

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1775 Session of 1987

INTRODUCED BY VAN HORNE, BRANDT, PRESTON, CAPPABIANCA, BURD, DORR, GEIST AND MARKOSEK, SEPTEMBER 30, 1987

AS REPORTED FROM COMMITTEE ON BUSINESS AND COMMERCE, HOUSE OF REPRESENTATIVES, AS AMENDED, JANUARY 5, 1988

AN ACT

1 Amending the act of October 28, 1966 (1st Sp.Sess., P.L.55,
2 No.7), entitled "An act defining, regulating and relating to
3 retail installment contracts for all goods and services
4 except certain motor vehicles and home improvements;
5 prescribing the requirements of such contracts and
6 limitations on the enforcement thereof; and providing
7 remedies and penalties," reenacting provisions relating to
8 service charges; ~~further providing for fees; and making a~~
9 ~~repeal~~ AND MAKING REPEALS.

<—
<—

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

12 Section 1. Sections 501(a) and (b) and 904(a) of the act of
13 October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the
14 Goods and Services Installment Sales Act, amended March 25, 1982
15 (P.L.199, No.68) and reenacted March 1, 1985 (P.L.2, No.2), are
16 reenacted AND AMENDED to read:

<—

17 Section 501. (a) A seller may, in a retail installment
18 contract, contract for and, if so contracted for, the holder
19 thereof may charge, receive and collect a service charge
20 measured for a period between the date of such contract and the

1 due date of the last installment and calculated for that period  
2 according to the actuarial method of computation or by  
3 application of the United States rule at a rate which does not  
4 exceed the equivalent of eighteen percent (18%) simple interest  
5 per annum.

6 [(b) Notwithstanding the rates provided for in this section, <—  
7 no issuer of a credit card primarily engaged as a seller or  
8 distributor of gasoline shall be permitted to charge, receive or  
9 collect a service charge in excess of fifteen percent (15%)  
10 simple interest per annum on unpaid balances.] <—

11 \* \* \*

12 Section 904. Subject to the other provisions of this article  
13 the seller or holder of a retail installment account may charge,  
14 receive and collect the service charge authorized by this act.  
15 The service charge shall not exceed the following rates computed  
16 on the outstanding balances from month to month:

17 (a) On the outstanding balance, one and one-half percent (1  
18 1/2%) per month.

19 \* \* \*

20 ~~Section 2. Section 904(b.1) of the act, amended March 25,~~ <—  
21 ~~1982 (P.L.199, No.68), is amended to read:~~

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

27 ~~\* \* \*~~

28 ~~(b.1) Notwithstanding the rate provided for in clause (a),~~  
29 ~~no issuer of a credit card primarily engaged as a seller or~~  
30 ~~distributor of gasoline nor any seller or holder charging an~~

1 ~~annual or other periodic fee in any amount as authorized by the~~  
2 ~~second paragraph of section 906 of this act, or as authorized by~~  
3 ~~any other statute, rule or regulation which permits the~~  
4 ~~imposition of a fee for privileges made available under a retail~~  
5 ~~installment account shall be permitted to charge, receive or~~  
6 ~~collect a service charge in excess of fifteen percent (15%)~~  
7 ~~simple interest per annum on unpaid balances.~~

8 \* \* \*

9 Section 3. ~~Section 904.1 of the act, added March 1, 1985~~  
10 ~~(P.L.2, No.2), is repealed.~~

11 Section 4. ~~Section 906 of the act is amended to read:~~

12 Section 906. ~~The service charge shall include all charges~~  
13 ~~incident to investigating the making of the retail installment~~  
14 ~~account. No fee, expense, delinquency, collection or other~~  
15 ~~charge whatsoever shall be taken, received, reserved or~~  
16 ~~contracted by the seller or holder of a retail installment~~  
17 ~~account except as provided in this article. A seller may,~~  
18 ~~however, in an agreement which is signed by the buyer and of~~  
19 ~~which a copy is given or furnished to the buyer provide for the~~  
20 ~~payment of attorney's fees and costs in conformity with Article~~  
21 ~~X of this act.~~

22 ~~Notwithstanding the foregoing, a seller or holder may,~~  
23 ~~pursuant to an agreement with a buyer, charge on an annual or~~  
24 ~~other periodic basis, fees for privileges made available under a~~  
25 ~~retail installment account. Such fees may not be in excess of~~  
26 ~~fifteen dollars (\$15.00) in any twelve month period for each~~  
27 ~~account and may be collected in addition to the service charge~~  
28 ~~and any other charges permitted by this act. At least fifteen~~  
29 ~~(15) days prior to the effective date of any such fee, or an~~  
30 ~~increase in the amount thereof, the seller or holder shall mail~~

~~1 or deliver to the buyer a written notice that the fee or  
2 increase will be incurred only if the buyer expressly agrees or  
3 if the buyer or any authorized person uses the account by making  
4 a purchase after the effective date stated in the notice. Such  
5 notice shall be given in compliance with the disclosure  
6 requirements of the Truth in Lending Act (Public Law 90 321, 15  
7 U.S.C. § 1601 et seq.) and regulations thereunder.~~

8 SECTION 2. SECTION 904.1 OF THE ACT IS REPEALED. <—

9 Section ~~5~~ 3. Section 12 of the act of March 25, 1982 <—  
10 (P.L.199, No.68), entitled "An act amending the act of October  
11 28, 1966 (1st Sp.Sess., P.L.55, No.7), entitled 'An act  
12 defining, regulating and relating to retail installment  
13 contracts for all goods and services except certain motor  
14 vehicles and home improvements; prescribing the requirements of  
15 such contracts and limitations on the enforcement thereof; and  
16 providing remedies and penalties,' further providing for  
17 applicability of the act, for the contents of contracts, for a  
18 certain notice of claims or defenses, for judgments, for service  
19 charges and certain fees and eliminating the duty of the  
20 Department of Banking to supply rate charts to retail sellers  
21 and finance agencies," is repealed.

22 Section ~~6~~ 4. This act shall take effect immediately. <—