

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. 1434 Session of  
1987

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PUNT, COLAFELLA AND BARLEY, MAY 27, 1987

AS REPORTED FROM COMMITTEE ON BUSINESS AND COMMERCE, HOUSE OF  
REPRESENTATIVES, AS AMENDED, FEBRUARY 23, 1988

## AN ACT

1 Amending the act of November 30, 1965 (P.L.847, No.356),  
2 entitled "An act relating to and regulating the business of  
3 banking and the exercise by corporations of fiduciary powers;  
4 affecting persons engaged in the business of banking and  
5 corporations exercising fiduciary powers and affiliates of  
6 such persons; affecting the shareholders of such persons and  
7 the directors, trustees, officers, attorneys and employes of  
8 such persons and of the affiliates of such persons; affecting  
9 national banks located in the Commonwealth; affecting persons  
10 dealing with persons engaged in the business of banking,  
11 corporations exercising fiduciary powers and national banks;  
12 conferring powers and imposing duties on the Banking Board,  
13 on certain departments and officers of the Commonwealth and  
14 on courts, prothonotaries, clerks and recorders of deeds;  
15 providing penalties; and repealing certain acts and parts of  
16 acts," providing for certain direct and indirect extensions  
17 of credit to individuals, partnerships and unincorporated  
18 associations; authorizing direct extensions of credit to  
19 finance installment sales of goods and services to be made  
20 through sellers and contractors as intermediaries; providing  
21 special rules for transaction accounts of individuals; and  
22 providing for COMPLIANCE WITH FEDERAL LAW REGARDING  
23 availability of withdrawal of items deposited. <—

## FINDINGS

24  
25 The General Assembly makes the following findings as the

1 basis for this act:

2 (1) The Pennsylvania statutes and regulations which  
3 govern direct and indirect extensions of credit by banks to  
4 individuals and unincorporated entities have become  
5 voluminous and intricate by reason of separate amendments and  
6 supplements over several years and, in conjunction with  
7 Federal statutes and regulations, have failed to provide a  
8 stable basis for the offering of credit by banks. Such  
9 statutes and regulations have imposed a costly, confusing and  
10 needless complexity in the compliance requirements that banks  
11 must satisfy without providing a proportionate benefit to  
12 their customers.

13 (2) The interests of the public and the interests of the  
14 State have been adversely affected by economic limitations on  
15 direct and indirect extensions of credit under restrictions  
16 of Pennsylvania law.

17 (3) Recent changes in Federal laws regulating interest  
18 payable on deposits have enabled the public to obtain market  
19 rates of interest on funds deposited with banks, and such  
20 rates may be adjusted to reflect interest rate levels in the  
21 national economy. Pennsylvania law generally does not provide  
22 the same flexibility for interest rates on direct and  
23 indirect extensions of credit.

24 (4) States contiguous to Pennsylvania, as well as most  
25 other states of the United States, have changed bank lending  
26 laws in order to maintain a consistent availability of  
27 credit. A consequence of these changes has been that  
28 financial institutions located in other states have become  
29 the sources of a substantial and increasing percentage of the  
30 personal credit business in Pennsylvania, detrimentally

1 affecting employment, business and tax revenues in this  
2 State.

3 (5) The accelerating development of interstate banking  
4 will increase the significance of State laws which govern  
5 bank extensions of credit and their effect on the choice of  
6 places where activities will be located. The loss of jobs in  
7 Pennsylvania directly caused by its outdated credit laws will  
8 inevitably increase with changes in the banking industry  
9 unless those laws offer the same opportunities for  
10 competition by Pennsylvania organizations as do the laws of  
11 other states.

12 (6) The interests of individuals and unincorporated  
13 entities in continuing credit availability from banks located  
14 in this State, the interests of the State in augmenting  
15 employment and business of its residents and the interests of  
16 the State and political subdivisions in State and local taxes  
17 resulting from such employment and business will be promoted  
18 by simplification and flexibility of bank lending laws so  
19 that credit can be offered at market rates and competitive  
20 terms.

#### 21 PURPOSES

22 On the basis of these findings, the purposes of this act are  
23 to provide:

24 (1) Uniform, adequate and simplified disclosure by  
25 adoption of the comprehensive Federal rules governing  
26 disclosure in consumer credit transactions.

27 (2) Availability from Pennsylvania banks of credit at  
28 competitive market rates of interest and charges so that  
29 customers may benefit from decreases in market rates and  
30 Pennsylvania banks may continue to offer credit, and compete

1 with banks from other states, during periods of both  
2 increases and decreases in interest rates.

3 (3) Maintenance of credit services for Pennsylvania  
4 customers at local banks so that customer alternatives will  
5 not be restricted to out-of-state companies as in the case of  
6 past periods of high interest rates.

7 (4) Unification and simplification of rules governing  
8 bank credit to promote efficiency and to increase borrower  
9 comprehension of the terms of credit.

10 The provisions of this statute shall be liberally construed to  
11 accomplish the foregoing purposes.

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

14 Section 1. The act of November 30, 1965 (P.L.847, No.356),  
15 known as the Banking Code of 1965, is amended by adding a  
16 section to read:

17 Section 322. Extensions of Credit to Individuals, Partnerships  
18 and Unincorporated Associations

19 (a) Definitions--As used in this section, the following  
20 words and phrases shall have the meanings given to them in this  
21 subsection:

22 "Credit device"--any card, check, identification code or  
23 other means of identification contemplated by the agreement  
24 governing a plan.

25 "Loans"--cash advances or loans to be paid to or for the  
26 account of the customer.

27 "Plan" or "open-end credit plan"--a plan contemplating the  
28 extension of credit under an account governed by an agreement  
29 between an institution and a customer pursuant to which:

30 (i) the institution permits the customer and, if the

1 agreement governing the plan so provides, persons acting on  
2 behalf of or with authorization from the customer from time  
3 to time to make purchases or to obtain loans, or both, by use  
4 of a credit device,

5 (ii) the amounts of purchases made and loans obtained  
6 are charged to the customer's account under the plan,

7 (iii) the customer is required to pay the institution  
8 the amounts of all purchases and loans charged to the  
9 customer's account under the plan but has the privilege of  
10 paying the amounts outstanding from time to time in full or  
11 installments, and

12 (iv) interest may be charged and collected by the  
13 institution from time to time on the outstanding unpaid  
14 indebtedness under such plan.

15 "Purchases"--payments for property of whatever nature, real  
16 or personal, tangible or intangible, and payments for services,  
17 licenses, taxes, official fees, fines, private or governmental  
18 obligations, or any other thing of value.

19 "Truth in Lending"--the Federal Truth in Lending Act (Public  
20 Law 90-321, 15 U.S.C. § 1601 et seq.) and regulations  
21 promulgated thereunder as in effect from time to time. The terms  
22 "finance charge," "annual percentage rate," "credit card,"  
23 "open-end credit" and "closed-end credit" have the same coverage  
24 and meanings as the definitions of those terms under Truth in  
25 Lending.

26 (b) Coverage--This section shall govern all direct and  
27 indirect extensions of credit by an institution for personal,  
28 family, household, business or agricultural purposes to an  
29 individual, a partnership or an unincorporated association,  
30 whether as closed-end credit or open-end credit, except

extensions of credit:

(i) which are secured by a first-lien, purchase money, residential real estate mortgage,

(ii) which are student loans guaranteed by the Pennsylvania Higher Education Assistance Agency, or

(iii) which are not subject to a maximum rate of interest or finance charge, or as to which the pleading of usury as a defense is prohibited, pursuant to Federal or State law.

(c) Disclosures--In connection with an extension of credit, an institution shall make applicable disclosures required by Truth in Lending in lieu of any disclosure requirement which may be imposed by Pennsylvania law.

(d) Agreements for extension of credit--An institution may extend credit pursuant to this section on the basis of a written agreement. Such agreement, including related statements, notices and documents (a completed copy of each of which shall be given to the customer), shall have the form and contents required by Truth in Lending and shall, in addition, provide if applicable:

(i) the amounts of available credit and the procedure or means by which it may be obtained,

(ii) maturity provisions, installment payment requirements, prepayment privileges and rebates of unearned interest upon prepayment,

(iii) either the amounts or rates of interest, which may be fixed or variable rates, or the basis for determining such amounts or rates, subject to subsection (m),

(iv) the method of determining balances of unpaid indebtedness to which periodic rates of interest are applicable which, in the case of an open-end credit plan,

1 may, if the agreement governing the plan so provides, include  
2 the amount of any interest and other charges, including  
3 delinquency charges, which have accrued in the account,

4 (v) charges which may be imposed in addition to  
5 interest, in such amounts as the agreement provides, or as  
6 established in the manner the agreement provides, such as,  
7 but not limited to, minimum charges, check charges and  
8 maintenance charges related to extensions of credit pursuant  
9 to overdraft check plans, delinquency charges for each  
10 installment or payment which is in default and fees,  
11 extension charges and charges that may be incurred on  
12 default, including attorney fees, court and other collection  
13 costs. Such additional charges may include a daily, weekly,  
14 monthly, annual or other periodic charge for the privileges  
15 made available to the customer under an open-end credit plan,  
16 transaction charges for each separate purchase or loan under  
17 the plan and a minimum charge for each scheduled billing  
18 period under the plan, during any portion of which there is  
19 an outstanding unpaid indebtedness under the plan,

20 (vi) collateral security and provisions relating  
21 thereto, except that there may not be any authorization for  
22 entry of judgment by confession, and

23 (vii) insurance coverages and premiums therefor.

24 Such agreements shall be valid and enforceable and an  
25 institution may impose and collect the interest and other  
26 charges provided therein.

27 (e) Computation of interest--A fixed rate of interest  
28 included in a finance charge shall be computed either on a  
29 simple interest basis by a generally accepted actuarial method,  
30 including a method permitted for determination of an annual

1 percentage rate under Truth in Lending or, as to an extension of  
2 credit with an initial maturity of not more than sixty months,  
3 which is made within two years after the effective date of this  
4 section, on an add-on or discount basis. The maximum amount that  
5 may be charged on the basis of a variable rate of interest shall  
6 be computed in accordance with or with reference to a schedule  
7 or formula, at the times and for the periods provided in the  
8 agreement. The periodic rate of interest, as so varied, will be  
9 applicable to all outstanding unpaid indebtedness under the  
10 agreement from the effective date of the variation if so  
11 provided in the agreement.

12 (f) Changes in terms--An institution may change the terms of  
13 the agreement if:

14 (i) the agreement so provides,

15 (ii) there is compliance with applicable notice  
16 requirements of Truth in Lending prior to the effective date  
17 of the change,

18 (iii) such notice states that a customer for whose  
19 account a change in terms does not become effective may pay  
20 all outstanding amounts pursuant to the agreement as in  
21 effect prior to the notice, and

22 (iv) in the case of an increase in a fixed rate of  
23 interest or other charges payable by the customer under an  
24 open-end credit plan, the customer incurs additional  
25 indebtedness after the effective date of the change of terms.

26 If the agreement governing the plan so provides, a change of  
27 terms pursuant to this subsection may, on and after the date it  
28 becomes effective as to an account, apply to all then  
29 outstanding unpaid indebtedness. A change in the amount of  
30 interest imposed in accordance with or with reference to a



1 schedule or formula for a variable rate of interest shall not be  
2 deemed to be a change in terms but a change in such schedule or  
3 formula shall be deemed to be a change in terms. No change may  
4 be made in a fixed rate of interest or other charges payable  
5 with respect to the outstanding balance of indebtedness or in  
6 the amount or due dates of required installment payments on  
7 closed-end credit unless there is written consent of the  
8 customer at the time of the change except for an extension of  
9 any due date or an option granted by the institution to the  
10 customer to omit payments ~~granted by the institution~~ and except <—  
11 as may be otherwise provided in an agreement for an extension of  
12 credit which is not for personal, family or household purposes.

13 (g) Prepayment--

14 (i) A borrower or buyer may prepay an extension of  
15 credit in full at any time without any prepayment charge.

16 (ii) If interest has been precomputed, then, in the  
17 event of prepayment of an extension of credit, the  
18 institution shall refund to the customer the unearned portion  
19 of the precomputed interest. The refund shall be in an amount  
20 not less than the amount of the unearned precomputed interest  
21 calculated in accordance with a generally accepted actuarial  
22 method including a method permitted for determination of an  
23 annual percentage rate under Truth in Lending, except that  
24 the amount of the unearned interest on an extension of credit  
25 with an initial maturity of not more than sixty months which  
26 is made within two years after the effective date of this  
27 section for which interest is computed on an add-on or  
28 discount basis as permitted by subsection (e) may be  
29 calculated in accordance with the "sum of the balances"  
30 method, and except that the customer shall not be entitled to

1 a refund which results in a net minimum charge of less than  
2 an amount equal to the interest that would accrue in the  
3 first month the extension of credit was scheduled to be  
4 outstanding. The institution shall not be required to refund  
5 the unearned portion of the interest if such amount is less  
6 than one dollar (\$1).

7 (iii) The amount of a refund under the "sum of the  
8 balances" method is determined by multiplying the precomputed  
9 interest by a fraction, the numerator of which is the sum of  
10 the balances, including interest, of the extension of credit  
11 scheduled to be outstanding after deducting the first of the  
12 payments scheduled to be made on or after the date of  
13 prepayment, and the denominator of which is the sum of all  
14 the unpaid balances, including interest, of the extension of  
15 credit scheduled to be outstanding from its inception to, and  
16 including the maturity of the final installment. Intervals  
17 between scheduled payments must be regular periods of one  
18 month or less except that the interval between the inception  
19 of an extension of credit and the due date of the first  
20 scheduled payment may be:

21 (A) one month and fifteen days when the regular  
22 payment interval is a month,

23 (B) one month when the regular payment interval is  
24 less than a month but more than a week, or

25 (C) eleven days when the regular payment interval is  
26 a week or less.

27 (h) Insurance--The agreement may provide for life, health,  
28 accident, loss-of-income or other permissible insurance related  
29 to an extension of credit under a group or individual policy  
30 subject to the option of the customer to furnish required

1 insurance through an authorized insurer of the customer's choice  
2 as provided in section 11 of the act of September 2, 1961  
3 (P.L.1232, No.540), known as the "Model Act for the Regulation  
4 of Credit Life Insurance and Credit Accident and Health  
5 Insurance," and, if premiums for such insurance are paid to the  
6 institution, provisions shall be made for rebates of unearned  
7 premiums, if any, upon prepayment. An institution may require  
8 that insurance be maintained, from an insurer acceptable to the  
9 institution, against loss or damage to property which is  
10 collateral security for the extension of credit and against  
11 liability arising out of the ownership or use of such property.  
12 An institution may grant an extension of credit to finance the  
13 premiums for such insurance.

14 (i) Extensions of credit through intermediaries--An  
15 extension of credit to finance a sale of a motor vehicle, other  
16 than through an open-end credit plan, may be made by an  
17 institution through a seller licensed as an installment seller  
18 under the act of June 28, 1947 (P.L.1110, No.476), known as the  
19 "Motor Vehicle Sales Finance Act," as an intermediary if:

20 (i) the agreement governing the extension of credit  
21 conspicuously provides that the extension of credit is made  
22 by the institution to the buyer and is subject to the  
23 provisions of this section, and

24 (ii) either the institution has made a commitment to  
25 make the extension of credit or the agreement is subject to  
26 acceptance by the institution within two business days after  
27 the date of the agreement and the institution upon such  
28 acceptance sends written notice thereof to the buyer. The  
29 terms and conditions under which the seller acts as an  
30 intermediary between the institution and the buyer shall be

determined by written agreement between the institution and the seller.

An extension of credit made through an intermediary pursuant to this section shall be subject to this act and other acts governing transactions between banks and their customers and shall not be subject to the provisions or requirements of any other regulatory statute, rule or regulation and neither a seller who acts as an intermediary for an institution with respect to such an extension of credit nor an institution which makes such an extension of credit through a seller as an intermediary shall be deemed to be in violation of licensing or other requirements of any other regulatory statute, rule or regulation that would be applicable to extensions of credits by such a seller or contractor to its customers.

(j) Right of rescission--A person whose ownership interest in that person's principal dwelling is subject to a lien or security interest as collateral security for an extension of credit subject to this section shall have a right of rescission for the same types of transactions, on the same terms and conditions and for the same time periods as those provided for the right of rescission under Truth in Lending.

(k) Statement of account--Upon the written request of the customer, an institution shall provide, within ninety days after the end of each calendar year, a statement of the customer's account showing payments made during such year, the amount applied to interest and the balance of the account at the end of such year.

(l) Waiver of provisions--No provision of this section which confers rights on the customer or any other person may be waived or modified except to the extent and in the circumstances in

1 which Truth in Lending permits a consumer to waive or modify the  
2 right of rescission.

3 (m) Maximum rates of interest for credit card purchases--The  
4 maximum rate of interest from time to time that may be imposed  
5 on amounts charged to a credit card account for purchases shall  
6 be the index rate under this subsection in effect at the time  
7 the interest is charged to the account and shall be applicable  
8 to all balances in the account for purchases and, if the  
9 agreement governing the account so provides, to interest and  
10 other charges accrued on unpaid balances for purchases. The  
11 index rate shall be determined for each calendar quarter  
12 commencing on the first day of January, April, July and October  
13 of each year. For the first calendar quarter which commences not  
14 less than ninety days after the date of approval of this  
15 subsection, the index rate shall be the sum of the average  
16 annual percentage yield on U.S. Government securities for a  
17 constant three-year maturity as published by the Board of  
18 Governors of the Federal Reserve System rounded to the nearer  
19 quarter of one percent ("U.S. Government three-year rate") for  
20 the first full calendar month after such date of approval plus  
21 eight percent. For each successive calendar quarter, the index  
22 rate shall be the average U.S. Government three-year rate for  
23 the second calendar month preceding such quarter plus eight  
24 percent. The index rate for a calendar quarter shall be the  
25 maximum rate of interest imposed in each billing cycle which  
26 begins in such calendar quarter on balances subject to this  
27 subsection. Notwithstanding any provision in this section or any  
28 other act to the contrary, there shall be no limitation on the  
29 rate, amount or manner of assessing or adjusting service  
30 charges, finance charges, interest, annual or other periodic

1 fees or any other fees or charges imposed in connection with  
2 credit cards issued by any bank, savings bank or savings and  
3 loan association located in Pennsylvania to cardholders  
4 domiciled outside Pennsylvania: Provided, however, That the  
5 rate, amount and manner of assessing and adjusting such service  
6 charges, finance charges, interest, fees and charges shall be  
7 set forth in writing and agreed to by the credit care issuer and  
8 the cardholder. This subsection (m), the annual or other  
9 periodic fees and any additional fees and charges, other than  
10 the service charge, finance charge or interest, shall all be  
11 deemed to be material to the determination of the rate of the  
12 service charge, finance charge and interest for purposes of  
13 Federal law. In determining whether a cardholder is domiciled in  
14 Pennsylvania, a credit card issuer may conclusively assume that  
15 such cardholder is domiciled outside Pennsylvania if the issuer  
16 has not mailed any solicitation to the cardholder at a  
17 Pennsylvania address, has not entered into a credit card  
18 agreement with a cardholder pursuant to a personal meeting at an  
19 office of the issuer in Pennsylvania and does not mail the  
20 cardholder's monthly billing statements to a Pennsylvania  
21 address.

22       Section 2.   Section 506(a)(vi), (vii) and (viii) of the act,  
23 amended December 17, 1982 (P.L.1367, No.313), are amended and  
24 the subsection is amended by adding a clause to read:

25 Section 506.   Lending Powers; Direct Leasing of Personal  
26                               Property

27       (a)   A savings bank may:

28               \* \* \*

29               (vi)   in the case of a savings bank which has elected to  
30       exercise the conditional powers provided in section 513, make

1       secured or unsecured loans for personal, family or household  
2       purposes, including loans reasonably incident to the  
3       provision of such credit, and subject to regulation by the  
4       department, issue credit cards, extend credit in connection  
5       therewith, and otherwise engage in or participate in credit  
6       card operations, except that the total amount of such loans  
7       or extensions of credit shall not exceed thirty percent of  
8       the assets of such savings bank[. In any loan or extension of  
9       credit made under the authority of this clause a savings bank  
10      may charge or impose any rate or charge which could be  
11      imposed by a bank in connection with any such loan or  
12      extension of credit and shall be subject to the same  
13      restrictions and limitations imposed upon a bank in  
14      connection with such loan or extension of credit];

15           (vii) make overdraft loans specifically related to  
16      deposits which are subject to negotiable orders of  
17      withdrawal; [and]

18           (viii) make loans for the payment of educational  
19      expenses; and

20           (ix) in any loan or extension of credit made under the  
21      authority of this section, charge or impose any rate or  
22      charge which could be imposed by a bank in connection with  
23      any such loan or extension of credit, ~~may~~ make agreements in      <—  
24      the same manner and with the same terms, provisions and  
25      conditions as a bank and, in addition to the restrictions of  
26      this section, shall be subject only to the same disclosure  
27      and other requirements, restrictions and limitations imposed  
28      upon a bank in connection with such loan or extension of  
29      credit.

30   [A savings bank may not lend money or discount or purchase

1 evidences of indebtedness or agreements for the payment of money  
2 except as provided in sections 504 and 505 and in this  
3 subsection (a).]

4 \* \* \*

5 ~~Section 3. The act is amended by adding sections to read:~~ <—  
6 ~~Section 611. Special Rules for Transaction Accounts of~~  
7 ~~Individuals~~

8 ~~(a) Applicability This section shall apply to an account in~~  
9 ~~the name of one or more individuals, for personal, family or~~  
10 ~~household purposes, which constitutes a transaction account as~~  
11 ~~defined by the Federal Reserve Act for the purpose of reserve~~  
12 ~~requirements of depository institutions.~~

13 ~~(b) Limits on charges for accounts of individuals sixty five~~  
14 ~~years of age or older No fee, charge or assessment, except~~  
15 ~~overdraft charges and charges for services requested by the~~  
16 ~~holder of the account, may be made against the personal~~  
17 ~~transaction account or savings account of an individual who is~~  
18 ~~sixty five years of age or older, who requests that no such fee,~~  
19 ~~charge or assessment be made and who supplies reasonable proof~~  
20 ~~of age if requested by the institution.~~

21 ~~(c) Copies of items paid. If an institution has not sent or~~  
22 ~~made available to the holder of a transaction account items paid~~  
23 ~~from the account, as provided in section 4406 of the Uniform~~  
24 ~~Commercial Code (13 Pa.C.S. § 4406), the institution may not~~  
25 ~~impose a charge for supplying, upon written request of the~~  
26 ~~holder of the account, photocopies of the front and reverse~~  
27 ~~sides of twenty five such items in each calendar year or a~~  
28 ~~charge for services necessary to resolve a dispute between the~~  
29 ~~institution and the holder of the account as to the balance of~~  
30 ~~the account.~~



~~Section 612. Availability for Withdrawal of Items Deposited.~~

~~(a) Applicability. This section shall apply to transaction accounts of individuals to which section 611 is applicable and to items in the amount of one thousand dollars (\$1,000) or less. For the purpose of this section, the term "item" shall have the same meaning as the definition of that term in section 4104 of the Uniform Commercial Code (13 Pa.C.S. § 4104), the term "day" shall have the same meaning as the term "banking day" as defined in that section and deposits shall be treated as received by an institution in accordance with section 4107 of the Uniform Commercial Code (13 Pa.C.S. § 4107).~~

~~(b) General availability schedule. Notwithstanding the provisions of other statutes or of agreements with holders of transaction accounts but subject to the provisions and limitations of this section, an item received for deposit in a transaction account shall be available for withdrawal from that account not later than the opening of business of the day following:~~

~~(i) two days after the day of deposit of an item drawn on an office of a drawee located in the same city, borough, town or township as the location of the office of the institution in which an item is deposited;~~

~~(ii) three days after the day of deposit of an item drawn on an office of a drawee located in the same Federal Reserve District as the location of the office of the institution in which the item is deposited;~~

~~(iii) four days after the day of deposit of an item drawn on an office of a drawee located in this Commonwealth and in a Federal Reserve District outside the location of the office of the institution in which the item is deposited;~~

~~(iv) six days after the day of deposit of an item drawn on an office of a drawee located outside this Commonwealth and in the continental United States; and~~

~~(v) an additional day in each case for an item deposited in an unmanned facility of the institution such as an automated teller machine or night depository.~~

~~(c) Exceptions. The time periods in subsection (b) shall not be applicable in any case in which:~~

~~(i) an item is deposited in a transaction account which was opened by a new customer within six months of the day of deposit of the item;~~

~~(ii) an item is deposited by a customer who has had three or more separate overdrafts on accounts with the institution within the preceding six months other than accounts with overdraft privileges which were sufficient to cover each such overdraft;~~

~~(iii) an item is drawn on an office of a drawee located outside the continental United States;~~

~~(iv) the institution receives notice before the expiration of the time period applicable to an item that it will not be paid in full in the normal course of business for any reason such as, but not limited to, insufficient funds, a stop order, legal process, suspension of payments by the drawee, or an order of a public authority limiting the amount or time of payments of items by the drawee; or~~

~~(v) the institution in good faith doubts the collectibility of the item for reasons such as suspicion of fraud or insolvency of the drawer and gives notice to the drawer as soon as feasible.~~

~~(d) Intervening circumstances. An event or condition by~~

~~reason of which delays in time periods under Division IV of the  
Uniform Commercial Code are excused pursuant to section 4108  
(relating to delays), shall extend the time periods provided in  
subsection (b) for the period of the delay.~~

~~(c) Notice. An institution shall give notice to holders of  
accounts covered by this section of time periods for  
availability of deposits by any reasonable method such as  
notices sent with account statements, notices on deposit slips  
or envelopes or posting in offices.~~

~~(f) Effect of section. Except as specifically provided  
herein, the section shall not affect the duties, rights and  
remedies of depositories, collecting banks, payor banks or  
depositors under Division IV of the Uniform Commercial Code.~~

SECTION 3. THE ACT IS AMENDED BY ADDING A SECTION TO READ: <—  
SECTION 611. COMPLIANCE WITH FEDERAL LAW REGARDING AVAILABILITY  
OF WITHDRAWAL OF ITEMS DEPOSITED

AN INSTITUTION SHALL COMPLY WITH THE EXPEDITED FUNDS  
AVAILABILITY ACT (PUBLIC LAW 100-86, 12 U.S.C. § 4001 ET SEQ.)  
AND ANY AMENDMENTS THEREOF AND ANY REGULATIONS, INTERPRETATIONS  
AND RULINGS ISSUED THEREUNDER FROM THE EFFECTIVE DATE THEREOF.

Section 4. The provisions of this act shall only govern  
transactions between banks or savings banks and their customers  
AND, BY REASON OF THE REFERENCES TO "INTEREST, FINANCE CHARGE, <—  
RATE, AND/OR TERMS" IN SECTION 701(A)(26) OF THE ACT OF DECEMBER  
14, 1967 (P.L.746, NO.345), KNOWN AS THE "SAVINGS ASSOCIATION  
CODE OF 1967," TRANSACTIONS BETWEEN SAVINGS ASSOCIATIONS AND  
THEIR CUSTOMERS, and shall not affect acts and parts of acts  
governing other creditors or sellers or contractors for goods or  
services, or acts or parts of acts governing such other  
creditors or sellers as to installment sales or contracts for

1 goods or services, including, but not limited to the act of June  
2 28, 1947 (P.L.1110, No.476), known as the "Motor Vehicle Sales  
3 Finance Act," the act of August 14, 1963 (P.L.1082, No.464),  
4 known as the "Home Improvement Finance Act" and the act of  
5 October 28, 1966 (Sp.Sess., P.L.55, No.7), known as the "Goods  
6 and Services Installment Sales Act," or acts and parts of acts  
7 governing rights, duties and procedures for enforcement of  
8 obligations upon default on an extension of credit, or acts and  
9 parts of acts governing credit life insurance or the act of  
10 December 17, 1968 (P.L.1224, No.387), known as the "Unfair Trade  
11 Practices and Consumer Protection Law," or Title 13 of the  
12 Pennsylvania Consolidated Statutes (relating to commercial  
13 code). This act shall not repeal any act governing criminal  
14 usury, extortionate extensions of credit or racketeering  
15 activity or repeal or affect any law relating to the  
16 preservation against an assignee of a consumer's claims and  
17 defenses arising out of an agreement for the purchase of goods  
18 or services.

19 Section 5. All acts and parts of acts are repealed insofar  
20 as they are inconsistent with the provisions of this act.

21 Section 6. This amendatory act shall be known and may be  
22 cited as the Simplification and Availability of Bank Credit Act.

23 Section 7. This act shall take effect immediately.