pursuant to section 1101 of this act, during which period the buyer may redeem the goods and become entitled to take possession of them.

(b) To redeem the goods, if the holder has given notice of

1 his intention to repossess under section 1101 of this act, the
2 buyer shall:

3 (1) Pay or tender the full amount due under the agreement;
4 and

5 (2) Perform or tender performance of any other promise for
6 the breach of which the goods were repossessed; and

7 (3) Pay the actual and reasonable expenses of repossessing
8 and holding the goods, including attorney's fees as provided in
9 subsection (c) of section 1101 of this act.

10 (c) To redeem the goods, if the holder has not given notice
11 of his intention to repossess under section 1101 of this act,
12 the buyer shall pay, perform or tender as required by subsection
13 (b) of this section but need not pay or tender any expenses
14 specified in clauses (1) and (2) of subsection (c) of section
15 1101 of this act.

16 Section 12. Section 1203 of the act is repealed.

17 Section 13. Section 1205 of the act is amended to read:

18 Section 1205. An action on a contract under the provisions
19 of this act, other than for actions provided for under section
20 1206, shall be commenced in the county in which the contract was
21 in fact signed by the buyer, in the county in which the buyer
22 resided at the time the contract was entered into, in the county
23 in which the buyer resides at the commencement of the action, or
24 in the county in which the goods purchased pursuant to such
25 contract have been so affixed to real property as to become a
26 part of such real property.

27 Section 14. The act is amended by adding a section to read:

28 Section 1206. The Attorney General or the district attorney
29 of any county may bring an action in the name of the
30 Commonwealth to prosecute violators or to restrain or prevent

1 any violation of this act or any continuance of any such
2 violations. Such action shall be brought in the county where the
3 defendant resides, has his principal place of business, or where
4 the act sought to be restrained has been, or is about to be
5 performed: Provided, however, That this section shall not apply
6 to any violation which any holder shall establish by a
7 preponderance of the evidence to be the result of accident or
8 bona fide error in any mathematical computation, the layout or
9 format, size of type or order of clause contained in such retail
10 installment contract or account.

11 Section 15. Section 1301 of the act is amended to read:

12 Section 1301. (a) All acts or parts of acts inconsistent
13 herewith are hereby repealed.

14 (b) It is the intention of the General Assembly that if any
15 provision of this act as amended is inconsistent with the Truth
16 in Lending Act, it shall be construed to conform thereto.

17 Section 16. This act shall take effect sixty days after
18 final enactment.