

**JOINT STATE
GOVERNMENT COMMISSION**

General Assembly of the Commonwealth of Pennsylvania

**CONSUMER CREDIT CODE:
MOTOR VEHICLE SALES FINANCE AND
GOODS AND SERVICES INSTALLMENT SALES**

JANUARY 2014



JOINT STATE GOVERNMENT COMMISSION
Serving the Pennsylvania General Assembly Since 1937

The Joint State Government Commission was created by the act of July 1, 1937 (P.L.2460, No.459), as amended, and serves as the primary and central non-partisan, bicameral research and policy development agency for the General Assembly of Pennsylvania.

Joint State Government Commission

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January 2014

To the Members of the General Assembly of Pennsylvania:

The Joint State Government Commission is pleased to present this report, *Consumer Credit Code: Motor Vehicle Sales Finance and Goods and Services Installment Sales*, which provides a history of the development of Chapters 61, 62 and 63 as part of Title 12 (Commerce and Trade) of the Pennsylvania Consolidated Statutes. These statutory provisions were first proposed by the Advisory Committee on the Consumer Credit Code, which was formed pursuant to § 20 of the act of December 9, 2002 (P.L.1446, No.186).

On behalf of the Joint State Government Commission, I would like to thank the members of the Advisory Committee, as well as the members of the legislative Task Force on the Consumer Credit Code, for their dedication to review, update, and codify consumer credit provisions, including those relating to motor vehicle sales finance and goods and services installment sales.

Respectfully submitted,

A blue ink signature of Glenn J. Pasewicz, which appears to read "Glenn J. Pasewicz".

Glenn J. Pasewicz
Executive Director

JOINT STATE GOVERNMENT COMMISSION

Created in 1937,¹ the Joint State Government Commission serves as the primary and central non-partisan, bicameral research and policy development agency for the General Assembly of Pennsylvania. The Commission has the power to conduct investigations, study issues and gather information, as directed by resolution. In performing its duties, the Commission may call upon any department or agency of the Commonwealth of Pennsylvania for pertinent information and may designate individuals, other than members of the General Assembly, to act in advisory capacities. The Commission periodically reports its findings and recommendations, along with any proposed legislation, to the General Assembly.

The Commission provides in-depth research on a variety of topics, crafts recommendations to improve public policy and statutory law, and works closely with legislators and their staff. Some projects involve an appointed advisory committee of professionals or interested parties from across the Commonwealth with expertise in a particular topic; others are managed exclusively by Commission staff with the informal involvement of representatives of those entities that can provide insight and information regarding the particular topic. Certain projects have specific timelines for the publication of a report, as in the case of a discrete or timely topic; others projects, given their complex or considerable nature, are ongoing and involve the publication of periodic reports.

Most recently, the Commission has released reports concerning the following:

- Administrative Shortages in Public School Districts
- Adoption
- Assisted Reproductive Technologies
- Biomedical Research
- Cervical Cancer
- Child Protection
- Children and Youth Social Service Agency Delivery Systems
- Children of Incarcerated Parents
- Child Safety
- Clean and Green
- Common Interest Ownership Communities
- The Commonwealth Procurement Code

¹ Act of July 1, 1937 (P.L.2460, No.459), amended by the act of March 8, 1943 (P.L.13, No.4), the act of May 15, 1956 (P.L.1605, No.535), the act of December 8, 1959 (P.L.1740, No.646), and the act of November 20, 1969 (P.L.301, No.128).

- Community-Based Mental Retardation Services
- Consumer Credit
 - Motor Vehicle Sales Financing
 - Goods and Services Installment Sales
- Criminal Justice
- Decedents' Estates and the Probate, Estates and Fiduciaries Code
- Developments of Regional Significance and Impact
- Domestic Relations
 - Alimony
 - Custody
 - Divorce
 - Equitable Distribution
- Driver Distractions
- Earned Income Tax Credit and Tax Forgiveness
- Emergency Medical Services
- Energy Policy
- Exotic Wildlife
- Geriatric and Seriously Ill Inmates
- Guardianships
- Health Care Decision-Making
- Human Trafficking
- Indigent Criminal Defendants
- Influenza Prevention and Control
- Information Disclosure of State-Related Universities
- Instructional Output and Faculty Salary Costs of State-Related and State-Owned Universities
- Intermediate Units
- The Kilbuck Township (Allegheny County) Landslide
- Medical Professional Liability
- Methadone Use and Abuse
- Minority Representation in the Jury Selection Process
- Part-Time Faculty at Institutions of Higher Education
- Powers of Attorney
- Primary Election Dates
- Public Health
- The Public Library Code
- School Nurses
- Statewide Retirement Systems: Funding and Benefit Structure
- Stroke Prevention and Treatment
- Student Drug and Alcohol Violations: Parental Notification and Access to Student Records
- Tobacco Settlement Funding
- The Vehicle Code
- Violence Prevention
- Violent Interactive Video Games
- Waste Tire Recycling and Reuse

Current Commission projects involve the following:² administrative law, alternative dispute resolution, capital punishment, child abuse and neglect prevention, childhood obesity, constables, decedents' estates, information disclosure of state-related universities, instructional output and faculty salary costs of state-related and state-owned universities, the long-term care services and support delivery system, mental health treatment of inmates and others, public health, and real property.

Each member of the General Assembly is a member of the Commission. However, a 14-member Executive Committee comprised of the leadership of both the House of Representatives and the Senate oversees the Commission.³ In addition, Representative Florindo J. Fabrizio and Senator John C. Rafferty, Jr., serve as the Chair and Vice-Chair of the Commission. The release of a report by the Commission does not necessarily reflect the endorsement by the members of the Executive Committee, or the Chair and Vice-Chair, of all the findings, recommendations or conclusions contained in the report.

The staff of the Joint State Government Commission consists of the following:

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Glenn J. Pasewicz	Executive Director
Stephen F. Rehrer	Counsel

² Not included in this list are “completed” projects in which a report has been published but subsequent action on the part of the Commission is required (*e.g.*, drafting legislation and statutory amendments, updating research, tracking legislation through the legislative process, attending hearings, and answering questions from legislators, legislative staff, interest groups and constituents).

³ The Executive Committee consists of seven members of the House of Representatives (the Speaker, Majority Leader, Minority Leader, Majority Whip, Minority Whip, Majority Caucus Chair, and Minority Caucus Chair) and seven members of the Senate (the President Pro Tempore, Majority Leader, Minority Leader, Majority Whip, Minority Whip, Majority Caucus Chair, and Minority Caucus Chair).

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INTRODUCTION

Act No. 98 of 2013 amends Title 12 (Commerce and Trade) of the Pennsylvania Consolidated Statutes to add a part regarding consumer credit.⁴ The act, introduced as 2013 House Bill No. 1128, updates, modernizes and codifies the provisions of the Motor Vehicle Sales Finance Act (MVSFA)⁵ and the Goods and Services Installment Sales Act (GSISA).⁶ The new statutory provisions are based on the recommendations of the Joint State Government Commission's Advisory Committee on the Consumer Credit Code.

This report summarizes the development of the Consumer Credit Code -- from the creation of the Advisory Committee to the publication of two reports in November 2006, and from the initial introduction of the legislation in 2007 to its enactment in 2013. Specifically, this report contains the following:

- The authorization of the Joint State Government Commission to conduct the study to review provisions regarding motor vehicle sales finance, goods and services installment sales, and other consumer credit matters.
- A summary of the Joint State Government Commission's Task Force, Advisory Committee, and subcommittee process, including a discussion of the publication of two reports containing proposed legislation and background information regarding consumer credit matters.
- A discussion of the legislative process regarding the various bills containing the consumer credit provisions recommended by the Advisory Committee, including the evolution of the proposed statutory language throughout four different legislative sessions of the Pennsylvania General Assembly.
- The purpose and benefits of the Consumer Credit Code.
- An explanation of how the Consumer Credit Code changes current law in terms of terminology, coordination with Federal law, disclosure and notice, procedures, flexibility, enforcement, dollar amounts, and clear title and release of liens.

⁴ Act of Nov. 27, 2013 (P.L.1081, No.98), effective in one year.

⁵ Act of June 28, 1947 (P.L.1110, No.476).

⁶ Act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7).

- 2013 Act No. 98,⁷ which is interspersed with Source Notes setting forth the basis of the statutory provisions, Notes providing explanatory material regarding the statute or current law, and Comments interpreting the statute.
- Disposition Tables, which set forth each provision of the MVSFA and the GSISA and the analogous provision within the Consumer Credit Code.
- The text of the MVSFA and the GSISA, which acts were repealed by 2013 Act No. 98.

⁷ Additions to the statutory language are underlined, and deletions are bracketed.

DEVELOPMENT OF THE CONSUMER CREDIT CODE RECOMMENDATIONS

Authorization

The act of December 9, 2002 (P.L.1446, No.186) amended the MVSFA, and section 20 of the legislation directed the Joint State Government Commission to conduct a study and make recommendations regarding a consolidated Consumer Credit Code:

Because many of the circumstances and events that led to the initial adoption of the [Motor Vehicle Sales Finance] act in 1947 have substantially changed due to substantial improvements in business practices and expanded Federal regulations, a study of proposals to update and modernize the act shall be conducted by the Joint State Government Commission and the recommendations of the commission reported to the General Assembly. In addition to changes to the act, the commission shall also consider the advisability of merging the provisions of the act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act, and other consumer finance legislation into a consolidated Consumer Credit Code which avoids duplication of Federal law and regulations and promotes uniformity of law among the states.

Section 20 further provided for the creation of an eight-member legislative task force consisting of four members of the Senate and four members of the House. In order to assist the Task Force, the Joint State Government Commission was empowered to appoint an advisory committee, to include a representative of the Department of Banking,⁸ the Consumer Protection Division of the Office of Attorney General, the Pennsylvania Automotive Association, the Pennsylvania Retailers' Association, and the Pennsylvania Bankers Association, along with other individuals having knowledge and expertise regarding motor vehicle sales finance, installment sales, and consumer protection laws and regulations.

Commission Process

Representative Chris Ross was named Chair of the Task Force. On May 10, 2004, the Task Force held its organizational meeting.

⁸ Now the Department of Banking and Securities. See the act of July 2, 2012 (P.L.814, No.86).

Subsequently, an advisory committee was organized, consisting of the Secretary of Banking,⁹ the Agent Supervisor of the Consumer Protection Division of the Office of Attorney General, attorneys, a law professor, and representatives of financial institutions, business interests, and consumer interests. On September 14, 2004, the Advisory Committee held its organizational meeting, and Representative Chris Ross agreed to assume the chairmanship of the Advisory Committee as well.

For organizational purposes, the Advisory Committee formed three subcommittees to facilitate the review of consumer finance legislation and to discuss the creation of a consolidated Consumer Credit Code in Pennsylvania:

- The MVSFA Subcommittee was specifically charged with reviewing the 1947 Act as amended and making legislative recommendations. The members of the MVSFA Subcommittee represented the interests of the Department of Banking, the Consumer Protection Division of the Office of Attorney General, automobile dealers, and sellers of manufactured housing and recreational vehicles. From March 2005 to January 2006, the subcommittee met a total of nine times.
- The GSISA Subcommittee was specifically charged with reviewing the 1966 Act as amended and making legislative recommendations. Several consultants were invited to participate in the review process to facilitate discussions regarding installment sales for goods and services. From March to September 2005, the subcommittee met a total of five times.
- The Subcommittee on Federal Law and New Financial Transactions was specifically charged with reviewing the impact of Federal law on consumer finance legislation and determining the extent to which legislation should be proposed for unregulated financial transactions in Pennsylvania. The subcommittee also discussed whether any existing unconsolidated statutes could be brought into consolidated form within the Pennsylvania statutes. In addition, the subcommittee began a review of the Uniform Debt-Management Services Act¹⁰ for possible inclusion in a proposed Consumer Credit Code. Several consultants representing credit counseling service providers were invited to participate in the review process to facilitate discussions regarding standard business practices and accreditation. From March 2005 to May 2006, the subcommittee met a total of eight times.

The Advisory Committee met in February, March, May and September 2006 to discuss the progress of the subcommittees and review the drafts of the proposed legislation. The Advisory Committee also reviewed comments from outside advocacy groups whose interests would be affected by the work product of the Advisory Committee.

⁹ See the previous note.

¹⁰ © 2005 by the Nat'l Conf. of Comm'r's on Unif. State Laws.

As a result of the Advisory Committee deliberations, consensus¹¹ was reached on the statutory framework of a consolidated Consumer Credit Code under Title 12 (Commerce and Trade) of the Pennsylvania Consolidated Statutes.¹² The proposed statutory recommendations formed the basis of two November 2006 reports, one concerning the MVSFA, and the other concerning the GSISA.¹³

On November 21, 2006, the Task Force met and authorized both the publication of the reports containing the statutory recommendations and the introduction of the legislation contained in the reports.¹⁴

General Contents of the November 2006 Reports

The two November 2006 reports contained proposed legislation to update, modernize and consolidate statutory provisions regarding motor vehicle sales finance and goods and services installment sales, with the goals of simplifying and reorganizing the statutory provisions, making them more consistent with industry practice and Federal law, and clarifying terminology and procedures.

The proposed legislation contained official comments, developed by the Joint State Government Commission and the Advisory Committee, to be used in determining the intent of the General Assembly.¹⁵ Notes followed the proposed statutory provisions and set forth explanatory material or background information regarding the current law. Transitional language (provisions regarding applicability, repeals and the effective date of the proposed legislation) followed the statutory recommendations.

¹¹ Consensus does not necessarily reflect unanimity among the Advisory Committee members on each individual legislative recommendation. However, it does reflect the views of a substantial majority of the Advisory Committee, gained after lengthy review and discussion.

¹² Originally, the statutory framework under 12 Pa.C.S. concerned Part IV (Consumer Credit), with the following chapters: 41 (General Provisions), 42 (Motor Vehicle Sales Finance), and 43 (Goods and Services Installment Sales). During the legislative process, this framework shifted to Part V, with Chapters 61, 62, and 63.

¹³ Although an Advisory Committee member may represent a particular department, agency, association, or group, such representation does not necessarily reflect the endorsement of the department, agency, association, or group of all the findings and recommendations contained in the reports.

¹⁴ In addition to following the progress of the consumer credit code project, the principal role of the Task Force is to determine whether to authorize the publication of each Advisory Committee report and the introduction of the proposed legislation contained in each report.

¹⁵ 1 Pa.C.S. § 1939 ("The comments or report of the commission . . . which drafted a statute may be consulted in the construction or application of the original provisions of the statute if such comments or report were published or otherwise generally available prior to the consideration of the statute by the General Assembly").

CONSUMER CREDIT CODE LEGISLATION, 2007-2013

The statutory recommendations contained in the two November 2006 reports were introduced in one piece of legislation, during each of the four subsequent legislation sessions. Technical changes to the statutory provisions were made prior to the introduction of the legislation during the 2007-08 legislative session.¹⁶

During the 2007-08 legislative session, the proposed Consumer Credit Code was introduced as 2007 House Bill No. 1382. The bill was referred to the House Commerce Committee on May 29, 2007, but no further legislative action was taken on the bill.

During the 2009-10 legislative session, the legislation was reintroduced with no substantive changes as 2009 House Bill No. 506. On February 18, 2009, the bill was referred to the House Commerce Committee. On March 8, 2010, the bill was reported as committed and received first consideration. The next day, it was re-referred to the House Appropriations Committee, but no further legislative action was taken on the bill.

Prior to the reintroduction of the proposed Consumer Credit Code during the 2011-12 legislative session, select members of the Advisory Committee met to discuss whether any proposed provision should be modified or updated further, in light of the passage of time since the legislative recommendations were first made. The following substantive changes were reflected in 2011 House Bill No. 1393:

- Section 6202 (definitions). The definition of “manufactured home” was changed to specify that the term includes a mobile home as defined in 75 Pa.C.S. section 102, in addition to a manufactured home as defined in section 603(6) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (Public Law 93-383, 42 U.S.C. § 5402(6)).
- Section 6222(9) (contents of an installment sale contract). The statement regarding rights was changed to the following: “If you encounter a problem, you may have additional rights under the Unfair Trade Practices and Consumer Protection Law, which is enforced by the

¹⁶ See note 12. In addition, minor legislative drafting changes were made, but these changes did not alter the substantive provisions of the proposed legislation.

Pennsylvania Office of Attorney General, Bureau of Consumer Protection.”¹⁷

- Section 6242(b) (incidental costs for which a buyer voluntarily contracts regarding the sale of a motor vehicle). An additional paragraph was added regarding licensing costs under section 27.1 of the act of December 22, 1983 (P.L.306, No.84), known as the Board of Vehicles Act.
- Section 6255 (personal property left in a repossessed motor vehicle). The following sentence was added to the proposed statute, which was a comment to the section in the November 2006 report: “If personal property is left in the motor vehicle after the 30-day time period, the holder may dispose of the personal property in any manner that it chooses.”
- Section 6347(b)(3) (extension or deferment charges under a closed-end or open-end credit agreement). The maximum percentage rate for the extension or deferment charge was changed from 1% to 1½% per month simple interest.¹⁸

Although 2011 House Bill No. 1393 was referred to the House Commerce Committee on April 26, 2011, no further legislative action was taken on the bill.

Once again, prior to the introduction of the proposed Consumer Credit Code during the 2013-14 legislative session, select members of the Advisory Committee were consulted to determine whether any additional changes to the legislation should be made, apart from those already made in early 2011. The following additional substantive changes were reflected in 2013 House Bill No. 1128:

- Section 6102 (definitions). The words “and Securities” were added to the definition of “department” to account for the name change of the Department of Banking to the Department of Banking and Securities.¹⁹
- Section 6202 (definitions). The term “motor vehicle” was changed to specify that, in addition to the term including a trailer, semitrailer, manufactured home, and recreational vehicle, the term also includes a

¹⁷ Proposed statutory language in the November 2006 report regarding this provision was as follows: “If you encounter a problem, you may have additional rights under the Unfair Trade Practices and Consumer Protection Law, which is administered by the Office of the Pennsylvania Attorney General.”

¹⁸ The November 2006 report contained the 1.5% rate, but 2007 House Bill No. 1382 and 2009 House Bill No. 506 inadvertently included the 1% rate.

¹⁹ See *supra* note 8.

mobility vehicle. Accordingly, the definition of “mobility vehicle” was added: “[a]s defined in section 2 of the Board of Vehicles Act.”

- Section 6203(a)(7) (guidelines for mark-ups). The following provision was eliminated, in light of the act of February 2, 2012 (P.L.40, No.5):²⁰ the department has the authority to “[a]dopt a statement of policy that contains guidelines determining mark-ups that the department finds, after reasonably considering relevant market data, not to be excessive and update and revise the statement of policy to reflect changing business conditions.”
- Section 6210 (mark-ups). The following provision was eliminated, also in light of 2012 Act No. 5:

§ 6210. Markups.

- (a) General rule.--A markup that is consistent with the guidelines set by the department is not excessive.
- (b) Excessive markup.--
 - (1) A markup in excess of the guidelines set by the department shall be deemed excessive.
 - (2) Until the department adopts its guidelines, a markup for a service contract, warranty, debt cancellation agreement and debt suspension agreement in excess of 100% of the cost to the dealer shall be deemed excessive.

- Section 6218(a)(13) (excessive mark-ups). The reference to “making excessive mark-ups as set forth in this chapter” was eliminated, also in light of 2012 Act No. 5.²¹
- Section 6262 (procedures for manufactured homes). A new subsection (f) was added to specify that notwithstanding the provisions of section 6262, the act of November 24, 1976 (P.L.1176, No.261), known as the Manufactured Home Community Rights Act, shall govern procedures regarding abandoned manufactured homes.

²⁰ 2012 Act No. 5 amended § 10(A)(14) of the MVSFA.

²¹ The phrase was eliminated from the provision that originally read that “. . . the department may revoke or suspend a license . . . if it finds that the licensee has . . . [e]ngaged in unfair, deceptive, fraudulent or illegal practices or conduct in connection with a business regulated by this chapter, including making excessive mark-ups as set forth in this chapter.”

Furthermore, 2012 Act No. 5 also necessitated new provisions regarding consumer complaints, which were proposed as section 6210 to replace the previous mark-up provisions.

§ 6210. Consumer complaints.

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

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

Referred to the House Commerce Committee on April 8, 2013, House Bill No. 1128 was reported as committed and received first consideration on April 15, 2013. On April 23, 2013, the bill received second consideration. The next day, it received third consideration and was approved by the House by a vote of 195-0.

In the Senate, House Bill No. 1128 was referred to the Banking and Insurance Committee on May 7, 2013. On June 4, 2013, the bill was reported as committed and received first consideration. On October 23, 2013, it received second consideration. Finally, on November 12, 2013, the bill received third consideration and was approved by the Senate by a vote of 49-0.

On November 27, 2013, House Bill No. 1128 was approved by the Governor and became 2013 Act No. 98.

PURPOSE OF THE CONSUMER CREDIT CODE

The purpose of the Consumer Credit Code is to simplify, modernize and reorganize the statutory provisions concerning motor vehicle sales finance and goods and services installment sales under Title 12 of the Pennsylvania Consolidated Statutes, to make the law more consistent with industry practice and Federal law and to clarify terminology and procedures. The legislation also accounts for the 2012 amendments to the Motor Vehicle Sales Finance Act, the Banking Code, and the Manufactured Home Community Rights Act, as well as the 2011 amendments to the Board of Vehicles Act.²²

The codified consumer credit code provisions provide a number of benefits to both consumers and businesses. In general, the codification:

- Modernizes the statutory language to reflect current practice.
- Conforms the statutory language to Federal law.
- Provides important information for oversight purposes and for consumers and businesses in terms of disclosures and notices.
- Clarifies and codifies certain business practices.
- Protects the general public and improves enforcement by the Commonwealth.
- Updates references to dollar amounts.

With respect to motor vehicle sales finance, the codification:

- Provides flexibility for businesses and in some instances narrows what the Department of Banking and Securities may consider in terms of licensing (for example, the statutory language recognizes that certain factors or time frames under current law may be too restrictive).
- Updates and clarifies procedures regarding titles and liens.

²² Act of February 2, 2012 (P.L.40, No.5); act of July 2, 2012 (P.L.814, No.86); act of October 24, 2012 (P.L.1267, No.156); and act of December 22, 2011 (P.L.557, No.120).

CHANGES TO THE LAW THROUGH THE CONSUMER CREDIT CODE

Motor Vehicle Sales Finance

The codified motor vehicle sales finance provisions of the Consumer Credit Code change the law with respect to terminology, coordination with Federal law, disclosure and notice, procedures, flexibility, enforcement, dollar amounts, and clear title and release of liens.

Terminology

The statutory language is modernized to reflect current practice:

- The definition of “motor vehicle” explicitly includes a manufactured home, mobility vehicle, and recreational vehicle. (§ 6202)
- The terms “mobility vehicle,” “recreational vehicle,” “service contract,” “unpaid purchase price balance,” and “warranty” are defined. (§ 6202)
- The term “manufactured home” replaces the term “mobile home,” consistent with the manufactured housing industry. If there is a situation involving the financing of an older mobile home, the financing would be governed by the goods and services installment sales provisions.
- The term “late charge” replaces the term “default charge.”
- The difference between a service contract and warranty is clarified.

Coordination with Federal Law

The statutory language conforms to Federal law in the following manner:

- Under the definition of “heavy commercial motor vehicle,” the reference to a manufacturer’s gross vehicular weight of a truck or truck tractor is changed from 15,000 to 13,000 pounds. This change is consistent with the Federal Motor Carrier Safety regulations for heavy commercial motor vehicles. (§ 6202)
- A “manufactured home” is as defined in the Federal Manufactured Home Construction and Safety Standards Act. (§ 6202)

- For the purpose of disclosing finance charges, Regulation Z, adopted under the Federal Truth in Lending Act, applies. For the purpose of calculating interest rates, the definition of “finance charge” under § 6202 applies.
- The notice in an installment sale contract must contain a statement that any holder of the contract is subject to all claims and defenses that the buyer can assert against the seller of goods and services obtained under the contract or with the proceeds derived from the contract. This provision in the notice is based on the notice under the Federal Holder-in-Due-Course Rule. (§ 6223(b)(1))
- The refinance charge for a manufactured home is determined by regulations promulgated by the Federal Housing Administration pursuant to the National Housing Act. (§ 6244(b)(3))
- The refinancing of a motor vehicle insured or guaranteed in whole or in part by the Veterans’ Administration or other Federal agency or department is governed by Federal law. (§ 6244(b)(4))

Disclosure and Notice

The statutory language provides important information for consumers and businesses and for oversight purposes:

- The headings, notices and language of a contract concerning motor vehicle sales finance must be clear and conspicuous. (§ 6103(b))
- An initial license application must contain the physical street address of the place of business (the listing of a post office box is inadequate). (§ 6212(b)(2))
- The Department of Banking must provide a copy of the law to each licensee in conjunction with the licensee’s initial license and all renewal applications. (§ 6207(a))
- A licensee must provide a copy of the law so that an employee or a buyer may review it. (§ 6207(b))
- An installment sale contract must contain a statement specifying that if the buyer encounters a problem, he or she may have additional rights under the Unfair Trade and Consumer Protection Law, which is enforced by the Pennsylvania Office of Attorney General, Bureau of Consumer Protection. (§ 6222(9))

- An installment sale contract may not contain an acceleration clause, where all or part of the time balance represented by payments not yet matured may be declared immediately payable, simply because the seller or holder deems itself to be insecure. Specific circumstances must exist to trigger an acceleration clause, and three additional reasons are added to the statute: the buyer files for bankruptcy, defaults in the payment of a cross-collateralized obligation, or provided intentionally fraudulent and misleading information on a credit application. (§ 6228(2)(v)-(vii))
- A buyer's waiver of any provision of the statute, including a purported waiver regarding the choice of law of another jurisdiction, is contrary to public policy and is void and unenforceable. (§ 6234(b))
- A notice of repossession must contain the name and address of the person that the buyer may contact to receive a full statement of account. (§ 6254(c)(7))
- Within 30 days of the sale of the repossessed motor vehicle, the seller or holder must deliver to the buyer a detailed deficiency notice. (§ 6261(d))

Procedures

The statutory language provides clarity and codifies certain business practices:

- An action on an installment sale contract may be brought in a county where the buyer signed the contract, resides when filing the action, or resided when he or she entered into the contract. (§ 6208)
- A licensee desiring to change its business address must retain a copy of the license certificate. (§ 6215(c)(1)(iii))
- An installment sale contract does not need to reference “estimated insurance charges,” as that concept has become antiquated. (§ 6222(5)(iv))
- An installment seller of a manufactured home may charge appraisal fees, brokerage fees and commissions, if they represent actual charges and are properly disclosed to the buyer. (§ 6233(c))
- An installment seller may compute an authorized finance charge by any method if the charge does not exceed the applicable maximum statutory percentage. This practice has been approved by the Department of Banking and Securities. (§ 6243(b)(1))

Flexibility

The statutory language provides flexibility for businesses and in some instances narrows what the Department of Banking and Securities may consider in terms of licensing (in the case of the latter, the statutory language recognizes that certain factors or time frames under current law may be too restrictive):

- Unlike current law, the department may not consider whether a license applicant's spouse has, within ten years, pleaded guilty to, entered a plea of no contest, or been convicted of certain violations under the law. (§ 6217(b)(2) and (3))
- Unlike current law, the department may only consider whether a license applicant or the applicant's affiliate, owner, partner, member, officer, director, employee or agent has pleaded guilty to, entered a plea of no contest, or been convicted of certain violations under the law within the last ten years. This limits the ability of the department to penalize a person for offenses that occurred in the distant past. (§ 6217(b)(2) and (3))
- If personal property is left in the motor vehicle after the 30-day time period under the repossession provisions, the holder may dispose of the personal property in any manner that it chooses. (§ 6255)

Enforcement

The statutory language protects the general public and improves enforcement by the Commonwealth:

- The bond for a sales finance company, which is for the use of the Commonwealth and any person aggrieved by the misconduct of a licensee, is increased from \$5,000 to \$10,000. (§ 6213(c)(1))
- Only the costs of necessary repairs disclosed at the time of the installment sale may be included in the contract; necessary repairs arising after the execution of the contract may not be added to the original contract. This prevents the situation of an installment seller rolling additional repair costs into the existing contract and allowing repossession of the motor vehicle if the buyer defaults on paying these subsequent repair costs. If the buyer needs to finance any subsequent repair costs, a separate loan document must be executed. (§ 6242(f)(2))
- Except as otherwise provided, in a transaction involving a commercial purpose, the motor vehicle sales finance provisions regarding repossession are limited by the secured transaction provisions under 13 Pa.C.S. (§ 6251(c))

- A buyer may bring an action or proceeding to determine the reasonable value of the motor vehicle at the time of resale. (§ 6261(b)(1)(ii))

Dollar Amounts

The statutory language updates references to dollar amounts:

- The cost of duplicate copies of a contract or additional statements of account is raised from \$0.50 to “a reasonable fee not to exceed the cost of production.” (§§ 6221(b)(3) and 6230(b)(2))

Clear Title and Release of Liens

The statutory language updates and clarifies procedures regarding titles and liens:

- A buyer may request from the holder a return of all instruments (except those filed or recorded with a public official and retained in the files of the official) evidencing the buyer’s indebtedness or constituting security under the contract and that were signed in conjunction with the contract. (§ 6232(a)(1))
- When applicable, the holder must specify on the instruments that the buyer’s obligation has been paid in full. (§ 6232(a)(2))
- The certificate of title must be delivered to the buyer within ten days (instead of 15 days) of the date of final payment in full. On-the-spot delivery of the title is not required. (§ 6232(b))
- Upon the sale of a repossessed motor vehicle to a purchaser, a seller or holder must provide to the purchaser the title to the vehicle and all necessary documents to effect the transfer of the vehicle. The seller or holder also must disclose any liens, back taxes or other fees owed on a repossessed manufactured home. (§ 6260(c))

Goods and Services Installment Sales

The codified goods and services installment sales provisions of the Consumer Credit Code change the law with respect to terminology, coordination with Federal law, disclosure and notice, enforcement, procedures, and dollar amounts.

Terminology

The statutory language is modernized to reflect current practice:

- The terminology is updated and now includes references to a closed-end credit agreement (instead of a retail installment contract), open-end credit agreement (instead of a retail installment account or revolving account), finance charge (instead of a service charge or time price differential) and late fee (instead of a delinquency charge).
- The definition of “goods” specifically includes gift cards, electronic media items and items purchase through the Internet. (§ 6302)
- The definition of “goods” explicitly excludes a security covered under the Pennsylvania Securities Act of 1972. (§ 6302)
- The definition of “services” specifically includes a service contract and services purchased through the Internet. (§ 6302)
- The terms “service contract” and “warranty” are defined. (§ 6302)

Coordination with Federal Law

The statutory language conforms to Federal law:

- The definition of “actuarial method” is as defined in Regulation Z, adopted under the Federal Truth in Lending Act. (§ 6302)
- Consistent with the Federal Truth in Lending Act, a holder may, in a buyer’s subsequent closed-end credit agreement, incorporate by reference the buyer’s previous closed-end credit agreement and a description of the collateral for the items purchased under the previous agreement. (§ 6321(d))
- The notice in a closed-end credit agreement must contain a statement that any holder of the contract is subject to all claims and defenses that the buyer can assert against the seller of goods and services obtained under the contract or with the proceeds derived from the contract. This provision in the notice is based on the notice under the Federal Holder-in-Due-Course Rule. (§ 6325(b))

Disclosure and Notice

The statutory language provides important information for consumers and businesses and for oversight purposes:

- The headings, notices and language of an agreement concerning goods and services installment sales must be clear and conspicuous. (§ 6103(b))

- A buyer's waiver of any provision of the statute, including a purported waiver regarding the choice of law of another jurisdiction, is contrary to public policy and is void and unenforceable. (§ 6303)
- A notice of repossession must also inform the buyer of extension charges and actual repossession costs to be paid to cure the default. (§ 6309(c)(2)(i)(C) and (D))
- A closed-end credit agreement must also contain a statement that the seller may collect from the buyer late fees, costs of collection, costs from non-affiliated entities, and charges for deferment and extension. (§ 6322(17))
- With respect to a closed-end credit agreement, when a subsequent purchase is made, the seller must deliver to the buyer prior to the due date of the first installment a new agreement instead of simply a memorandum. This requirement provides the specific statutory disclosures to the buyer and preserves the holder-in-due-course status. (§ 6329(c))
- A seller may not obtain the signature of a buyer on an application for an open-end credit agreement if it contains blank spaces to be filled in after it has been signed. (§ 6332(a))
- The written open-end credit agreement shall contain the entire agreement of the parties regarding the costs and terms of payment for the goods and services. (§ 6332(d))

Enforcement

The statutory language protects the general public and improves enforcement by the Commonwealth:

- The sales of goods or services that subsequently result from a solicitation or communication are subject to the statute. (§ 6304(d))
- In attempting to collect a buyer's obligation, a seller or holder must comply with the Fair Credit Extension Uniformity Act. (§ 6305(a))
- If a seller fails to comply with the statute, the seller or holder who acquires the agreement with knowledge of the non-compliance is also barred from recovering interest after maturity. (§ 6352(a)(6))
- If a seller or holder willfully violates the statute regarding the finance charge provisions for add-on sales, the buyer may recover from the

seller or holder treble the actual costs paid by the buyer, which also include interest after maturity. (§ 6353(a)(6))

- A violation of any goods and services installment sales provision is deemed to be a violation of the Unfair Trade Practices and Consumer Protection Law. (§ 6355)

Procedures

The statutory language provides clarity and codifies certain business practices:

- The seller must present an acknowledgment to the buyer specifying that the buyer has received a copy of the closed-end credit agreement, which may be a separate document or contained in the original agreement. (§ 6323(c)(1) and (2))
- A seller or holder may be reimbursed by the buyer for certain costs incurred from non-affiliated entities, such as processing fees for electronic checking, credit applications, and credit reports. (§ 6346)
- If a balance remains unpaid at the expiration of the scheduled maturity date of a closed-end credit agreement, the rate of the finance charge for the period beginning at the date of the maturity until payment in full may not exceed the rate of the finance charge under the original agreement. (§ 6348)

Dollar Amounts

The statutory language updates references to dollar amounts:

- The cost of duplicate copies of an additional statement is raised from \$1.00 to “a reasonable fee not to exceed the cost of production.” (§ 6326(b)(2))
- The maximum late fee regarding an open-end credit agreement is increased from \$5 to \$10. (§ 6343(a)(1))
- The minimum finance charge per month regarding an open-end credit agreement is increased from \$0.50 to \$1. (§ 6345(c)(2))
- The maximum amount of interest per month that may be charged for extension or deferment is increased from 1% to 1.5%. (§ 6347(b)(3))
- The minimum extension or deferment charge is increased from \$1 to \$10. (§ 6347(b)(4))

CONSUMER CREDIT CODE

**2013 Act No. 98
Act of November 27, 2013
(P.L.1081, No.98)**

AN ACT

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

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

Section 1. The definitions of “holder” and “installment seller” in section 6102 of Title 7 of the Pennsylvania Consolidated Statutes, amended July 2, 2013 (P.L.210, No.38), are amended to read:

§ 6102. Definitions.

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

* * *

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

* * *

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

* * *

Section 2. Section 6112(13) of Title 7, amended July 2, 2013 (P.L.210, No.38), is amended to read:

§ 6112. Exceptions to license requirements.

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

* * *

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

- (i) Obtain a license as a mortgage originator, if licensed as an individual under [the Motor Vehicle Sales Finance Act] 12 Pa.C.S. Ch. 62.
- (ii) Be registered with the department.
- (iii) Do either of the following:
 - (A) In the same manner as a mortgage lender or mortgage broker, as applicable depending upon whether the installment seller or holder makes or brokers installment sales contracts secured by manufactured homes that are purchase-money mortgage loans, obtain and maintain bond coverage for mortgage originators consistent with section 6131(c)(5) or (e)(3) and file an annual report consistent with section 6135(a)(3); or
 - (B) Annually demonstrate to the department that the mortgage originators employed by the installment seller or holder have obtained and maintained the bond coverage required by section 6131(f)(4) in a form acceptable to the department.
- (iv) Ensure employees required to be licensed as mortgage originators have completed the requirements under section 6131.1 and have obtained the required mortgage originator license.

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

PART IV
ECONOMIC DEVELOPMENT AND FINANCING

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

PART V
CONSUMER CREDIT

General Note

This part is derived from the act of July 28, 1947 (P.L.1110, No.476), as amended, known as the Motor Vehicle Sales Finance Act (MVSFA), and the act of October 28, 1966 (1st Sp. Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act (GSISA).

Chapter

- 61. General Provisions
- 62. Motor Vehicle Sales Finance
- 63. Goods and Services Installment Sales

CHAPTER 61
GENERAL PROVISIONS

Sec.

6101. Scope of part.

6102. Definitions.

6103. Contracts and agreements.

6104. Electronic transactions.

§ 6101. Scope of part.

This part relates to consumer credit.

§ 6102. Definitions.

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

“Department.” The Department of Banking and Securities of the Commonwealth.

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

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

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

(2) retrievable in perceivable form.

Source Note for § 6102

Definition	Basis in the MVSFA
Department	§ 3(18)
Financial institution	§ 3(8) (“banking institution”)
Records	§ 11 and, in part, on the definitions in the act of December 16, 1999 (P.L.971, No.69), known as the Electronic Transactions Act

Note to § 6102

Unlike the term “banking institution” under the MVSFA, the term “financial institution” in this section includes credit unions.

The term “state” within the definition of “financial institution” is defined in 1 Pa.C.S. § 1991 and includes the District of Columbia and the territories of the United States.

Section 102(f), (g), (t), (x) and (dd) of the act of November 30, 1965 (P.L.847, No.356), as amended, known as the Banking Code of 1965, defines the following terms: bank, bank and trust company, private bank, savings bank, and trust company.

- The term “bank” is defined as follows:

a corporation which exists under the laws of this Commonwealth and, as a bank under the Banking Code of 1933, was authorized to engage in the business of receiving demand deposits on the effective date of this act, or which receives authority to engage in such business as a bank pursuant to this act, but which is not authorized to act as fiduciary.
- The term “bank and trust company” is defined as follows:

a corporation which exists under the laws of this Commonwealth and, as a bank and trust company under the Banking Code of 1933, was authorized to engage in the business of receiving demand deposits and to act as fiduciary on the effective date of this act, or which receives authority both to engage in such business and to act as fiduciary as a bank and trust company pursuant to this act.
- The term “private bank” is defined as follows:

an individual, partnership or unincorporated association authorized as a private bank under the Banking Code of 1933 to engage in the business of banking in this Commonwealth on the effective date of this act and an individual, partnership or unincorporated association which receives authority, pursuant to this act, to continue in the business of banking as a private bank.
- The term “savings bank” is defined as follows:

a corporation with or without capital stock which exists under the laws of this Commonwealth and as a savings bank under the Banking Code of 1933 was authorized to engage in the business of receiving savings deposits on the effective date of this act or which receives authority to engage in such business as a savings bank pursuant to this act.
- The term “trust company” is defined as follows:

a corporation which exists under the laws of this Commonwealth and was authorized to act as fiduciary on the effective date of this act as a trust company under the Banking Code of 1933, or which receives authority to act as

fiduciary pursuant to this act, but which is not authorized to engage in the business of receiving deposits.

The act of December 14, 1967 (P.L.746, No.345), known as the Savings Association Code of 1967, provides for savings associations.

§ 6103. Contracts and agreements.

- (a) General rule.--A contract or agreement under this part shall be dated and in writing.
- (b) Clear and conspicuous provisions.--The headings, notices and language of a contract or agreement under this part shall be clear and conspicuous and meet the following requirements:
 - (1) Except as otherwise provided in this subsection, the language in a contract or agreement under this part shall be in at least eight-point type.
 - (2) A heading in a contract or agreement under this part shall be in at least ten-point bold type.
 - (3) A notice or disclosure in a contract or agreement under this part shall be in at least ten-point bold type.
 - (4) An acknowledgment under this part shall be in at least ten-point bold type.

Note to § 6103

These provisions are derived from the act of July 28, 1947 (P.L.1110, No.476) as amended, known as the Motor Vehicle Sales Finance Act, and the act of October 28, 1966 (1st Sp. Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act. For the purposes of uniformity in this part, some of the provisions from those acts are revised by this section.

Comment to § 6103

The notices referenced in §§ 6218(b) (revocation or suspension of license), 6229(c) (transfer) and 6257 (notice to police) are not within the scope of subsection (b)(3), nor is the notice to increase the rate of the finance charge on an open-end credit agreement referenced in the comment to § 6345 (finance charges).

§ 6104. Electronic transactions.

- (a) Effect on other law.--Nothing in this part shall be construed to supersede the provisions of the act of December 16, 1999 (P.L.971, No.69), known as the Electronic Transactions Act.
- (b) Department procedures.--The department may establish procedures for electronic transactions under this part, including:
 - (1) the filing of applications and renewals for licenses and registrations;
 - (2) the filing of reports and other required records; and
 - (3) the verification of records and signatures on forms.

CHAPTER 62
MOTOR VEHICLE SALES FINANCE

General Note

This chapter is based on the MVSFA.

Subchapter

- A. General Provisions**
- B. Licenses**
- C. Installment Sale Contracts**
- D. Costs and Charges**
- E. Repossession**
- F. Penalties and Liability**

SUBCHAPTER A
GENERAL PROVISIONS

Sec.

- 6201. Scope of chapter.**
- 6202. Definitions.**
- 6203. Authority of department.**
- 6204. Records.**
- 6205. Appeals.**
- 6206. Deposit of fees and fines.**
- 6207. Distribution of information.**
- 6208. Venue.**
- 6209. Applicability.**
- 6210. Consumer complaints.**

§ 6201. Scope of chapter.

This chapter relates to motor vehicle sales finance.

Source Note for § 6201

This section is based on § 1 of the MVSFA.

§ 6202. Definitions.

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

“Buyer.”

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

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

“Collateral security.”

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

(2) The term includes the following:

- (i) The undertakings of a surety or guarantor for a buyer.
- (ii) An interest in, encumbrance on or pledge of real or personal property other than the motor vehicle that is the subject of an installment sale contract.

“Collector-repossessor.”

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

(2) The term excludes the following:

- (i) A duly constituted public official or an attorney-at-law acting in an official capacity.
- (ii) A licensed seller or licensed sales finance company making collections or repossession on installment sale contracts, if the seller or sales finance company:
 - (A) was previously a holder; or
 - (B) was not a holder but occasionally makes collections or repossession for other licensed sellers or licensed sales finance companies.

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

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

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

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

“Finance charge.” Either of the following:

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

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

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

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

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

- (1) a truck or truck tractor having a manufacturer’s gross vehicular weight of 13,000 pounds or more; or
- (2) a semitrailer or trailer designed for use in combination with a truck or truck tractor.

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

“Installment sale contract.”

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

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

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

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

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

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

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

(4) The term excludes the following:

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

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

(B) The buyer:

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

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

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

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

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

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

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

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

“Manufactured home.” The term includes both of the following:

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

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

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

“Motor vehicle.”

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

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

(3) The term excludes the following:

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

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

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

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

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

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

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

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

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

“Sales finance company.”

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

(2) The term includes the following:

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

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

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

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

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

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

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

“Warranty.”

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

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

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

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

Source Note for § 6202

Definition	Basis in the MVSFA
Buyer	§ 3(3) (“installment buyer” or “buyer”)
Collateral security	§ 3(17)
Collector-repossessor	§ 3(7)
Commercial purpose	§ 3(20)
Debt cancellation agreement	§ 3(24)
Debt suspension agreement	§ 3(25)
Down payment	§ 3(12)
Finance charge	§ 3(14)
Heavy commercial motor vehicle	§ 3(22)
Holder	§ 3(5)
Installment sale contract	§ 3(10) (“installment sale contract” or “contract”)
Installment seller	§ 3(4) (“installment seller” or “seller”)
Insurance charges	§ 3(13.2) (“charges for insurance”)
Licensee	§ 3(19)
Motor vehicle	§ 3(1)
Principal amount financed	§ 3(13)
Purchase price	§ 3(11) (“cash price”)
Recreational vehicle	
Retail sale	§ 3(9)
Sales finance company	§ 3(6)
Security interest	§ 3(16)
Service contract	
Time balance	§ 3(15)
Unpaid purchase price balance	

Definition	Basis in the MVSFA
Warranty	

Note to § 6202

The definition of “heavy commercial motor vehicle” references a manufacturer’s gross vehicular weight of 13,000 pounds or more, which is different from the weight referenced under the MVSFA definition (15,000). The change makes the definition under § 6202 consistent with the Federal Motor Carrier Safety regulations for commercial motor vehicles.

A “recreational vehicle” under the Board of Vehicles Act (63 P.S. § 818.2) is defined as follows, as a result of the act of October 8, 2008 (P.L.1086, No.90):

a vehicle primarily designed as temporary living quarters for recreational, camping or travel use, which either has its own power or is mounted on or drawn by another vehicle. The term includes a travel trailer, recreational vehicle park trailer, slide-in camper, camping trailer and motor home.

Note: A “motor home” is defined as “[a] vehicle designed to provide temporary living quarters, built into an integral part of, or permanently attached to, a self-propelled vehicle chassis or van.”

The term “person,” which is defined in § 3(2) of the MVSFA, is not defined in this section because the term is defined in 1 Pa.C.S. § 1991 to include “a corporation, partnership, limited liability company, business trust, other association, government entity (other than the Commonwealth), estate, trust, foundation or natural person.”

The terms “charges” and “secretary,” which are defined in § 3(13.1) and (23) of the MVSFA, are eliminated as unnecessary, due to the restructuring of this chapter.

Unlike the MVSFA, this chapter does not define or reference “mobile homes.” Within the manufactured housing industry, the term “manufactured home” has taken the place of “mobile home.” As a general rule, sellers and sales finance companies will not finance an older “mobile home” under the MVSFA; therefore, this chapter does not carry forward that concept. If there is a situation involving the financing of an older mobile home after the adoption of this chapter, such financing would be governed by the provisions of the Goods and Services Installment Sales Act.

Section 603(6) of the Manufactured Home Construction and Safety Standards Act of 1974 (Public Law 93-383, 42 U.S.C. § 5402(6)), as amended, defines “manufactured home” as follows:

a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein; except that such term shall include any structure which meets all the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the Secretary [of Housing and Urban Development] and complies with the standards established under this chapter; and except that such term shall not include any self-propelled recreational vehicle.

The term “late charge” in this chapter replaces the term “default charge” from the MVSFA.

Comment to § 6202

Under the definitions of “debt cancellation agreement” and “debt suspension agreement,” a person includes a third party, the seller and the seller’s subsidiary.

For purposes of calculating interest rates under this chapter, the definition of “finance charge” applies. However, Regulation Z, adopted under the Federal Truth in Lending Act (Pub. L. No. 90-321, 82 Stat. 146, 15 U.S.C. § 1601 *et seq.*), governs disclosure of finance charges, and its definition of “finance charge” applies for that purpose.

Under the definition of “heavy commercial motor vehicle,” the stated gross vehicular weight of 13,000 pounds is consistent with the Federal Motor Carrier Safety regulations for heavy commercial motor vehicles.

Paragraph (2) of the definition of “installment sale contract” includes a loan, mortgage, conditional sale contract, purchase-money chattel mortgage and hire-purchase agreement, which were enumerated in § 3(10) (definition of “installment sale contract” or “contract”) of the act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act. The codification and technical

amendments to the definition of “installment sale contract” under this section are not intended to change previous law.

The definition of “motor vehicle” explicitly includes a manufactured home and recreational vehicle.

The term “purchase price” in this section is the same as “cash price” in Regulation Z.

An extended warranty is intended to be considered a “service contract” if it has the same characteristics as a service contract; it is not a “warranty.” A service contract is optional on the part of the buyer.

§ 6203. Authority of department.

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

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

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

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

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

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

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

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

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

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

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

(b) Applicability.--

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

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

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

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

Source Note for § 6203

Subsection	Basis in the MVSFA
(a)(1), (2) & (3)	§ 11(A) & (B)
(a)(4)	§ 12(E)
(a)(5)	§ 37.1
(a)(6)	§ 23(F)
(b)	§ 11(A)
(c)	§ 11(B)
(d)	§ 11(C)

§ 6204. Records.

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

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

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

(2) Approval of the request by the department.

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

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

Source Note for § 6204

This section is based on § 12(A)-(D) of the MVSFA.

§ 6205. Appeals.

An appeal may be taken from the action of the department in suspending and revoking a license under section 6218 (relating to revocation or suspension of license) or imposing a civil penalty under section 6274 (relating to civil penalty by department) in accordance

with the procedure prescribed by 2 Pa.C.S. Chs. 5 Subch. A (relating to practice and procedure of Commonwealth agencies) and 7 Subch. A (relating to judicial review of Commonwealth agency action).

Source Note for § 6205

This section is based on § 10(D) of the MVSFA.

§ 6206. Deposit of fees and fines.

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

Source Note for § 6206

This section is based on § 7(E) of the MVSFA.

§ 6207. Distribution of information.

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

(b) Licensee.--

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

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

Source Note for § 6207

This section is not contained in the MVSFA.

Comment to § 6207

A licensee does not necessarily need to keep a copy of the provisions of this chapter in a visible place. However, a buyer must in some fashion be made aware of the presence of a copy of the law, so that the buyer upon request may review the information.

§ 6208. Venue.

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

- (1) The buyer signed the contract.
- (2) The buyer resides at the commencement of the action.
- (3) The buyer resided when the contract was entered into.

Source Note for § 6208

This section is not contained in the MVSFA.

§ 6209. Applicability.

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

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

Source Note for § 6209

This section is based on § 36 of the MVSFA.

§ 6210. Consumer complaints.

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

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

Source Note for § 6210

Subsection	Basis in the MVSFA
(a)	10(A)(14): 2 nd sentence
(b)	10(A)(14): last sentence

SUBCHAPTER B **LICENSES**

Sec.

6211. General license rules.

6212. Initial license application.

6213. Bond.

6214. License fees.

6215. License certificate.

6216. License renewal.

6217. Refusal to issue license or license renewal.

6218. Revocation or suspension of license.

6219. Multiple places of business.

§ 6211. General license rules.

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

- (1) An installment seller.
- (2) A sales finance company.
- (3) A collector-repossessor.

(b) Term.--

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

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

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

Source Note for § 6211

Subsection	Basis in the MVSFA
(a)	§ 4
(b)	§ 7(D): 1 st sentence
(c)	§ 8(B)

§ 6212. Initial license application.

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

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

- (1) The name under which the business is conducted.
 - (2) The physical street address of the place of business.
 - (3) The date of registration with the Secretary of the Commonwealth of any fictitious or trade name of the business.
 - (4) If the applicant is a corporation:
 - (i) the date and place of incorporation; and
 - (ii) the names and addresses of the officers and directors.
 - (5) If the applicant is an individual owner, the name and residence address of the owner.
 - (6) If the applicant is a partnership, association or limited liability company, the name and residence address of each owner, partner or member and any managers.
 - (7) Any other information that the department requires.
- (c) Process; notice.--
- (1) An application filed by an association or corporation shall be accompanied by a power of attorney showing the name and address of the authorized agent in this Commonwealth upon whom judicial and other process or legal notice may be served.

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

- (i) has died;
- (ii) is removed from this Commonwealth; or
- (iii) is under a legal disability or otherwise disqualified from serving as agent.

Source Note for § 6212

Subsection	Basis in the MVSFA
(a)	§ 5(A)
(b)	§ 5(B)
(c)	§ 5(C)

Comment to § 6212

An initial license application requires the physical street address of the place of business; listing a post office box is not adequate.

§ 6213. Bond.

- (a) Bond required.--A bond shall accompany each license application for a sales finance company and collector-repossessor.
- (b) Form.--The bond shall be in the form prescribed by the department.
- (c) Amount--
 - (1) A bond for a sales finance company shall be in the amount of \$10,000.
 - (2) A bond for a collector-repossessor shall be in the amount of \$5,000.
- (d) Execution--
 - (1) Except as provided in paragraph (2), the bond shall be executed by a surety company authorized by the laws of this Commonwealth to transact business.
 - (2) If the bond accompanying a license application for a sales finance company is filed by a financial institution within this Commonwealth, the financial institution may execute the bond on its own behalf.
 - (3) The bond shall be executed to the Commonwealth.
- (e) Purpose.--The bond shall be for the use of the Commonwealth and for any person aggrieved by the misconduct of the licensee.
- (f) Condition.--The condition of the bond is that the licensee will:
 - (1) comply with and abide by the provisions of this chapter and the rules and regulations of the department; and
 - (2) pay to the Commonwealth, the department or a person all money due to each under the provisions of this chapter.
- (g) Action on bond.--A person may maintain an action on the bond in a court having jurisdiction of the amount claimed if all the following occur:
 - (1) The person is aggrieved by the misconduct of a licensee.
 - (2) The person receives a judgment against the licensee for the misconduct.
 - (3) The person executes on the judgment.
 - (4) The department assents to the action on the bond.

Source Note for § 6213

This section is based on § 6(A) of the MVSFA.

Note to § 6213

Unlike the MVSFA, subsection (c) contains different bond amounts for a sales finance company and a collector-repossessor. The amount of the bond for a sales finance company has been increased from \$5,000 to \$10,000.

Comment to § 6213

The bond under subsection (d)(2) does not need to be executed by a surety company.

Note: The foregoing comment is based on the second sentence of § 6(A) of the MVSFA.

§ 6214. License fees.

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

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

- (1) issued for less than one year; or**
- (2) surrendered, canceled or revoked prior to the expiration of the license period for which the license was issued.**

Source Note for § 6214

Subsection	Basis in the MVSFA
(a)	§ 7(A)
(b)	§ 7(C)

§ 6215. License certificate.

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

(b) Public inspection.--

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

(2) A collector-repossessor shall carry the license certificate in the immediate possession of the collector-repossessor whenever engaged in the type of business for

which the license is issued, so that the certificate may be presented for inspection upon request by any person entitled to inspection.

(c) Amendment--

- (1) A licensee desiring to change the address of the place of business shall:
 - (i) give prior written notice to the department;
 - (ii) return the license certificate to the department for amendment; and
 - (iii) retain a copy of the license certificate.
- (2) The department shall amend the license certificate to show the new address and the date. The new address shall thereafter be the authorized address of the licensee.
- (3) A licensee is not required to pay a charge for amendment of a license certificate to effect a change of address.

Source Note for § 6215

Subsection	Basis in the MVSFA
(a)	§ 8(A): 1 st sentence
(b)	§ 8(A): 2 nd sentence
(c)(1)(i) & (ii)	§ 8(C): 1 st & 2 nd sentences
(c)(1)(iii)	
(c)(2)	§ 8(C): 3 rd sentence
(c)(3)	§ 8(C): last sentence

Note to § 6215

Although subsection (c)(1)(iii) represents standard practice, that provision is not contained in the MVSFA.

§ 6216. License renewal.

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

- (1) The application shall be in writing, under oath and in the form prescribed by the department.
- (2) The application shall be filed at least 15 days prior to October 1.
- (3) The application shall include an update of the information under section 6212(b) and (c)(1) (relating to initial license application).
- (4) The application shall be accompanied by the following:
 - (i) A new bond under the same provisions as set forth in section 6213 (relating to bond), which shall be filed annually at least 15 days prior to October 1.
 - (ii) A license fee under the same provisions as set forth in section 6214 (relating to license fees), which shall be paid annually on or before October 1 for each license and place of business.

Source Note for § 6216

Paragraph	Basis in the MVSFA
(1)	§ 5(A)
(2)	§ 5(E)
(3)	

Paragraph	Basis in the MVSFA
(4)(i)	§ 6(C)
(4)(ii)	§ 7(D): 2 nd sentence

§ 6217. Refusal to issue license or license renewal.

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

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

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

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

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

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

(b) Mandatory refusal.--

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

(2) The department may not issue a license or renew a license if, within ten years of the date of license application or license renewal application, the applicant or the applicant's affiliate, owner, partner, member, officer, director, employee or agent has pleaded guilty to, has entered a plea of nolo contendere to or has been convicted of a violation under section 6271 (relating to operating without license) or subsection A of section 37 of the former act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act.

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

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

(c) License fee.--

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

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

Source Note for § 6217

Subsection	Basis in the MVSFA
(a)	§ 9(A)
(b)(1)	§ 10(C)
(b)(2)	§ 9(A)(3)
(b)(3)	§§ 9(A)(3) & 10(C)
(b)(4)	
(c)	§ 9(C)

Note to § 6217

Paragraphs (2) and (3) of subsection (b) do not include references to a spouse, which are included in the MVSFA. They also change the phrase “has been found guilty by a judge or a jury” in the MVSFA provisions to “has been convicted.” Unlike § 9(A) of the MVSFA, the paragraphs contain a time frame of 10 years.

Comment to § 6217

The inclusion of a ten-year time period in subsection (b)(2) and (3) is intended to limit the ability of the department to penalize a person for offenses that occurred in the distant past. It is not the intent of this subsection to punish a person indefinitely for past misconduct.

§ 6218. Revocation or suspension of license.

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

- (1) Made a material misstatement in the license application.
- (2) Violated a provision of this chapter.
- (3) Violated an order or regulation issued by the department under and within the authority of this chapter.
- (4) Failed to comply with a demand, order or regulation of the department lawfully made by the department under and within the authority of this chapter.
- (5) Refused or refuses to permit the department to make examinations authorized by this chapter.
- (6) Failed to maintain in effect the bond required under section 6213 (relating to bond), in the case of a sales finance company and collector-repossessor.
- (7) Failed to maintain satisfactory records required by this chapter or prescribed by the department.

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

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

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

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

(12) With respect to the tax or fee due the Commonwealth upon the sale of a motor vehicle:

(i) Failed to collect the tax or fee.

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

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

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

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

(b) Notice.--

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

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

Source Note for § 6218

Subsection	Basis in the MVSFA
(a): introductory language	§ 10(A): introductory language; § 10(A)(12)
(a)(1)-(11)	§ 10(A)(1)-(11)
(a)(12)	§ 10(A)(13)
(a)(13)	§ 10(A)(14): 1 st sentence
(b)	§ 10(A): introductory language

§ 6219. Multiple places of business.

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

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

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

(d) Requirements.--

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

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

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

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

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

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

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

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

(e) License suspension and revocation.--

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

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

Source Note for § 6219

Subsection	Basis in the MVSFA
(a)	§ 5(D)
(b)	§ 6(B)
(c)	§ 7(B)
(d)	§ 8(D)
(e)	§ 10(B)

SUBCHAPTER C
INSTALLMENT SALE CONTRACTS

Sec.

6221. Requirements.

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6223. Notice.

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6230. Statement of account to buyer.

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6232. Release of liens.

6233. Prohibited charges.

6234. Waiver of statutory protection prohibited.

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

6236. Enforcement.

§ 6221. Requirements.

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

- (1) be in writing;
- (2) contain all the agreements between a buyer and an installment seller relating to the installment sale of the motor vehicle sold;
- (3) be signed by the buyer and seller; and
- (4) be complete as to all essential provisions before the buyer signs the contract.

(b) Copies.--

- (1) The installment seller shall furnish an exact copy of the installment sale contract without charge to the buyer at the time the buyer signs the contract.
- (2) The buyer's copy of the contract shall contain the signature of the seller identical to the signature on the original contract.
- (3) Upon request, a holder shall furnish to the buyer a duplicate copy of the contract upon payment of a reasonable fee not to exceed the cost of production.

(c) Acknowledgment.--

- (1) The installment seller shall obtain from the buyer a written acknowledgment of the buyer's receipt of a copy of the contract.
- (2) The acknowledgment shall be:
 - (i) printed below the buyer's signature to the contract, if attached to the contract; and
 - (ii) independently signed by the buyer.

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

- (1) The buyer expects the buyer's income to vary because of seasonal employment, seasonal sales, use of accelerated depreciation for tax purposes or other known causes, in which case the contract may provide for payment of the time balance in amounts that vary with the expected varying income.
- (2) The sale of a heavy commercial motor vehicle.
- (3) The sale of a motor vehicle to a salesperson licensed under the act of December 22, 1983 (P.L. 306, No. 84), known as the Board of Vehicles Act.
- (4) When the contract provides for fixed residual value financing.

(e) Disclosures.--

- (1) Prior to a buyer's execution of an installment sale contract, an installment seller shall provide to the buyer an oral and a written disclosure in plain language.
- (2) The written disclosure shall:
 - (i) be separate from the contract to be signed by the buyer;
 - (ii) be complete without any blank spaces; and
 - (iii) advise that the purchase of specific items related to acquiring the motor vehicle is voluntary and not required as a condition of the buyer's receiving the installment sale contract loan. The items to which this subparagraph applies:

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

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

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

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

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

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

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

Source Note for § 6221

Subsection	Basis in the MVSFA
(a)	§ 13(A) & (B)
(b)(1) & (2)	§ 13(C)
(b)(3)	§ 28(C)
(c)	§ 13(E)
(d)(1), (2) & (3)	§ 13(F)(1), (2) & (3)
(d)(4)	§ 13(F)(4): 1 st sentence
(e)	§ 13(G)
(f)	§ 13(F)(4): 2 nd sentence

Note to § 6221

Under § 28(C) of the MVSFA, the holder was required to furnish the buyer with a duplicate copy upon payment of \$0.50. Subsection (b)(3) replaces that concept with “a reasonable fee not to exceed the cost of production.”

Subsection (c) does not contain the requirement in § 13(E) of the MVSFA that the acknowledgment be “printed in 12-point type or larger.” That and similar provisions have been relocated to § 4103.

§ 6222. Contents.

An installment sale contract shall contain the following:

- (1) The full name and address of all the parties to the contract.
- (2) The date that the buyer signed the contract.
- (3) A description of the motor vehicle sold, which shall be sufficient for accurate identification.
- (4) The notice under section 6223 (relating to notice).

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

- (i) The purchase price of the motor vehicle, which shall include the following:
 - (A) Taxes.
 - (B) Charges for delivery.
 - (C) Charges for servicing, repairing or improving the motor vehicle.
 - (D) Charges for a service contract, which:
 - (I) shall appear as separate items after the following or substantially similar words, which shall be boldface, underlined, adjacent to the purchase price and in type print size not smaller than that used for all item categories: “including optional service contracts and/or extended warranties in the amount of”; or
 - (II) may be separately included as “other charges” under subparagraph (v).
 - (E) Charges for accessories and installation.
 - (F) Other charges normally included in the delivered purchase price of a motor vehicle.
- (ii) The down payment made by the buyer at the time of or prior to execution of the contract, which shall separately indicate the extent to which it is made in cash or represented by either or both of the following:
 - (A) The agreed-upon value of a trade-in motor vehicle, along with a description of the trade-in sufficient for accurate identification.
 - (B) Other goods.
- (iii) The unpaid purchase price balance, which is the difference between the following:
 - (A) The purchase price under subparagraph (i).
 - (B) The down payment under subparagraph (ii).
- (iv) Insurance charges, the payment for which the seller agrees to extend credit to the buyer, which shall set forth the term of insurance, a concise description of the coverage and the amount of the premium.
- (v) Other charges necessary or incidental to the sale or financing of a motor vehicle:
 - (A) which the seller contracts to retain, receive or pay on behalf of the buyer; or
 - (B) for which the seller agrees to extend credit to the buyer as authorized by this chapter, including charges for a debt cancellation agreement and debt suspension agreement.
- (vi) The principal amount financed, which is the sum of the following:
 - (A) The unpaid purchase price balance under subparagraph (iii).
 - (B) The insurance charges under subparagraph (iv).
 - (C) The other charges under subparagraph (v).
 - (D) Amounts representing payment of a prior credit or lease balance to discharge a security interest, lien or lease interest on a motor vehicle or other property traded or returned.
- (vii) The finance charge, which is the consideration in excess of the purchase price under subparagraph (i), excluding insurance charges under subparagraph (iv)

and other charges under subparagraph (v), and which the buyer agrees to pay to the seller for the privilege of purchasing the motor vehicle under the installment sale contract.

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

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

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

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

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

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

(8) Specific provisions regarding the following:

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

(ii) The buyer's liability respecting nonpayment.

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

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

(9) The following statement:

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

Source Note for § 6222

Paragraph	Basis in the MVSFA
(1), (2) & (3)	§ 14(A)
(4)	§ 13(D)
(5)(i)-(ix)	§ 14(B)(1)-(9)
(6)	§ 14(C)
(7)	§ 14(D)
(8)	§ 14(E)
(9)	

Note to § 6222

Paragraph (4) does not contain the requirement in § 13(D) of the MVSFA that the notice be "printed in 12-point type or larger." That and similar provisions have been relocated to § 4103.

Paragraph (5)(iv) does not contain language regarding estimated insurance charges, which is set forth in § 14(B)(4) of the MVSFA.

Paragraph (5)(viii) does not contain the phrase “that he or she agreed to pay in two or more scheduled payments” after the word “buyer,” which appeared in § 14(B)(8) of the MVSFA.

Comment to § 6222

Except as provided in paragraph (5)(i)(D), the purchase price of the motor vehicle may not include charges required to be disclosed under paragraph (5)(v).

§ 6223. Notice.

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

(b) Form.--

(1) Except as provided in paragraph (2), the notice shall be in the following form:
NOTICE TO BUYER: Do not sign this contract in blank. You are entitled to an exact copy of the contract you sign. Keep it to protect your legal rights. Any holder of this consumer credit contract is subject to all claims and defenses which the buyer could assert against the seller of goods or services obtained pursuant hereto or with the proceeds hereof. Recovery hereunder by the buyer shall not exceed amounts paid by the buyer hereunder.

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

Source Note for § 6223

This section is based on § 13(D) of the MVSFA. In addition, the fourth sentence of the notice is based on the notice under 16 C.F.R. § 433.2 (the Federal Holder Rule), with the term “debtor” changed to “buyer.”

Note to § 6223

This section does not contain the requirement in § 13(D) of the MVSFA that the notice be “printed in 12-point type or larger.” That and similar provisions have been relocated to § 4103.

§ 6224. Itemization.

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

Source Note for § 6224

This section is based on the first sentence of § 14(B)(10.1) and on § 14(G) of the MVSFA.

§ 6225. Disclosure.

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

Source Note for § 6225

This section is based on the second sentence of § 14(B)(10.1) of the MVSFA.

§ 6226. Heavy commercial motor vehicle.

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

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

- (1) The amount of finance charge under section 6222(5)(vii) (relating to contents).
- (2) The time balance under section 6222(5)(viii).
- (3) The payment schedule under section 6222(5)(ix).

Source Note for § 6226

This section is based on § 14(B)(10) of the MVSFA.

§ 6227. Manufactured homes.

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

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

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

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

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

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

Source Note for § 6227

This section is based on § 14(F) of the MVSFA.

§ 6228. Prohibited provisions.

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

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

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

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

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

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

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

(v) The buyer's filing for bankruptcy.

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

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

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

(4) A provision whereby the buyer waives a right of action against the seller, holder, collector-repossessor or other person acting on behalf of the holder for an illegal act committed in the collection of payments under the contract or in the repossession of the motor vehicle or collateral security.

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

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

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

Source Note for § 6228

Paragraph	Basis in the MVSFA
(1)	§ 15(A)
(2): 1 st sentence	§ 15(B): 1 st sentence
(2): 2 nd sentence	§ 15(B): 2 nd sentence (part)
(2)(i)-(iv)	§ 15(B): 2 nd sentence (part)
(2)(v), (vi) & (vii)	
(3)	§ 15(C)
(4)	§ 15(D)
(5)	§ 15(E)
(6)	§ 15(F)
(7)	§ 15(G)

Comment to § 6228

The taxes referenced in paragraph (2)(ii) and (iii) include sales tax for a motor vehicle and property taxes for a manufactured home.

§ 6229. Transfer.

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

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

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

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

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

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

- (i) The name and address of the new holder authorized to receive future payments on the contract.
 - (ii) The unpaid time balance.
 - (iii) The accrued late charges due under the contract.
- (e) Applicability.--
- (1) This section does not apply to an assignment of an aggregation of installment sale contracts:
 - (i) which is executed by a seller or sales finance company only as a security interest securing payment or performance of a bona fide commercial loan, obtained at lawful rates of interest from a person regularly engaged in the business of lending money on the security of the assigned collateral or amounts due pursuant to a security or debt instrument; and
 - (ii) under which, in the absence of default or other bona fide breach of the loan contract:
 - (A) ownership of the assigned contracts remains vested in the assignor; and
 - (B) collection of payments on the assigned contracts is made by the assignor.
 - (2) An assignment of an aggregation of loan contracts under this section may not be for the purpose of evading or circumventing the provisions of this chapter.

Source Note for § 6229

Subsection	Basis in the MVSFA
(a), (b) & (c)	§ 16(A), (B) & (C)
(d)	§ 16(E)
(e)	§ 16(D)

§ 6230. Statement of account to buyer.

- (a) Information to be included.--At any time after the execution of an installment sale contract and within one year after the termination of the contract, a holder of the contract shall furnish to the buyer upon request a complete and detailed statement of account showing the following:
- (1) All amounts paid by the buyer on account of the obligation, dates of payment and the allocation of the payments to the reduction of:
 - (i) The time balance.
 - (ii) Refinance charges.
 - (iii) Late charges.
 - (iv) Court costs.
 - (v) Attorney fees.
 - (vi) The costs of retaking, repairing and storing the motor vehicle.
 - (vii) Other costs permitted under the provisions of this chapter and the contract.
 - (2) All amounts credited to the buyer as rebates for prepayment and unexpired premiums on canceled insurance.
 - (3) The amount of the installment payments, accrued charges and expenses incurred, which are due and payable.
 - (4) The number, amount and due dates of installment payments to become due and payable.

(b) Copies.--

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

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

Source Note for § 6230

This section is based on § 28(A) and (B) of the MVSFA.

Note to § 6230

Although the MVSFA does not explicitly contain the language in subsection (a)(1)(vii), the concept is implied in § 28(A)(1).

Under § 28(B) of the MVSFA, the holder is required to furnish the buyer with an additional statement upon payment of \$0.50. Subsection (b)(2) replaces that concept with “a reasonable fee not to exceed the cost of production.”

§ 6231. Payment receipts.

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

- (1) the buyer requests such receipt; or
- (2) payment is made in cash.

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

- (1) The date, amount and nature of the payment.
- (2) An identification of the obligation to which the payment is applicable.
- (3) The signature or initials of the person receiving the payment on behalf of the holder.
- (4) The unpaid time balance remaining due after crediting the payment.
- (5) The amount attributed to late charges, independent of the payment applied to the reduction of the time balance.

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

- (1) elects to make a payment by mail; and
- (2) is previously notified of the need for the envelope.

Source Note for § 6231

Subsection	Basis in the MVSFA
(a)	§ 29(A)
(b)(1), (2) & (3)	§ 29(B)
(b)(4) & (5)	§ 29(C)
(c)	§ 29(D)

§ 6232. Release of liens.

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

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

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

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

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

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

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

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

Source Note for § 6232

This section is based on § 30 of the MVSFA.

Note to § 6232

The phrase “upon request” in subsection (a)(1) is not contained in the MVSFA.

The provisions of subsection (a)(2) are not contained in the MVSFA and are added for clarification.

Subsection (b) amends the delivery provisions under § 30(B) of the MVSFA by eliminating the “on-the-spot” delivery of the certificate of title and shortening the time frame from 15 to 10 days.

§ 6233. Prohibited charges.

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

(b) Exception.--A licensee may not directly or indirectly charge, contract for, collect or receive from the buyer, in connection with the retail sale of a motor vehicle under an

installment sale contract, any further or other amount for costs, charges, examination, appraisal, service, brokerage, commission, expense, interest, discount, fees, fines, penalties or other thing of value in excess of the amounts permitted under subsection (a) or (c).

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

(d) Charges if contract not consummated.--

(1) Subject to paragraph (2), a licensee may not collect a charge in connection with a contemplated sale of a motor vehicle under an installment sale contract if the contract is not consummated.

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

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

Source Note for § 6233

Subsection	Basis in the MVSFA
(a) & (b)	§ 31(A)
(c)	
(d)	§ 31(B)
(e)	§ 31(C)

Note to § 6233

Subsection (c) is intended to reflect current practice.

§ 6234. Waiver of statutory protection prohibited.

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

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

Source Note for § 6234

Subsection	Basis in the MVSFA
(a)	§ 32
(b)	

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

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

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

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

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

- (1) enter into new contracts for the retail sale of motor vehicles under installment sale contracts; or
- (2) discount, purchase or otherwise acquire the new contracts.

Source Note for § 6235

Subsection	Basis in the MVSFA
(a) & (b)	§ 34(A)
(c)	§ 34(B)
(d)	§ 34(C)

§ 6236. Enforcement.

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

- (1) the installment seller was not licensed under this chapter when the seller entered into the contract; or
- (2) the holder was not licensed under this chapter when the holder acquired the contract.

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

- (1) cancellation of the contract; and
- (2) release of all liens against:
 - (i) the motor vehicle sold under the contract; and
 - (ii) collateral security owned by the buyer or the buyer's surety or guarantor.

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

Source Note for § 6236

Subsection	Basis in the MVSFA
(a)	§ 35(A): 1 st sentence

Subsection	Basis in the MVSFA
(b)	§ 35(A): 2 nd sentence
(c)	§ 35(B)

SUBCHAPTER D COSTS AND CHARGES

Sec.

- 6241. Insurance.
- 6242. Other costs included in amount financed.
- 6243. Finance charges.
- 6244. Refinance charges.
- 6245. Late charges.
- 6246. Refund for prepayment of contract.

§ 6241. Insurance.

- (a) General rule.--
 - (1) The insurance purchased under this section shall be:
 - (i) Limited to insurance against risk of damage, destruction or theft of the motor vehicle.
 - (ii) Written for the dual protection of the buyer and installment seller or holder to the extent of their respective interests in the motor vehicle.
 - (iii) Subject to terms and conditions, including the amount and period of time, that are reasonable and appropriate considering the type and condition of the motor vehicle, the amount of the time balance and the schedule of payments in the installment sale contract.
 - (2) The provisions of paragraph (1) may not interfere with the following:
 - (i) The liberty of contract of the buyer and installment seller to contract for other or additional insurance as security for, or by reason of the obligation of, the buyer.
 - (ii) The inclusion of charges for insurance in the principal amount advanced under the installment sale contract.
- (b) Purchase by buyer.--
 - (1) An installment seller may require a buyer of a motor vehicle under an installment sale contract to purchase insurance on the motor vehicle at the buyer's expense from an insurance company acceptable to the installment seller.
 - (2) The buyer may select the insurance company agent or broker, in which case the inclusion of insurance charges in the contract shall be at the option of the installment seller.
 - (c) Purchase by installment seller generally.--If an installment seller or a holder contracts to purchase at the buyer's expense insurance on a motor vehicle sold under an installment sale contract, the following apply:
 - (1) The insurance shall be purchased through an agent or broker authorized to conduct business in this Commonwealth.
 - (2) The insurance shall be written by an insurance company qualified to do business in this Commonwealth.

(3) The status of the buyer and installment seller or holder, as set forth in the insurance contract, shall reflect their respective interests in the motor vehicle.

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

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

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

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

(6) The insurance policy shall contain the following:

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

(ii) All the terms of the insurance contract.

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

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

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

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

(d) Early termination of policy.--

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

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

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

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

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

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

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

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

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

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

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

Source Note for § 6241

Subsection	Basis in the MVSFA
(a)	§ 17(A): 2 nd , 3 rd and 4 th sentences
(b)(1)	§ 17(A): 1 st sentence
(b)(2)	§ 17(B)
(c)(1)-(4)	§ 17(C)
(c)(5)	§ 17(D)
(c)(6) & (7)	§ 17(E)
(d)	§ 17(F) & (G)

§ 6242. Other costs included in amount financed.

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

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

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

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

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

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

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

(3) Costs of messenger service and other costs associated with the submission of documents to the Commonwealth or other governmental entity.

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

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

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

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

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

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

(f) Incidental charges.--

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

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

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

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

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

Source Note for § 6242

Subsection	Basis in the MVSFA
(a)	§ 18(A)
(b)	§ 18(B)
(c)	§ 18(C)
(d)	§ 18(D): 1 st sentence
(e)	§ 18(D): 2 nd sentence
(f)(1) & (3)	§ 18(E)
(f)(2)	

Comment to § 6242

Subsections (b) and (d) include fees and costs permitted by the Department of Transportation.

Subsection (f)(2) is intended to prevent an installment seller from rolling repair costs arising after the execution of the installment sale contract into the original contract, whereby if the buyer defaults on paying the repair costs, the seller may repossess the motor vehicle. If the buyer needs to finance the repair costs, a separate loan document must be executed.

§ 6243. Finance charges.

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

(b) Method of computation.--

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

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

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

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

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

(3) A finance charge under this section may be computed on the basis of a full month for a fractional month period in excess of ten days and interest may continue to be charged during a period of time for which a late charge is also imposed.

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

(d) New motor vehicles.--

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

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

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

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

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

(e) Used motor vehicles.--

(1) A finance charge for a used motor vehicle, of a model designated by the manufacturer during a year not more than two years prior to the year in which the sale is made, may not exceed the equivalent of 18% simple interest per year on the unpaid balance.

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

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

Source Note for § 6243

Subsection	Basis in the MVSFA
(a), (c), (d) & (e)	§ 19(A)
(b)(1)	
(b)(2)	§ 19(B) & (C)
(b)(3)	§ 19(D)
(f)	§ 19(F)

Note to § 6243

Subsection (b)(1) codifies existing practice, as permitted by the Department of Banking and Securities.

This chapter does not contain the provision under § 19(E) of the MVSFA regarding a minimum finance charge.

Comment to § 6243

Subsection (d)(1) does not apply to the following: (1) a vehicle having a purchase price of \$10,000 or more and used primarily for a commercial purpose; (2) a manufactured home; (3) a new truck or truck tractor having a manufacturer's gross vehicular weight of 13,000 pounds or more; and (4) a new semitrailer or trailer designed for use in combination with a truck tractor.

§ 6244. Refinance charges.

(a) General rule.--

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

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

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

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

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

(b) Rates and computation.--

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Finance charges.

(g) Loan.--

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

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

Source Note for § 6244

Subsection	Basis in the MVSFA
(a)(1)(i) & (ii)	§ 20(A)

Subsection	Basis in the MVSFA
(a)(1)(iii) & (a)(2)	§ 20(B)
(b)(1) & (2)	§ 20(B)
(b)(3) & (4)	
(c) & (d)	§ 20(B)
(e), (f) & (g)	§ 20(C)

Note to § 6244

This section does not contain the reference under § 20(B) of the MVSFA regarding minimum finance charges.

§ 6245. Late charges.

- (a) General rule.--A late charge may be collected on the following:
 - (1) An installment payment that is not paid on or before the due date of the payment.
 - (2) A contract subject to this chapter, regardless of the classification of vehicle under section 6243 (relating to finance charges) or the method by which the finance charge is computed.
- (b) Rate and computation.--
 - (1) Under a contract for the sale of a motor vehicle other than a heavy commercial motor vehicle, a late charge may not, for any payment not made within ten days of its scheduled due date, exceed the rate of 2% on the amount of the payment in arrears.
 - (2) Under a contract for the sale of a heavy commercial motor vehicle, a late charge may not, for any payment not made within ten days of its scheduled due date, exceed the rate of 4% of the amount of the payment in arrears.
 - (3) The late charges under paragraphs (1) and (2) may be collected only once on each payment in arrears.
- (c) Collection.--
 - (1) Late charges may be:
 - (i) collected when earned during the term of a contract for the sale of a motor vehicle; or
 - (ii) accumulated and collected at final maturity or at the time of final payment under a contract for the sale of a motor vehicle.
 - (2) A late charge may not be collected on a payment in default because of an acceleration provision in the contract.

Source Note for § 6245

This section is based on § 21 of the MVSFA.

Note to § 6245

Subsection (b)(1) does not contain the following, which were contained in § 21 of the MVSFA: the words “per month” after “2%” and the sentence “Such default charge may be computed on the basis

of a full calendar month for any fractional month period in excess of ten (10) days.”

Unlike § 21 of the MVSFA, subsection (b)(1) contains the phrase “for any payment not made within ten days of its scheduled due date.”

§ 6246. Refund for prepayment of contract.

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

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

(c) Rebate amount.--

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

(2) The holder is not required to rebate:

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

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

Source Note for § 6246

This section is based on § 22 of the MVSFA.

SUBCHAPTER E
REPOSSESSION

Sec.

6251. Repossession authorized.

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6261. Deficiency judgment.

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§ 6251. Repossession authorized.

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

- (1) is in default in the payment of an amount due under the contract; or
- (2) has committed another breach of contract, which is by the contract specifically made a ground for retaking the motor vehicle.

(b) Legal process.--

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

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

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

Source Note for § 6251

Subsection	Basis in the MVSFA
(a)	§ 23(A): 1 st sentence
(b)	§ 23(A): 2 nd sentence
(c)	

§ 6252. Who may repossess.

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

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

- (1) The holder.
- (2) An official or full-time employee of the holder.
- (3) A collector-repossessor licensed under this chapter.
- (4) The person who originally sold the motor vehicle to the buyer under the installment sale contract.
- (5) A licensed seller or sales finance company that is not regularly engaged in the business of repossessing motor vehicles but occasionally does so as an accommodation for another seller or sales finance company.
- (6) An official or full-time employee of a licensed seller or sales finance company under paragraph (5).

Source Note for § 6252

Subsection	Basis in the MVSFA
(a)	§ 23(B): 1 st sentence
(b)	§ 23(B): 2 nd sentence

§ 6253. Legal proceedings.

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

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

Source Note for § 6253

Subsection	Basis in the MVSFA
(a)	§ 23(C): 1 st sentence
(b)	§ 23(C): 2 nd sentence

§ 6254. Notice of repossession.

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

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

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

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

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

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

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

(5) The name and address of the person to whom the buyer shall make payment or on whom the buyer may serve notice.

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

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

Source Note for § 6254

Subsection	Basis in the MVSFA
(a) & (b)	§ 23(D): 1 st sentence
(c)(1)-(5)	§ 23(D): 2 nd sentence
(c)(6)	§ 23(D): 3 rd sentence
(c)(7)	

§ 6255. Personal property in repossessed motor vehicle.

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

Source Note for § 6255

The first sentence of this section is based on the fourth sentence of § 23(D) of the MVSFA.

Note to § 6255

The second sentence of this section replaces the last sentence of § 23(D) of the MVSFA (“Thereafter, the property may be disposed of in the same manner as the motor vehicle and other collateral.”).

§ 6256. Buyer's liability for costs.

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

- (1) The default exceeds 15 days at the time of repossession.
- (2) The costs are actual, necessary and reasonable, excluding repossession costs for services by an individual who is a regular full-time employee of the holder.
- (3) The costs are supported by receipts or other satisfactory evidence of payment.
- (4) The records of the holder show detailed information as to the nature and amount of each cost, the date of payment and the recipient of the payment.

Source Note for § 6256

This section is based on § 23(E) of the MVSFA.

Comment to § 6256

The Department of Banking and Securities has the authority to reduce improperly assessed costs under § 6203(a)(6).

§ 6257. Notice to police.

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

- (1) the local municipal police department having jurisdiction of the area where the motor vehicle was located at the time of repossession; or
- (2) the Pennsylvania State Police, if no municipal police jurisdiction exists.

Source Note for § 6257

This section is based on § 23(H) of the MVSFA.

§ 6258. Reinstatement of contract after repossession.

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

- (1) pays all past due installments; or
- (2) makes mutually satisfactory arrangements with the holder regarding the following:
 - (i) Accrued late charges.
 - (ii) Costs of suit under the contract and authorized by this chapter in repossession by legal process.
 - (iii) The costs of retaking, repairing and storing under section 6256 (relating to buyer's liability for costs), if default at the time of repossession exceeds 15 days.

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

Source Note for § 6258

This section is based on § 24 of the MVSFA.

§ 6259. Redemption and termination of contract after repossession.

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

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

- (1) If default at the time of repossession is 15 days or less, the sum of the following, less rebate of any unearned finance charge and excluding the costs of retaking, repairing and storing under section 6256 (relating to buyer's liability for costs):
 - (i) The unpaid time balance.
 - (ii) Accrued late charges authorized by this chapter.
 - (iii) Any other amount lawfully due under the contract.

- (2) If default at the time of repossession exceeds 15 days, the sum of the following, less rebate of any unearned finance charge:
 - (i) The unpaid time balance.
 - (ii) Accrued late charges authorized by this chapter.
 - (iii) The costs of retaking, repairing and storing under section 6256.

- (iv) Any other amount lawfully due under the contract.
- (c) Return of motor vehicle and collateral.--
- (1) If the buyer redeems the motor vehicle and terminates the installment sale contract by payment or tender as provided in subsection (b), the holder shall return the motor vehicle and other collateral in a manner consistent with 13 Pa.C.S. § 9623 (relating to right to redeem collateral).
- (2) Property is deemed to be returned in a manner in compliance with this chapter and 13 Pa.C.S. § 9623 by delivery to one of the following sites designated by the buyer:
- (i) The county in this Commonwealth or within a comparable governmental unit outside this Commonwealth where repossession occurred.
 - (ii) The county in this Commonwealth where the buyer resides.
 - (iii) The county in this Commonwealth where the vehicle was purchased under the contract.
- (3) Upon receipt of the funds necessary to redeem the motor vehicle as provided in subsection (b), the holder shall return the repossessed motor vehicle as soon as is reasonably possible, but not later than ten business days from the receipt of the funds.

Source Note for § 6259

Subsection	Basis in the MVSFA
(a)	§ 25(A)
(b)	§ 25(B)
(c)(1)	§ 25(C): 1 st sentence
(c)(2)	§ 25(C): 2 nd sentence
(c)(3)	§ 25(D)

§ 6260. Sale of motor vehicle after repossession.

- (a) Forfeiture.--If the repossessed motor vehicle subject to an installment sale contract is not redeemed by the buyer either by termination or reinstatement of the contract within the 15-day notice of redemption period, the buyer shall forfeit all claim to the motor vehicle and collateral security.
- (b) Deficiency.--If the buyer does not redeem the repossessed motor vehicle within the 15-day notice of redemption period, the installment seller or holder may not bring an action or proceeding against the buyer for a deficiency under section 6261 (relating to deficiency judgment), unless there has been a public or private sale of the repossessed motor vehicle and collateral security.
- (c) Motor vehicle title.--At the sale of a repossessed motor vehicle to a purchaser, the installment seller or holder shall provide to the purchaser the title to the vehicle and all necessary documents to effect the transfer of the motor vehicle.

Source Note for § 6260

Subsection	Basis in the MVSFA
(a)	§ 26(A)
(b)	§ 26(B)
(c)	

Comment to § 6260

Subsection (c) is intended to ensure that the seller or holder provides the necessary documentation for the purchaser of a repossessed motor vehicle to become the titled owner of the vehicle. In the case of a repossessed manufactured home, the seller or holder would also need to disclose any liens on the manufactured home and any back taxes or other fees owed.

§ 6261. Deficiency judgment.

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

(b) Reasonable value.--

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

- (i) the installment seller or holder to recover the deficiency; or**
- (ii) the buyer.**

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

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

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

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

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

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

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

Source Note for § 6261

Subsection	Basis in the MVSFA
(a) & (b)	§ 27: 1 st sentence
(c)	§ 27: 2 nd sentence
(d)	
(e)	§ 27: last sentence (in concept)

Comment to § 6261

Subsection (b)(1)(ii) changes former law by allowing a buyer to bring an action or a proceeding to determine the reasonable value of the motor vehicle at the time of resale. The provision is intended to apply in cases involving an overage, where the value of the repossessed motor vehicle exceeds the amount owed on it. For example, under former law, if Buyer-1 owed \$10,000 on the repossessed motor vehicle and the holder subsequently sold the vehicle for \$12,000 to Buyer-2 who traded in a motor vehicle, Buyer-1 would have no legal recourse to collect the \$2,000 overage from the holder.

§ 6262. Procedures for manufactured homes.

(a) Notice.--

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

- (i) Accelerates the maturity of the installment sale contract for the manufactured home.**
- (ii) Commences a legal action to recover under the contract.**
- (iii) Takes possession of any collateral of the buyer for the obligation.**

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

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

(ii) Clearly and conspicuously state the following:

- (A) The particular obligation or security interest.**
- (B) The nature of the default claimed.**

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

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

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

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

(b) Cure of default.--

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

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

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

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

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

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

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

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

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

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

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

(3) The cure of a default under this subsection shall restore the buyer to the same position as if the default had not occurred.

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

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

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

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

(i) Reasonable and actually incurred.

(ii) Not in excess of \$150.

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

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

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

Source Note for § 6262

Subsection	Basis in the MVSFA
(a)	§ 23(G)(1) & (2)
(b)(1) & (2)	§ 23(G)(3)
(b)(3)	§ 23(G)(4)
(c)	§ 23(G)(5)
(d)	§ 23(G)(6)
(e)	§ 23(G)(7)

Note to § 6262

The dollar amount under § 23(G)(6)(b) of the MVSFA is \$50; subsection (d)(2)(ii) raises the amount to \$150.

SUBCHAPTER F **PENALTIES AND LIABILITY**

Sec.

- 6271. Operating without license.
- 6272. Violation of chapter provisions.
- 6273. Use of unlicensed collector-repossessor.
- 6274. Civil penalty by department.
- 6275. Liability of sales finance company.

§ 6271. Operating without license.

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

- (1) Pay a fine of not less than \$2,000 nor more than \$10,000.
 - (2) Imprisonment for not more than three years.
- (b) Applicability.--Subsection (a) applies to the following:
- (1) A person, partnership, association, business corporation, financial institution, nonprofit corporation, common law trust, joint stock company or any other group of individuals, however organized.
 - (2) An owner, partner, member, officer, director, trustee, employee, agent, broker or representative of an entity under paragraph (1).

Source Note for § 6271

This section is based on § 37(A) of the MVSFA.

§ 6272. Violation of chapter provisions.

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

- (1) Pay a fine of not more than \$2,000 for the first offense.
- (2) For each subsequent offense, to either or both of the following:
 - (i) Pay a fine of not more than \$2,000.
 - (ii) Imprisonment for not more than one year.

Source Note for § 6272

This section is based on § 37(B) of the MVSFA.

§ 6273. Use of unlicensed collector-repossessor.

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

- (1) Pay a fine of not more than \$2,000 for the first offense.
- (2) For each subsequent offense, to either or both of the following:
 - (i) Pay a fine of not more than \$2,000.
 - (ii) Imprisonment for not more than one year.

Source Note for § 6273

This section is based on § 37(C) of the MVSFA.

§ 6274. Civil penalty by department.

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

Source Note for § 6274

This section is based on § 37(D) of the MVSFA.

§ 6275. Liability of sales finance company.

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

- (1) Excessive markups of charges by installment sellers.
- (2) A failure to disclose under section 6221(e) (relating to requirements).

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

Source Note for § 6275

Subsection	Basis in the MVSFA
(a)	§ 37(E)
(b)	

Comment to § 6275

Subsection (b) refers to the “Trade Regulation Rule Concerning Preservation of Consumers’ Claims and Defenses” (the Federal “holder in due course” rule), as set forth in 16 C.F.R. Part 433.

CHAPTER 63 **GOODS AND SERVICES INSTALLMENT SALES**

General Note

This chapter is based on the GSISA.

Subchapter

- A. General Provisions
- B. Closed-End Credit Agreements
- C. Open-End Credit Agreements
- D. Costs and Charges
- E. Enforcement and Penalties

SUBCHAPTER A **GENERAL PROVISIONS**

Sec.

- 6301. Scope of chapter.
- 6302. Definitions.
- 6303. Waiver.
- 6304. Applicability.
- 6305. Prohibited activities and provisions.
- 6306. Assignment.
- 6307. Venue.
- 6308. Attorney fees and costs.
- 6309. Repossession; acceleration; right to cure.
- 6310. Lien.
- 6311. Validity.
- 6312. Discharge of obligation.
- 6313. Prepayment of obligation.
- 6314. Acknowledgment of payment in full.

§ 6301. Scope of chapter.

This chapter relates to goods and services installment sales.

Source Note for § 6301

This section is based on § 101 of the GSISA.

§ 6302. Definitions.

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

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

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

“Closed-end credit agreement.” Either of the following:

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

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

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

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

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

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

“Finance charge.”

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

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

(3) Excludes the following:

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

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

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

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

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

(vi) Attorney fees.

(vii) Court costs.

(viii) Official fees.

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

“Goods.”

- (1) Personal property bought primarily for personal, family or household use.
- (2) The term includes the following:
 - (i) Certificates, coupons or gift cards exchangeable for goods.
 - (ii) Electronic media items.
 - (iii) Items purchased through the Internet.
- (3) The term excludes the following:
 - (i) Goods covered under the act of August 14, 1963 (P.L.1082, No.464), known as the Home Improvement Finance Act.
 - (ii) A motor vehicle covered under Chapter 62 (relating to motor vehicle sales finance).
 - (iii) A security covered under the act of December 5, 1972 (P.L.1280, No.284), known as the Pennsylvania Securities Act of 1972.

“Holder.”

- (1) Either of the following:
 - (i) A seller who acquires a closed-end credit agreement or an open-end credit agreement that is executed, incurred or entered into by a buyer.
 - (ii) A financing agency or other assignee that purchases the agreement under subparagraph (i).
- (2) Excludes a pledgee or holder of a security interest in an aggregate number of agreements to secure a bona fide loan on them.

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

“Open-end credit agreement.” A contract:

- (1) in which a buyer promises to pay in installments to a seller or financing agency the outstanding balance incurred in a sale, whether or not the seller retains a security interest in the goods sold; and
- (2) that provides for a finance charge expressed as a percent of the periodic balances to accrue thereafter, if the charge is not capitalized or stated as a dollar amount in the contract.

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

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

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

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

“Services.”

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

(2) The term includes the following:

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

(ii) A service contract.

(iii) Services purchased through the Internet.

(3) The term excludes the following:

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

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

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

(A) The Commonwealth.

(B) The Federal Government.

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

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

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

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

“Warranty.”

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

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

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

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

Source Note for § 6302

Definition	Basis in the GSISA
Actuarial method	§ 603(b) (and defined in Appendix J of Regulation Z of the Federal Truth in Lending Act)
Buyer	§ 201(4) (“retail buyer” or “buyer”)
Closed-end credit agreement	§ 201(6) (“retail installment contract” or “contract”)
Finance charge	§ 201(10) (“time price differential” or “service charge”) § 504 § 906: 1 st sentence
Financing agency	§ 201(16)

Definition	Basis in the GSISA
Goods	§ 201(1)
Holder	§ 201(13)
Official fees	§ 201(14)
Open-end credit agreement	§ 201(7) (“retail installment account” or “installment account” or “revolving account”)
Purchase price	§ 201(8) (“cash sale price”)
Sale	§ 201(5) (“retail installment sale” or “sale”)
Seller	§ 201(3) (“retail seller” or “seller”)
Services	§ 201(2)
Time balance	§ 201(12)
Time sale price	§ 201(9)
Unpaid balance	§ 201(11)
Warranty	

Note to § 6302

Under the definition of “closed-end credit agreement,” the reference in the GSISA to a “title retention provision” is replaced by “security interest.”

The term “financial institution” within the definition of “financing agency” is defined in § 6102.

Under the definition of “goods,” the reference in the GSISA to “tangible chattels” is replaced by “personal property.” Unlike the GSISA definition, the definition of “goods” under § 6302 specifically includes gift cards, electronic media items and items purchased through the Internet; it specifically excludes a security covered under the Pennsylvania Securities Act of 1972.

Under the definition of “purchase price,” the reference in the GSISA to “accessories” is eliminated because an accessory would be classified under this chapter as either a good or service.

Unlike the definition of “services” under the GSISA, this section includes references to a service contract, which is separately defined in this section, and services purchased through the Internet.

The term “late fee” in this chapter replaces the term “delinquency charge” from the GSISA.

The term “person,” which is defined in § 201(15) of the GSISA, is not defined in this section because the term is defined in 1 Pa.C.S. § 1991 to include “a corporation, partnership, limited liability company, business trust, other association, government entity (other than the Commonwealth), estate, trust, foundation or natural person.”

Comment to § 6302

This chapter does not apply to an agreement under the Rental-Purchase Agreement Act (42 Pa.C.S. Ch. 69).

Under the definition of “closed-end credit agreement,” paragraph (2) includes as a closed-end credit agreement a contract that is disguised as a bailment or lease. Without paragraph (2)(ii), a legitimate bailment or lease agreement could be construed to be a closed-end credit agreement.

§ 6303. Waiver.

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

Source Note for § 6303

This section is based on § 102 of the GSISA.

Note to § 6303

This section expands § 102 of the GSISA to specifically reference the choice of the law of another jurisdiction.

§ 6304. Applicability.

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

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

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

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

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

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

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

Source Note for § 6304

Subsection	Basis in the GSISA
(a), (b) & (c)	§ 103
(d)	
(e)	§ 104

§ 6305. Prohibited activities and provisions.

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

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

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

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

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

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

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

(6) The buyer relieves the seller from liability for legal remedies that the buyer may have against the seller under the agreement or a separate instrument executed in connection with the agreement.

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

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

(i) The buyer signed the agreement.

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

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

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

(9) An assignment of wages is given.

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

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

Source Note for § 6305

Subsection	Basis in the GSISA
(a)	<i>Replaces § 604: 2nd sentence</i>
(b)	§ 401

Comment to § 6305

The act of March 28, 2000 (P.L.23, No.7), known as the Fair Credit Extension Uniformity Act (73 P.S. §§ 2270.1-2270.6), and the Federal Fair Debt Collection Practices Act (Pub. L. 95-109, 91 Stat. 874, 15 U.S.C. §§ 1692-1692p) govern procedures regarding the collection of debts. If a seller or holder violates the Fair Credit Extension Uniformity Act, as provided in subsection (a), the applicable penalties under that act would apply to the seller or holder.

The act of December 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices and Consumer Protection Law (73 P.S. 201-1 through 201-9.3), provides that it is an unfair method of competition, and therefore unlawful, to include in any consumer transaction document a confessed judgment clause that waives the consumer's right to assert a legal defense to an action.

§ 6306. Assignment.

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

Source Note for § 6306

This section is based on the first sentence of § 402 of the GSISA.

§ 6307. Venue.

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

- (1) The buyer signed the agreement.
- (2) The buyer resides at the commencement of the action.
- (3) The buyer resided when the agreement was entered into.
- (4) The goods purchased under the agreement have been so affixed to real property as to become a part of the real property.

Source Note for § 6307

This section is based on § 1205 of the GSISA.

§ 6308. Attorney fees and costs.

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

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

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

(1) The defendant:

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

(ii) Deposits the amount with the court.

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

Source Note for § 6308

Subsection	Basis in the GSISA
(a)	§ 1001: 1 st sentence
(b)	§ 906: last sentence
(c)	§ 1001: 2 nd sentence

§ 6309. Repossession; acceleration; right to cure.

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

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

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

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

(1) accelerate the maturity of the agreement; or

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

(c) Notice.--

(1) Notice under this section shall be:

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

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

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

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

(A) The amount in default.

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

- (C) Extension and deferment charges under section 6347 (relating to extension and deferment).
- (D) Actual repossession costs.
- (ii) The name, address and telephone number of the seller or holder.
- (iii) The total amount due, which is the sum of the items in subparagraph (i).
- (iv) The exact date by which the amount due must be paid.
- (v) The name, address and telephone number of the person to whom payment must be made.
- (vi) Other performance necessary to cure a default arising from other than nonpayment of the obligation.
- (3) The seller or holder is not required to provide the notice under this subsection more than once in any 12-month period.
- (d) Rights of buyer; curing default--
- (1) The buyer shall have the rights specified in the notice under subsection (c).
- (2) The act of curing a default restores to the buyer the rights under the agreement as though no default had occurred.

Source Note for § 6309

Subsection	Basis in the GSISA
(a)	§ 1101
(b)	§ 1102: 1 st sentence
(c)(1) & (2)	§ 1102: 1 st sentence
(c)(3)	§ 1102: 2 nd sentence
(d)(1)	<i>Implied in § 1102</i>
(d)(2)	§ 1102: last sentence

Note to § 6309

Unlike the GSISA, subsection (c)(2)(i) includes extension charges and actual repossession costs. See clauses (C) and (D).

§ 6310. Lien.

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

Source Note for § 6310

This section is based on § 403 of the GSISA.

§ 6311. Validity.

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

Source Note for § 6311

This section is based on § 404 of the GSISA.

§ 6312. Discharge of obligation.

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

Source Note for § 6312

This section is based on § 601 of the GSISA.

§ 6313. Prepayment of obligation.

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

(b) Refund credit.--

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

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

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

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

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

Source Note for § 6313

This section is based on the first five sentences of § 603(a) of the GSISA.

§ 6314. Acknowledgment of payment in full.

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

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

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

Source Note for § 6314

This section is based on the first sentence of § 604 of the GSISA.

Note to § 6314

The modifying phrase “good and sufficient” from the GSISA (in reference to the instrument) is not incorporated into § 6314.

SUBCHAPTER B **CLOSED-END CREDIT AGREEMENTS**

Sec.

6321. General rules.

6322. Contents.

6323. Copy of agreement.

6324. Agreement resulting from telephone or mail communications.

6325. Purchase money loan; notice.

6326. Statement to buyer.

6327. Refinancing.

6328. New payment schedule.

6329. Add-on sales.

§ 6321. General rules.

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

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

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

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

Source Note for § 6321

Subsection	Basis in the GSISA
(a)	§ 302(a)
(b)	§ 304
(c)	§ 503
(d)	

Note to § 6321

The language from § 302(a) of the GSISA regarding payments for referrals is not incorporated into subsection (a) in light of § 3 of the act of December 17, 1968 (P.L.1224, No.387), known as the Unfair Trade

Practices and Consumer Protection Law (73 P.S. 201-3), which declares such payments unlawful.

Comment to § 6321

For the calculation of the finance charge under subsection (c), see § 6345(b).

Consistent with the Federal Truth in Lending Act (Pub. L. No. 90-321, 82 Stat. 146, 15 U.S.C. § 1601 *et seq.*), subsection (d) provides that there must be a description of the collateral if there is a security agreement or lien contract. A holder should not be required to redraft a document for a buyer that re-describes previous collateralized items; the descriptions of those items may be incorporated by reference into the new closed-end credit agreement.

§ 6322. Contents.

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

- (1) One of the following headings at the top of the agreement or directly above the space reserved for the signature of the buyer:
 - (i) “Security Agreement” if the seller retains a security interest in the goods as security for the goods or services purchased.
 - (ii) “Lien Contract” if the seller obtains a lien on other goods or nonresidential real estate as security for the goods or services purchased.
 - (iii) “Closed-End Credit Agreement” if the seller does not obtain security for the goods or services purchased.
- (2) The names of the seller and buyer.
- (3) The place of business of the seller.
- (4) The residence or place of business of the buyer as specified by the buyer.
- (5) A description of the goods or services sufficient to identify them. Services or multiple items of goods may be described in general terms but in detail sufficient to identify them, in a separate writing.
- (6) The purchase price of the goods and services that are the subject matter of the sale.
- (7) The amount of the buyer’s down payment, including the following:
 - (i) An itemization of the amount paid in money and goods.
 - (ii) A brief description of traded-in goods.
- (8) The difference between the purchase price under paragraph (6) and the amount under paragraph (7).
- (9) The amount included for insurance, including the specific coverage and cost.
- (10) The amount of official fees.
- (11) The unpaid balance, which is the sum of the amounts under paragraphs (8), (9) and (10).
- (12) The amount of the finance charge.

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

- (i) The number of installments required.
- (ii) The amount of each installment expressed in dollars.
- (iii) The due date or period for each installment.

(14) The time sale price.

(15) The following notice provision:

NOTICE TO THE BUYER

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

(16) The following notice provision:

NOTICE

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

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

Source Note for § 6322

Paragraph	Basis in the GSISA
(1)	§ 302(b)
(2)-(5)	§ 303(a)
(6)-(14)	§ 303(b)-(j)
(15)	§ 302(c)
(16)	§ 303(k)
(17)	

Note to § 6322

The undefined term “accessories” in § 303(b) of the GSISA is not incorporated into this section since this chapter simply concerns goods and services.

Comment to § 6322

The items in this section do not need to be stated in the order given. Additional items may be included to explain the computations made in determining the amount to be paid by the buyer.

Note: The foregoing comment is based on the last sentence of § 303 of the GSISA.

§ 6323. Copy of agreement.

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

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

(c) Acknowledgment.--

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

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

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

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

Source Note for § 6323

Subsection	Basis in the GSISA
(a)	§ 307: 1 st sentence
(b)	§ 307: 2 nd sentence
(c)(1) & (2)	
(c)(3)	§ 307: 3 rd sentence
(c)(4)	§ 307: 4 th sentence

Note to § 6323

Subsection (c)(1) and (2) codifies existing practice.

§ 6324. Agreement resulting from telephone or mail communications.

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

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

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

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

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

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

Source Note for § 6324

This section is based on § 308 of the GSISA.

§ 6325. Purchase money loan; notice.

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

- (1) a purchase money lender may not take or receive the instrument; and
- (2) a seller may not accept the proceeds of the purchase money loan as full or partial payment for the sale.

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

NOTICE

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

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

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

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

Source Note for § 6325

Subsection	Basis in the GSISA
(a) & (b)	§ 402: 2 nd sentence
(c)	§ 201(17) & (18)

Note to § 6325

The notice in subsection (b) is consistent with the notices under the “Trade Regulation Rule Concerning Preservation of Consumers’ Claims and Defenses” (the Federal “holder in due course” rule), as set forth in 16 C.F.R. Part 433.

Unlike § 402 of the GSISA, the notice under this section uses the term “buyer” instead of “debtor.”

Unlike § 201(17) of the GSISA, the definition of “purchase money loan,” does not contain the modifier “cash” before the word “advance” and does not contain the phrase “in whole or substantial part” after the word “applied.”

§ 6326. Statement to buyer.

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

(b) Copies.--

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

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

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

Source Note for § 6326

This section is based on § 602 of the GSISA.

Note to § 6326

Unlike § 602 of the GSISA, which references a \$1 charge for a duplicate copy of the statement, subsection (b)(2) references a “reasonable fee not to exceed the cost of production.”

§ 6327. Refinancing.

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

(b) Charges.--

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

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

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

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

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

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

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

- (1) The amount of the unpaid time balance to be refinanced.
- (2) The amount of a refund credit.
- (3) The amount to be refinanced after the deduction of the refund credit.
- (4) The amount of the finance charge under the refinancing agreement.
- (5) The additional cost of insurance and official fees to the buyer.
- (6) The new unpaid time balance.
- (7) The new schedule of installment payments.

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

Source Note for § 6327

This section is based on § 702 of the GSISA.

Note to § 6327

Unlike § 702 of the GSISA, this section does not reference minimum finance charges.

§ 6328. New payment schedule.

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

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

Source Note for § 6328

This section is based on § 703 of the GSISA.

§ 6329. Add-on sales.

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

- (1) The seller may add subsequent purchases made by the buyer to the agreement.
- (2) The total price of the goods or services covered by the agreement shall be increased by the price of the additional goods or services.
- (3) The seller may increase finance charges and installment payments proportionately.
- (4) The terms and conditions of the agreement shall apply equally to the additional goods or services.

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

(b) Allocation.--

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

(2) A payment received after a subsequent purchase is made is deemed to be allocated to all the various time sale prices in the same proportion or ratio as the original purchase prices of the various purchases bear to one another.

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

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

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

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

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

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

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

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

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

(i) The number of installments required.

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

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

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

Source Note for § 6329

Subsection	Basis in the GSISA
(a)	§ 801
(b)	§ 802
(c)	§ 803

Note to § 6329

Unlike § 803 of the GSISA, subsection (c) requires a new agreement instead of a memorandum.

Comment to § 6329

The introductory language of subsection (a) specifies that the provisions of the other subchapters (such as those concerning contracts in general and costs and charges) govern add-on sales. For example, a memorandum unsigned by a buyer is no longer adequate when an add-on sale occurs, since Subchapter B requires that a seller must provide the specified disclosures to the buyer, and the buyer must sign a new contract that covers both the previous unpaid purchases and the new purchases. These changes are necessary to preserve “holder-in-due-course” status.

The items in subsection (c) do not need to be stated in the order given. Additional items may be included to explain the computations made in determining the amount to be paid by the buyer.

Note: The second paragraph of the foregoing comment is based on the second to last sentence of § 803 of the GSISA.

SUBCHAPTER C **OPEN-END CREDIT AGREEMENTS**

Sec.

6331. Establishment.

6332. Requirements.

6333. Applicability and effect of subchapter.

§ 6331. Establishment.

(a) Seller.--A seller may enter into an open-end credit agreement upon the request of a buyer or prospective buyer.

(b) Financing agency.--Subject to the other provisions of this chapter, a financing agency may enter into an open-end credit agreement on behalf of a seller from whom the financing agency may, with the buyer's consent, purchase or acquire the buyer's indebtedness, to be paid according to the agreement.

Source Note for § 6331

This section is based on § 901 of the GSISA.

§ 6332. Requirements.

(a) Signature.--A seller may not obtain the signature of a buyer on an application for an open-end credit agreement if it contains blank spaces to be filled in after it has been signed.

(b) Separate agreement unnecessary.--A buyer does not need to sign a separate account agreement when a new purchase is made under an existing agreement.

(c) Heading.--The following heading shall appear at the top of the agreement or directly above the space reserved for the signature of the buyer:

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

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

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

(d) Entire agreement.--The written agreement shall contain the entire agreement of the parties regarding the costs and terms of payment for the goods and services.

Source Note for § 6332

Subsection	Basis in the GSISA
(a)	
(b) & (c)	§ 302(b)
(d)	

Note to § 6332

For comparable provisions to subsections (a) and (d), see § 6321(a) and (b).

§ 6333. Applicability and effect of subchapter.

(a) Security interest.--This subchapter does not prohibit the execution of an agreement between a buyer and seller whereby the seller retains a security interest in goods sold to the buyer until full payment has been made.

(b) Allocation.--Section 6329(b) (relating to add-on sales) governs goods sold under an agreement under subsection (a).

(c) Notes; third party rights.--An open-end credit agreement may not require or entail the execution of a note by the buyer that when separately negotiated will eliminate as to a third party a right of action or defense that the buyer may have against the seller.

Source Note for § 6333

Subsection	Basis in the GSISA
(a) & (b)	§ 908
(c)	§ 909

SUBCHAPTER D COSTS AND CHARGES

Sec.

6341. Applicability.

6342. Insurance.

6343. Late fees.

6344. Costs of collection.

6345. Finance charges.

6346. Costs from nonaffiliated entity.

6347. Extension and deferment.

6348. Interest rate after maturity.

§ 6341. Applicability.

A seller may contract for or collect a fee, expense or charge only if the fee, expense or charge is specifically set forth in this chapter.

Source Note for § 6341

This section is based on § 504 and the second sentence of § 906 of the GSISA.

§ 6342. Insurance.

(a) Compliance with law.--The following shall comply with the act of September 2, 1961 (P.L.1232, No.540), known as the Model Act for the Regulation of Credit Life Insurance and Credit Accident and Health Insurance:

(1) The seller and buyer, if:

- (i) the cost of the insurance is included in the closed-end credit agreement; and
- (ii) a separate charge is made to the buyer for the insurance.

(2) The seller or holder, if the insurance is to be procured by the seller or holder under an open-end credit agreement.

(b) Separate charge; agreement.--

(1) If the cost of insurance is to be separately charged to the buyer under an open-end credit agreement, the buyer and seller must so specify in a signed agreement.

(2) A copy of the agreement under paragraph (1) shall be given or furnished to the buyer.

(3) The agreement shall state whether the insurance is to be procured by the buyer, seller or holder.

Source Note for § 6342

Subsection	Basis in the GSISA
(a)(1)	§ 305
(a)(2) & (b)	§ 907

§ 6343. Late fees.

(a) Closed-end credit agreement.--

(1) A closed-end credit agreement may provide for the payment by the buyer of a late fee on each installment in default for a period of not less than ten days in an amount not in excess of 5% of the installment or \$10, whichever is less.

(2) Only one late fee may be collected on an installment regardless of the period that it remains in default.

(b) Open-end credit agreement.--A late fee may be assessed on an open-end credit agreement regarding each minimum payment not paid in full on the payment due date of the statement on which the minimum payment first appears.

Source Note for § 6343

Subsection	Basis in the GSISA
(a)(1)	§ 306: 1 st sentence
(a)(2)	§ 306: 2 nd sentence
(b)	§ 306.1

Note to § 6343

Unlike the first sentence of § 306 of the GSISA, the dollar figure in this section is raised from \$5 to \$10 and the provision that “a minimum charge of one dollar (\$1) may be made” is not incorporated into this section.

Comment to § 6343

A seller or holder may increase the late fee by providing the buyer with a notice of the increase to the extent required and in the manner specified by the Federal Truth in Lending Act (Pub. L. 90-321, 82 Stat. 146, 15 U.S.C. § 1601 *et seq.*) and its regulations under Regulation Z.

Note: *The foregoing comment is based on § 306.2 of the GSISA.*

§ 6344. Costs of collection.

A closed-end credit agreement or an open-end credit agreement may provide for payment of actual and reasonable costs of collection only if any of the following occurs:

- (1) If the goods are subject to a security interest, the goods are removed from this Commonwealth without the written permission of the holder.
- (2) The buyer fails to notify the holder of a change of residence.
- (3) The buyer fails to communicate with the holder for a period of 45 days after a default in making payments due under the agreement.

Source Note for § 6344

This section is based on the last sentence of § 306 of the GSISA.

Comment to § 6344

Actual and reasonable costs of collection include official fees, court fees and attorney fees.

§ 6345. Finance charges.

(a) General rule.--Pursuant to this section and the provisions of a closed-end credit agreement or an open-end credit agreement, a seller and holder may charge, receive and collect a finance charge.

(b) Closed-end credit agreement.--A finance charge under a closed-end credit agreement shall be:

(1) measured for a period between the date of the agreement and the due date of the last installment; and

(2) calculated for the period according to the actuarial method or the United States Rule method, at a rate agreed to by the buyer and the seller or holder.

(c) Open-end credit agreement.--

(1) Except as provided in paragraph (2), a finance charge on an open-end credit agreement:

(i) shall be computed based on the outstanding monthly balances; and

(ii) may not exceed the rate agreed to by the buyer and the seller or holder.

(2) A minimum finance charge of \$1 per month may be made for each month, if the finance charge so computed is less than that amount.

Source Note for § 6345

Subsection	Basis in the GSISA
(a)	§ 501(a) & § 904: 1 st sentence
(b)	§ 501(a)
(c)(1)	§ 904: 2 nd sentence & § 904(a)
(c)(2)	§ 904(b)

Note to § 6345

Unlike § 503 of the GSISA, subsection (b) does not incorporate the phrase “having due regard for the schedule of installments.”

Unlike § 904(b) of the GSISA, the minimum finance charge under this section is raised from \$0.50 to \$1 and the phrase “and may be imposed for a minimum period of six months” is not incorporated into this section.

Comment to § 6345

Consistent with the provisions of this chapter, a seller or holder may increase the rate of the finance charge on an open-end credit agreement by providing the buyer with a notice of the increase to the extent required and in the manner specified by the Federal Truth in Lending Act (Pub. L. 90-321, 82 Stat. 146, 15 U.S.C. § 1601 *et seq.*) and its regulations under Regulation Z.

Note: The foregoing comment is based on the first sentence of § 912 of the GSISA.

§ 6346. Costs from nonaffiliated entity.

A closed-end credit agreement and an open-end credit agreement may provide for the reimbursement from a buyer of costs for a service provided by an entity that is not otherwise affiliated with the seller or holder if all the following conditions exist:

- (1) The buyer requests that the seller or holder provide the service.
- (2) The service is for the convenience of the buyer.
- (3) The seller or holder contracts with the entity to provide the service to the buyer or other buyers.
- (4) The seller or holder actually incurs the costs of the service provided by the entity.
- (5) The costs incurred for the service are reasonable and necessary.
- (6) The reimbursement costs received from the buyer do not exceed the costs incurred by the seller or holder.

Source Note for § 6346

This section is not contained in the GSISA.

Comment to § 6346

This section provides that a seller or holder may be reimbursed by the buyer for certain costs incurred from non-affiliated entities, such as processing fees for electronic checking, credit applications and credit reports.

§ 6347. Extension and deferment.

(a) General rule.--Upon agreement with the buyer, the holder of a closed-end credit agreement or an open-end credit agreement may extend the scheduled due date or defer the scheduled payment of all or part of an installment payable under the agreement.

(b) Charges.--

(1) A charge may not be made for an extension or a deferment unless the extension or deferment agreement is in writing and signed by the parties.

(2) Subject to paragraph (3), the holder may contract for and collect the payment of an extension or deferment charge by the buyer.

(3) Except as provided in paragraph (4), the charge under paragraph (2) may not exceed an amount equal to 1.5% per month simple interest on the full amount or part of the installment for the extension or deferment period, which may not exceed the period:

(i) from the date when the extended or deferred installment would have been payable in the absence of the extension or deferment; and

(ii) to the date when the installment is made payable under the extension or deferment agreement.

(4) A minimum charge of \$10 for the extension or deferment period may be made if the computed extension or deferment charge amounts to less than \$10.

(5) Subject to section 6342 (relating to insurance), the agreement may provide for payment of the additional cost of or premiums for continuing insurance coverage under the agreement until the end of the extension or deferment period.

Source Note for § 6347

This section is based on § 701 of the GSISA.

Note to § 6347

Unlike § 701 of the GSISA, the percentage in subsection (b)(3) is increased from 1% to 1.5%, and the dollar figure in subsection (b)(4) is increased from \$1 to \$10.

§ 6348. Interest rate after maturity.

If a balance remains unpaid at the expiration of the scheduled maturity date of a closed-end credit agreement, the rate of the finance charge for the period beginning at the date of the maturity until payment in full may not exceed the rate of the finance charge under the original agreement.

Source Note for § 6348

This section is not contained in the GSISA.

SUBCHAPTER E
ENFORCEMENT AND PENALTIES

Sec.

- 6351. Willful and intentional violations.
- 6352. Noncompliance; costs and charges.
- 6353. Willful violations regarding finance charges.
- 6354. Corrections.
- 6355. Unfair trade practice.

§ 6351. Willful and intentional violations.

A person who willfully and intentionally violates, or directs or consents to the violation of, a provision of this chapter commits a misdemeanor and shall, upon conviction, be sentenced to pay a fine of not more than \$1,000 or to imprisonment for not more than one year, or both.

Source Note for § 6351

This section is based on § 1201 of the GSISA.

§ 6352. Noncompliance; costs and charges.

(a) Bar to recovery.--If a seller fails to comply with the provisions of this chapter, the seller or holder who acquires a closed-end credit agreement or an open-end credit agreement with knowledge of the noncompliance is barred from recovery of the following costs and charges imposed in connection with the agreement:

- (1) Refinance charges under section 6327 (relating to refinancing).
 - (2) Late fees under section 6343 (relating to late fees).
 - (3) Costs of collection under section 6344 (relating to costs of collection).
 - (4) Finance charges under section 6345 (relating to finance charges).
 - (5) Extension and deferment charges under section 6347 (relating to extension and deferment).
 - (6) Interest after maturity under section 6348 (relating to interest rate after maturity).
- (b) Remedy of buyer.--The buyer shall have the right to recover from the person under subsection (a) an amount equal to the charges under subsection (a) that were paid by the buyer.

Source Note for § 6352

Subsection	Basis in the GSISA
(a)(1)-(5)	§ 1202
(a)(6)	
(b)	§ 1202

§ 6353. Willful violations regarding finance charges.

(a) Penalty.--If a seller or holder willfully violates a provision of this chapter regarding the imposition, computation or disclosure of a finance charge on a consolidated total of two or more agreements under section 6329 (relating to add-on sales), the buyer may recover from the seller or holder an amount equal to three times the total of the following, which have been actually paid by the buyer:

- (1) Refinance charges under section 6327 (relating to refinancing).
- (2) Late fees under section 6343 (relating to late fees).
- (3) Costs of collection under section 6344 (relating to costs of collection).
- (4) Finance charges under section 6345 (relating to finance charges).
- (5) Extension and deferment charges under section 6347 (relating to extension and deferment).
- (6) Interest after maturity under section 6348 (relating to interest rate after maturity).

(b) Bar to recovery.--If a violation has occurred under this section, the seller or holder is barred from the recovery of the costs and charges under subsection (a).

Source Note for § 6353

Subsection	Basis in the GSISA
(a)(1)-(5)	§ 1204
(a)(6)	
(b)	§ 1204

§ 6354. Corrections.

- (a) General rule.--Notwithstanding the provisions of this chapter and subject to subsection (b), a seller or holder may correct a failure to comply with a provision of this chapter in accordance with this section unless a willful violation has occurred.
- (b) Concurrence by buyer.--A correction that will increase the amount owed by the buyer or the amount of a payment is not permitted unless the buyer concurs in writing with the correction.
- (c) No liability.--If a seller or holder corrects a violation in accordance with this section, the seller and holder are not subject to penalty under this subchapter.
- (d) Delivery.--Within 30 days of the execution of the original closed-end credit agreement or open-end credit agreement by the buyer, a correction may be delivered to the buyer in the form of a corrected copy of the agreement.
- (e) Credit.--An amount improperly collected from the buyer shall be:
- (1) credited against the indebtedness evidenced by the agreement; or
 - (2) refunded to the buyer if the debt has already been satisfied.

Source Note for § 6354

This section is based on § 1203 of the GSISA.

§ 6355. Unfair trade practice.

A violation of any provision of this chapter shall be deemed to be a violation of the act of December 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices and Consumer Protection Law.

Source Note for § 6355

This section is not contained in the GSISA.

Section 5. Title 12 is amended by adding a part heading and part analysis to read:

PART IX
MISCELLANEOUS PROVISIONS

Chapter

97. Foreign Currency

98. Assembled Industrial Plant Doctrine

Section 6. The definition of “rental-purchase agreement” in section 6902 of Title 42 is amended to read:

§ 6902. Definitions.

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

* * *

“Rental-purchase agreement.” An agreement for the use of personal property by an individual primarily for personal, family or household purposes for an initial period of four months or less that is automatically renewable with each rental payment after the initial period and that permits the lessee to acquire ownership of the property. The term shall not be construed to be, nor is it subject to laws governing, any of the following:

- (1) A lease for agricultural, business or commercial purposes.
- (2) A lease made to an organization.
- (3) A lease of money or intangible personal property.
- (4) A lease of a motor vehicle, motor home, mobile home or manufactured housing.
- (5) A home solicitation sale under section 7 of the act of December 17, 1968 (P.L.1224, No.387), known as the Unfair Trade Practices and Consumer Protection Law.
- (6) [A retail installment sale, retail installment contract or retail installment account as defined in the act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act.] A closed-end credit agreement, open-end credit agreement or sale as defined in 12 Pa.C.S. § 6302 (relating to definitions).
- (7) A security interest as defined in 13 Pa.C.S. § 1201 (relating to general definitions).

Section 7. Section 6911 of Title 42 is amended to read:

§ 6911. Conflict with other law.

In the event of a conflict between this chapter and [the act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act] 12 Pa.C.S. Ch. 63 (relating to goods and services installment sales), the provisions of this chapter shall be controlling.

Section 8. The following apply:

- (1) The remedies under 12 Pa.C.S. Ch. 62 for violations of a provision of 12 Pa.C.S. Ch. 62 are not exclusive and shall be in addition to other procedures or remedies for a violation or conduct provided for in other law.
- (2) The provisions of 12 Pa.C.S. Ch. 62 shall apply to any license, license renewal and license application issued or made on or after the effective date of this act.
- (3) The provisions of 12 Pa.C.S. Ch. 62 do not apply to or affect the validity of the following:
 - (i) A license issued prior to the effective date of this act.
 - (ii) A contract that is otherwise within the purview of 12 Pa.C.S. Ch. 62 and was made prior to the effective date of this act.
- (4) Nothing in 12 Pa.C.S. Ch. 63 shall affect the validity of an agreement or contractual relationship entered into prior to April 1, 1967, except that a rate in excess of that allowed by 12 Pa.C.S. Ch. 63 shall be reduced to the permissible rate on or before April 1, 1967.
- (5) The remedies under 12 Pa.C.S. Ch. 63 for violation of a provision of 12 Pa.C.S. Ch. 63 are not exclusive and shall be in addition to other procedures or remedies for a violation or conduct provided for in other law.

Source Note for § 8(3)(ii)

This provision is based on § 33 of the MVSFA.

Section 9. Repeals are as follows:

- (1) The General Assembly declares that the repeals under paragraphs (2) and (3) are necessary to effectuate the addition of 12 Pa.C.S. Pt. V.
- (2) The act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act, is repealed.
- (3) The act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act, is repealed.

Section 10. This act shall take effect in one year.

APPROVED -- The 27th day of November, A.D. 2013

TOM CORBETT

DISPOSITION TABLE:
MOTOR VEHICLE SALES FINANCE ACT

MVSFA Section	12 Pa.C.S. Section	
1	6201	
2		
3(1): motor vehicle	6202: motor vehicle	
3(2): person	<i>See 1 Pa.C.S. § 1991</i>	
3(3): installment buyer; buyer	6202: buyer	
3(4): installment seller; seller	6202: installment seller	
3(5): holder	6202: holder	
3(6): sales finance company	6202: sales finance company	
3(7): collector-repossessor	6202: collector-repossessor	
3(8): banking institution	6102: financial institution	
3(9): retail sale	6202: retail sale	
3(10): installment sale contract; contract	6202: installment sale contract	
3(11): cash price	6202: purchase price	
3(12): down payment	6202: down payment	
3(13): principal amount financed	6202: principal amount financed	
3(13.1): charges		
3(13.2): charges for insurance	6202: insurance charges	
3(14): finance charge	6202: finance charge	
3(15): time balance	6202: time balance	
3(16): security interest	6202: security interest	
3(17): collateral security	6202: collateral security	
3(18): department	6102: department	
3(19): licensee	6202: licensee	
3(20): commercial purpose	6202: commercial purpose	
3(21): mobile homes		
3(22): heavy commercial motor vehicle	6202: heavy commercial motor vehicle	
3(23): secretary		
3(24): debt cancellation agreement	6202: debt cancellation agreement	
3(25): debt suspension agreement	6202: debt suspension agreement	
4	6211(a)	
5	(A)	6212(a) & 6216(1)
	(B)	6212(b)
	(C)	6212(c)
	(D)	6219(a)
	(E)	6216(2)
6	(A)	6213
	(A): 2 nd sentence	6213: comment
	(B)	6219(b)
	(C)	6216(4)(i)

MVSFA Section		12 Pa.C.S. Section
7	(A)	6214(a)
	(B)	6219(c)
	(C)	6214(b)
	(D): 1 st sentence	6211(b)
	(D): 2 nd sentence	6216(4)(ii)
	(E)	6206
8	(A): 1 st sentence	6215(a)
	(A): 2 nd sentence	6215(b)
	(B)	6211(c)
	(C): 1 st & 2 nd sentences	6215(c)(1)(i) & (ii)
	(C): 3 rd sentence	6215(c)(2)
	(C): last sentence	6215(c)(3)
	(D)	6219(d)
9	(A)	6217(a)
	(A)(3)	6217(b)(2) & (3)
	(C)	6217(c)
10	(A): introductory language	6218(a): introductory language 6218(b)
	(A)(1)-(11)	6218(a)(1)-(11)
	(A)(12)	6218(a): introductory language
	(A)(13)	6218(a)(12)
	(A)(14): 1 st sentence	6218(a)(13)
	(A)(14): 2 nd sentence	6210(a)
	(A)(14): last sentence	6210(b)
	(B)	6219(e)
	(C)	6217(b)(1) & (3)
	(D)	6205
	(A)	6203(a)(1), (2) & (3) 6203(b)
11	(B)	6203(a)(1), (2) & (3) 6203(c)
	(C)	6203(d)
	(A)-(D)	6204
12	(E)	6203(a)(4)
	(A) & (B)	6221(a)
13	(C)	6221(b)(1) & (2)
	(D)	6222(4) 6223
	(E)	6221(c)
	(F)(1)-(3)	6221(d)(1), (2) & (3)
	(F)(4): 1 st sentence	6221(d)(4)
	(F)(4): 2 nd sentence	6221(f)
	(G)	6221(e)
	(A)	6222(1), (2) & (3)
14	(B)(1)-(9)	6222(5)(i)-(ix)
	(B)(10)	6226
	(B)(10.1): 1 st sentence	6224

MVSFA Section		12 Pa.C.S. Section
14 (continued)	(B)(10.1): 2 nd sentence	6225
	(C)	6222(6)
	(D)	6222(7)
	(E)	6222(8)
	(F)	6227
	(G)	6224
15	(A)	6228(1)
	(B): 1 st sentence	6228(2): 1 st sentence
	(B): 2 nd sentence (part)	6228(2): 2 nd sentence
	(B): 2 nd sentence (part)	6228(2)(i)-(iv)
	(C)	6228(3)
	(D)	6228(4)
	(E)	6228(5)
	(F)	6228(6)
	(G)	6228(7)
16	(A), (B) & (C)	6229(a), (b) & (c)
	(D)	6229(e)
	(E)	6229(d)
17	(A): 1 st sentence	6241(b)(1)
	(A): 2 nd , 3 rd & 4 th sentences	6241(a)
	(B)	6241(b)(2)
	(C)	6241(c)(1)-(4)
	(D)	6241(c)(5)
	(E)	6241(c)(6) & (7)
18	(F) & (G)	6241(d)
	(A)	6242(a)
	(B)	6242(b)
	(C)	6242(c)
	(D): 1 st sentence	6242(d)
	(D): 2 nd sentence	6242(e)
19	(E)	6242(f)(1) & (3)
	(A)	6243(a), (c), (d) & (e)
	(B) & (C)	6243(b)(2)
	(D)	6243(b)(3)
	(E)	
20	(F)	6243(f)
	(A)	6244(a)(1)(i) & (ii)
	(B)	6244(a)(1)(iii) 6244(a)(2) 6244(b)(1) & (2) 6244(c) & (d)
	(C)	6244(e), (f) & (g)
21		6245
22		6246
23	(A): 1 st sentence	6251(a)
	(A): 2 nd sentence	6251(b)

MVSFA Section	12 Pa.C.S. Section
23 (continued)	(B): 1 st sentence
	(B): 2 nd sentence
	(C): 1 st sentence
	(C): 2 nd sentence
	(D): 1 st sentence
	(D): 2 nd sentence
	(D): 3 rd sentence
	(D): 4 th sentence
	(D): last sentence
	(E)
	(F)
	(G)(1) & (2)
	(G)(3)
	(G)(4)
	(G)(5)
	(G)(6)
	(G)(7)
	(H)
24	6258
25	(A)
	(B)
	(C): 1 st sentence
	(C): 2 nd sentence
	(D)
26	(A)
	(B)
27	1 st sentence
	2 nd sentence
	last sentence <i>(in concept)</i>
28	(A) & (B)
	(C)
29	(A)
	(B)
	(C)
	(D)
30	6232
31	(A)
	(B)
	(C)
32	6234(a)
33	<i>See § 8(3)(ii) of the act (applicability provisions)</i>
34	(A)
	(B)
	(C)
35	(A): 1 st sentence
	6236(a)

MVSFA Section		12 Pa.C.S. Section
35 (continued)	(A): 2 nd sentence	6236(b)
	(B)	6236(c)
36		6209
37	(A)	6271
	(B)	6272
	(C)	6273
	(D)	6274
	(E)	6275(a)
37.1		6203(a)(5)
38		<i>See § 9 of the act (repeal provisions)</i>
39		<i>See § 10 of the act (effective date provision)</i>

**DISPOSITION TABLE:
GOODS AND SERVICES INSTALLMENT SALES ACT**

GSISA Section	12 Pa.C.S. Section
101	6301
102	6303
103	6304(a), (b) & (c)
104	6304(e)
201(1): goods	6302: goods
201(2): services	6302: services
201(3): retail seller; seller	6302: seller
201(4): retail buyer; buyer	6302: buyer
201(5): retail installment sale; sale	6302: sale
201(6): retail installment contract; contract	6302: closed-end credit agreement
201(7): retail installment account; installment account; revolving account	6302: open-end credit agreement
201(8): cash sale price	6302: purchase price
201(9): time sale price	6302: time sale price
201(10): time price differential; service charge	6302: finance charge
201(11): unpaid balance	6302: unpaid balance
201(12): time balance	6302: time balance
201(13): holder	6302: holder
201(14): official fees	6302: official fees
201(15): person	See 1 Pa.C.S. § 1991
201(16): financing agency	6302: financing agency
201(17): purchase money loan	6325(c)
201(18): purchase money lender	6325(c)
301	See 6103
302	(a)
	(b)
	(c)
303	(a)
	(b)-(j)
	(k)
	last sentence
304	6321(b)
305	6342(a)(1)
306	1 st sentence
	2 nd sentence
	last sentence
306.1	6343(b)
306.2	6343: comment

GSISA Section		12 Pa.C.S. Section
307	1 st sentence	6323(a)
	2 nd sentence	6323(b)
	3 rd sentence	6323(c)(3)
	4 th sentence	6323(c)(4)
	last sentence	
308		6324
309		
401		6305(b)
402	1 st sentence	6306
	2 nd sentence	6325(a) & (b)
403		6310
404		6311
501	(a)	6345(a) & (b)
	(b), (b.1) & (c)	
502		
503		6321(c)
504		6302: finance charge 6341
601		6312
602		6326
603	(a): 1 st -5 th sentences	6313
	(a): last sentence	
	(b)	6302: actuarial method
604	1 st sentence	6314
	2 nd sentence	<i>Replaced by 6305(a)</i>
605		
701		6347
702		6327
703		6328
801		6329(a)
802		6329(b)
803		6329(c)
	Second to last sentence	6329: comment
804		
805		
806		
901		6331
902		
903		
904	1 st sentence	6345(a)
	2 nd sentence	6345(c)(1)
	(a)	6345(c)(1)
	(b)	6345(c)(2)
	(b.1), (b.2) & (c)	
904.1		<i>Previously repealed</i>
904.2		
904.3		<i>Previously repealed</i>

GSISA Section		12 Pa.C.S. Section
905		
906	1 st sentence	6302: finance charge
	2 nd sentence	6341
	last sentence	6308(b)
907		6342(a)(2) & (b)
908		6333(a) & (b)
909		6333(c)
910		
911		<i>See § 8(4) of the act (applicability provisions)</i>
912	1 st sentence	6345: comment
	2 nd sentence	<i>Implied in transitional language</i>
1001	1 st sentence	6308(a)
	2 nd sentence	6308(c)
1002		<i>Previously repealed</i>
1101		6309(a)
1102	(generally)	6309(d)(1)
	1 st sentence	6309(b) 6309(c)(1) & (2)
	2 nd sentence	6309(c)(3)
	last sentence	6309(d)(2)
1201		6351
1202		6352(a)(1)-(5) 6352(b)
1203		6354
1204		6353(a)(1)-(5) 6353(b)
1205		6307
1301		<i>See § 9 of the act (repeal provisions)</i>
1302		<i>See 1 Pa.C.S. § 1925</i>
1303		<i>See § 10 of the act (effective date provision)</i>

MOTOR VEHICLE SALES FINANCE ACT (REPEALED BY 2013 ACT NO. 98)

MOTOR VEHICLE SALES FINANCE ACT Act of June 28, 1947, P.L. 1110, No. 476

AN ACT

Defining and regulating certain installment sales of motor vehicles; prescribing the conditions under which such sales may be made and regulating the financing thereof; regulating and licensing persons engaged in the business of making or financing such sales; prescribing the form, contents and effect of instruments used in connection with such sales and the financing thereof; prescribing certain rights and obligations of buyers, sellers, persons financing such sales and others; limiting incidental charges in connection with such instruments and fixing maximum interest rates for delinquencies, extensions and loans; regulating insurance in connection with such sales; regulating repossession, redemptions, resales and deficiency judgments and the rights of parties with respect thereto; authorizing extensions, loans and forbearances related to such sales; authorizing investigations and examinations of persons engaged in the business of making or financing such sales; prescribing penalties and repealing certain acts.

Compiler's Note: See sections 19 and 20 of Act 186 of 2002 in the appendix to this act for special provisions relating to legislative intent and a study of proposals to update and modernize Act 476.

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- Section 27. Deficiency Judgment.
- Section 28. Statement of Account to Buyer.
- Section 29. Payment Receipts.
- Section 30. Executed Contracts; Release of Liens.
- Section 31. Prohibited Charges.
- Section 32. Buyer's Waiver of Statutory Protection.
- Section 33. Application of Act to Existing Contracts.
- Section 34. Effect of Expiration, Surrender or Revocation of License of Existing Contracts.
- Section 35. Contracts Unenforceable in Pennsylvania.
- Section 36. Exemptions.
- Section 37. Penalties.
- Section 37.1. Regulations and Orders.
- Section 38. Repealer.
- Section 39. Effective Dates.

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

Section 1. Short Title.--This act shall be known and may be cited as the "Motor Vehicle Sales Finance Act."

Section 2. Findings and Declarations of Policy.--It is hereby determined and declared as a matter of legislative finding:

(a) That an exhaustive study by the Joint State Government Commission discloses nefarious, unscrupulous and improper practices in the financing of the sale of motor vehicles in this Commonwealth which are unjustifiably detrimental to the consumer and inimical to the public welfare. Such practices prevail not only among some sellers, but also among some sales finance companies and some banks, which acquire contracts arising out of installment sales of motor vehicles, and which frequently influence the credit policies of sellers.

(b) That the agreement for the installment sale of motor vehicles in this Commonwealth has been generally cast in the form of the so-called "Pennsylvania Bailment Lease" contract, in which the seller is technically the lessor, and the buyer is

technically the lessee. By the use of this fictional instrument in the installment sale of motor vehicles, the extension of credit to the purchaser has been so inextricably entwined with the alleged bailment of the motor vehicle as to deprive the consumer of the benefit of existing laws.

(c) The consumers, because of these legal technicalities and because of their unequal bargaining position, are at the mercy of unscrupulous persons and are being intolerably exploited in the installment purchase of motor vehicles. Such exploitation is evident in the unfair provisions of the installment sale contract, exorbitant charges for credit, extortionate default, extension, collection, repossession and other charges, unconscionable practices respecting execution of contracts, refinancing of contracts, prepayment, refunds, insurance, repossession and redemption.

(d) That practices enumerated, and others equally pernicious, have existed to such an extent that regulation of the installment selling of motor vehicles is necessary to the adequate protection of the public interest. Adequate regulation of installment selling must include control of the functions of selling and financing of motor vehicles, whether exercised by the same or by different persons.

Therefore, it is hereby declared to be the policy of the Commonwealth of Pennsylvania to promote the welfare of its inhabitants and to protect its citizens from abuses presently existing in the installment sale of motor vehicles, and to that end exercise the police power of the Commonwealth to bring under the supervision of the Commonwealth all persons engaged in the business of extending consumer credit in conjunction with the installment sale of motor vehicles; to establish a system of regulation for the purpose of insuring honest and efficient consumer credit service for installment purchasers of motor vehicles; and to provide the administrative machinery necessary for effective enforcement.

Section 3. Definitions.--The following words, terms and phrases when used in this act shall have the meaning ascribed to them in this section, except where the context clearly indicates otherwise:--

1. "Motor vehicle" shall mean any self-propelled device in which, upon which, or by which any person or property is or may be transported or drawn upon a public highway, excepting tractors, power shovels, road machinery, agricultural machinery and other machinery not designed primarily for highway transportation, but which may incidentally transport persons or property on a public highway, and excepting such devices which move upon or are guided by a track or travel through the air and shall include trailers and semi-trailers.

2. "Person" includes an individual, partnership, association, business corporation, banking institution, nonprofit corporation, common law trust, joint stock company or any other group of individuals however organized.

3. "Installment buyer" or "buyer" shall mean the person who buys, hires or leases a motor vehicle under any installment sale contract or any legal successor in interest to such person, and shall continue to designate such person notwithstanding he may have entered into one or more extensions, deferments, renewals or other revisions of the original contract, and includes any person who as surety, endorser, guarantor, or otherwise, is liable on the obligation created by the buyer under an installment sale contract.

4. "Installment seller" or "seller" shall mean a person engaged in the business of selling, hiring or leasing motor vehicles under installment sale contracts or any legal successor in interest to such person.

5. "Holder" shall mean any person, including a seller, who is currently entitled to the rights of a seller under an installment sale contract.

6. "Sales finance company" shall mean a person engaged as principal, agent or broker in the business of financing or soliciting the financing of installment sale contracts made between other parties, including but not thereby limiting the generality of the foregoing, the business of acquiring, investing in or lending money or credit on the security of such contracts or any interest therein whether by discount, purchase or assignment thereof, or otherwise: Provided, That the term shall not include any person to the extent that he makes bona fide commercial loans to sellers or sales finance companies and takes assignments of, or an interest in, an aggregation of installment sale contracts only as security for such commercial loans under which, in the absence of default or other bona fide breach of the loan contract, ownership of such contracts remains vested in the assignor and collection of payments on such contracts is made by the assignor. The term shall include any seller, whether or not licensed under this act, as a seller who finances installment sale contracts for other sellers or sales finance companies.

7. "Collector-repossessor" shall mean a person who collects payments or installment sale contracts or repossesses motor vehicles, which are the subject of installment sale contracts, as an independent contractor and not as a regular employee of a seller or sales finance company, excluding duly constituted public officials or attorneys-at-law when acting in an official capacity, and excluding a licensed seller or licensed sales finance company making collections or repossession on installment sale contracts wherein such seller or sales finance company was previously a "holder," or wherein such seller or sales finance company, not having previously been a "holder," occasionally makes collections or repossession for other licensed sellers or sales finance companies. The term shall include any combination of the above activities.

8. "Banking institution" shall mean any bank, bank and trust company, trust company, savings bank, private bank or any national banking association, organized and doing business under the provisions of any law of this Commonwealth, or of any other state of the United States, or under the provisions of any law of the United States of America.

9. "Retail sale" shall mean the sale of a motor vehicle for use by the buyer, or for the benefit or satisfaction which the buyer may derive from the use of the motor vehicle by another.

10. "Installment sale contract" or "contract" shall mean any contract for the retail sale of a motor vehicle, or which has a similar purpose or effect under which part or all of the price is payable in two or more scheduled payments subsequent to the making of such contract, or as to which the obligor undertakes to make two or more scheduled payments or deposits that can be used to pay part or all of the purchase price, whether or not the seller has retained a security interest in such motor vehicle or has taken collateral security for the buyer's obligation, and shall include any loan, any mortgage, any conditional sale contract, any purchase-money chattel mortgage, any hire-purchase agreement or any contract for the bailment or leasing of a motor vehicle under which the hire-purchaser, the bailee or lessee contracts to pay as compensation a sum substantially equivalent to or in excess of the value of the motor vehicle and any other form of contract which has a similar purpose or effect:

Provided, however, That the terms shall not include any sale or contract for sale upon an open book account, wherein the seller has not retained or taken any security interest in the motor vehicle sold or any collateral security for the buyer's obligation, and wherein the buyer is not required to pay any sum other than the cash price of the motor vehicle sold in connection with such sale or extension of credit, and wherein the buyer is obligated to pay for the motor vehicle in full within ninety (90) days from the time the sale or contract for sale was made: Provided, also, That the terms shall not include a right to acquire possession of goods pursuant to a lease unless the lease constitutes a security interest as defined in 13 Pa.C.S. § 1201 (relating to general definitions) and is subject to 13 Pa.C.S. Div. 9 (relating to secured transactions). These terms shall also mean and apply to any extension, deferment, renewal or other revision of such installment sale contract.

(10 amended Dec. 9, 2002, P.L.1446, No.186)

11. "Cash price" shall mean the price measured in dollars at which the seller would in good faith sell to the buyer or to any other buyer under like circumstances, and the buyer would in good faith buy from the seller, the motor vehicle which is the subject matter of the installment sale contract, if such sale were a sale for cash instead of an installment sale.

(11 amended Dec. 9, 2002, P.L.1446, No.186)

12. "Down payment" shall mean all partial payments whether made in cash, or otherwise, received by or for the benefit of the seller prior to or substantially contemporaneous with either the execution of the installment sale contract or the delivery of the goods sold thereunder, whichever occurs later.

13. "Principal amount financed" shall mean the unpaid cash price balance after deducting the down payment, adding the charges for any insurance required or obtained as security for or by reason of the sale of a motor vehicle under an installment sale contract, and adding other costs or charges necessary or incidental to the sale of the motor vehicle under an installment sale contract and amounts representing payment of a prior credit or lease balance to discharge a security interest, lien or lease interest on a motor vehicle or other property traded or returned.

(13 amended Dec. 9, 2002, P.L.1446, No.186)

13.1. "Charges" shall mean the price measured in dollars in which the seller would in good faith sell to the buyer or to any other buyer under like circumstances, and the buyer would in good faith buy from the seller, any goods and services which are subject to the installment sale contract if the sale were a sale for cash instead of an installment sale.

(13.1 added Dec. 9, 2002, P.L.1446, No.186)

13.2. "Charges for insurance" shall mean premiums, commissions and other payments authorized by insurance statutes or regulations of this Commonwealth.

(13.2 added Dec. 9, 2002, P.L.1446, No.186)

14. "Finance charge" shall mean the amount of the consideration in excess of the cash price which the buyer is required to pay to the seller for the privilege of purchasing a motor vehicle under an installment sale contract, or for the credit extended by the seller to the buyer in conjunction with the sale of a motor vehicle under an installment sale contract, or it shall mean the differential between the cash sale price of the motor vehicle and the installment sale price, exclusive of charges for insurance and other charges necessary or incidental to an installment sale and any default charges, which are specifically authorized by this act to be included in an installment sale contract.

(14 amended Dec. 9, 2002, P.L.1446, No.186)

15. "Time balance" shall mean the sum of the principal amount financed and the finance charge.

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

(16 amended Dec. 9, 2002, P.L.1446, No.186)

17. "Collateral security" shall mean any security, other than a security interest in a motor vehicle, which is the subject of an installment sale contract, which is given to secure performance of any obligation of the buyer or of any surety or guarantor for him under an installment sale contract, extension, deferment, renewal or other revision thereof, and the term shall include the undertakings of any surety or guarantor for the buyer and any interest in encumbrance on or pledge of real or personal property other than the motor vehicle which is the subject of the installment sale contract.

18. "Department" shall mean the Department of Banking of the Commonwealth.

(18 amended Dec. 9, 2002, P.L.1446, No.186)

19. "Licensee" shall mean a person to whom has been issued a license under this act as an installment seller, or as a sales finance company, or as a collector-repossessor, which license has not expired, has not been surrendered or revoked; and in the plural shall mean any or all persons so licensed under any or all of these three classifications.

20. "Commercial purpose" shall mean a purpose related to the production, exhibition, marketing, transportation, processing, or manufacture of goods or services by any person.

(20 added June 19, 1974, P.L.364, No.121)

21. "Mobile homes" shall mean those vehicles defined as such in section 102 of Title 75, act of November 25, 1970 (P.L.707, No.230), known as the Pennsylvania Consolidated Statutes, added June 17, 1976 (P.L.162, No.81).

(21 added July 1, 1978, P.L.725, No.130)

22. "Heavy commercial motor vehicle" shall mean any new or used motor vehicle which is (i) a truck or truck tractor having a manufacturer's gross vehicular weight of fifteen thousand (15,000) pounds or more, or (ii) a semi-trailer or trailer designed for use in combination with a truck or truck tractor.

(22 added Apr. 4, 1990, P.L.110, No.25)

23. "Secretary" shall mean the Secretary of Banking of the Commonwealth.

(23 added Dec. 9, 2002, P.L.1446, No.186)

24. "Debt cancellation agreement" shall mean a loan term or contractual arrangement modifying loan terms linked to a holder's extension of credit under which the holder agrees to cancel all or part of a buyer's obligation to repay an extension of credit from that holder upon the occurrence of a specified event.

(24 added Dec. 9, 2002, P.L.1446, No.186)

25. "Debt suspension agreement" shall mean a loan term or contractual arrangement modifying loan terms linked to a holder's extension of credit under which the holder agrees to suspend all or part of a buyer's obligation to repay an extension of credit from that holder upon the occurrence of a specified event.

(25 added Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: See section 22 of Act 186 of 2002 in the appendix to this act for special provisions relating to applicability.

Section 4. Licenses Required.--On and after the effective date of this act no person shall engage or continue to engage in this Commonwealth either as principal, employe, agent or broker;

1. In the business of an installment seller of motor vehicles under installment sale contracts, except as authorized in this act, under license issued by the department, or
2. In the business of a sales finance company, except as authorized in this act, under license issued by the department, or
3. In the business of a collector-repossessor, except as authorized in this act, under license issued by the department.

(4 amended Dec. 9, 2002, P.L.1446, No.186)

Section 5. Applications for Licenses.--

A. Applications for licenses under this act shall be in writing, under oath, and in the form prescribed by the department.

B. The application shall contain the name under which the business is conducted, the address of the place of business, the date of registration of the fictitious or trade name, if any, with the Secretary of the Commonwealth; the date and place of incorporation, if the applicant is a corporation; the name and residence address of the owner, if the applicant is an individual owner; the name and residence address of all owners, partners or members, if the applicant is a partnership or association; the name and address of all officers and directors, if the applicant is a corporation, and such other information as the department may require.

C. All applications filed by associations or corporations shall be accompanied by a power of attorney showing the name and address of the authorized agent in the Commonwealth of Pennsylvania upon whom all judicial and other process or legal notice may be served, and in the case of the death, removal from the Commonwealth or any legal disability or disqualification of such agent, service of such process or notice upon the department shall be authorized.

D. A separate application, on the prescribed form, shall be filed for each place of business conducted by or to be established by a licensee within the Commonwealth of Pennsylvania.

E. All applications for renewal licenses shall be filed at least fifteen (15) days prior to October first, annually.

(5 amended Dec. 9, 2002, P.L.1446, No.186)

Section 6. License; Bonds.--

A. A bond, in the form prescribed by the department, in the penal sum of five thousand dollars (\$5,000), shall accompany every application for license as a sales finance company and for license as a collector-repossessor. Such bond shall be executed by a surety company authorized by the laws of Pennsylvania to transact business within this Commonwealth: Provided, That the bond accompanying an application for license as a sales finance company, filed by a banking institution located within this Commonwealth, may be executed by such banking institution on its own behalf, in lieu of a bond executed by a surety company. The bond shall be executed to the Commonwealth of Pennsylvania and shall be for the use of the Commonwealth and for any person or persons. The condition of the bond shall be that the licensee will comply with and abide by all the provisions of

this act, and all the rules and regulations of the department lawfully issued, and that the licensee will pay to the Commonwealth, to the department or to any person or persons, any and all moneys that may become due to the Commonwealth, to the department or to any person or persons from the said licensee under and by virtue of the provisions of this act. If any person shall be aggrieved by the misconduct of a licensee and shall recover judgment against such licensee, such person may, on any execution issued under such judgment, maintain an action upon the bond of the licensee in any court having jurisdiction of the amount claimed, provided the department assents thereto.

B. A bond in the form prescribed shall be filed for each place of business conducted by a finance company and for each place of business conducted by a collector-repossessor within the Commonwealth of Pennsylvania.

C. A new bond shall accompany every application for renewal license and shall be filed at least fifteen (15) days prior to October first, annually.

(6 amended Dec. 9, 2002, P.L.1446, No.186)

Section 7. License Fees.--

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

B. A separate license fee of like amount shall be paid for each place of business conducted by a licensee within the Commonwealth of Pennsylvania.

C. No abatement in the amount of the said license fee shall be made if the license is issued for less than one year, or if the license is surrendered, cancelled or revoked prior to the expiration of the license year for which such license was issued.

D. All licenses under this act shall expire on October first, annually. A renewal license fee in the same amount shall be paid annually on or before October first for each respective type of license and for each place of business.

E. All license fees and fines received by the department under this act shall be deposited in the State Treasury to the credit of a special fund for the use of the department in administering this and other laws of the Commonwealth placed under its administration.

(7 amended Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: Section 6(a) of Act 48 of 1981, which provided for the fixing of fees charged by administrative agencies, provided that subsection A is repealed insofar as it establishes a set fee for any activity inconsistent with the fees set forth in Act 48.

Section 8. Approval of Licenses and Issuance of Licenses.--

A. If the department approves an application for license, it shall issue to the applicant a license certificate showing the name of the person authorized to do business thereunder and the address of the licensee. Such license certificate when issued to an installment seller or to a sales finance company shall be posted in a conspicuous place in the place of business of the licensee, so that it will be in full view of the public at all times; and when issued to a collector-repossessor shall be carried in the immediate possession of the licensee whenever he is engaged in the type of business for which the license is issued, so that it may be presented for inspection upon request of any person entitled to such inspection.

B. A license shall not be transferred or assigned.

C. A licensee may change his place of business to another location within the same municipality for which the license certificate was issued. A licensee desiring to change the address of his place of business shall give prior written notice thereof to the department and shall return the license certificate to the department for amendment. The department shall amend the license certificate to show the new address and the date thereof, which shall thereafter be the authorized address of the licensee. A licensee shall not be required to pay any charge for amendment of a license certificate to effect change of address.

D. Only one place of business may be operated under the same license: Provided, however, That where every place of business is conducted under one name and the business records are kept in one place only one license shall be required. This proviso shall apply only to installment sellers. A licensee may operate more than one place of business by filing an application on the prescribed form for each additional place of business and by furnishing a bond for each additional place of business in the case of a sales finance company and collector-repossessor and by paying the respective license fee provided in this act for each additional place of business.

(8 amended Dec. 9, 2002, P.L.1446, No.186)

Section 9. Rejection of Application.--

A. The department may reject any application for license or any application for renewal of a license because of any of the following:

(1) If the applicant has made a material misstatement in the application.
(2) For any of the grounds stated in subsection A of section 10.
(3) If the department is not satisfied that the financial responsibility, character, reputation, integrity and the general fitness of the applicant and of the owners, partners or members thereof, if the applicant be a partnership or association, and of the officers and directors, if the applicant be a corporation, are such as to command the confidence of the public and to warrant the belief that the business for which application for license is filed will be operated lawfully, honestly, fairly and within the legislative intent of this act and in accordance with the general laws of this Commonwealth: Provided, however, That no license may be issued if the applicant, any affiliate, owner, partner, member, officer, director, employe, agent or spouse of the applicant has pleaded guilty, entered a plea of nolo contendere, or has been found guilty by a judge or a jury for engaging in any business for which a license is required under this act without having obtained a license under this act, or if the applicant, any affiliate, owner, partner, member, officer, director, employe, agent or spouse of the applicant has pleaded guilty, entered a plea of nolo contendere, or has been found guilty by a judge or a jury of a second offense violation of this act under the penal section of this act applicable to licensees and had its license revoked.

C. Whenever the department rejects an application for license, it shall return the license fee which accompanied the application: Provided, however, All or any portion of the license fee may be retained by the department if rejection is based wholly or partially upon false information furnished by the applicant in the application.

(9 amended Dec. 9, 2002, P.L.1446, No.186)

Section 10. Revocation or Suspension of Licenses.--

A. The department, upon thirty (30) days' written notice to the licensee, forwarded by registered mail to the place of business of such licensee, as shown in the application for license or as amended on the license certificate in case of change of address subsequent to issuance of the license certificate, may revoke or suspend any license if it finds that:

1. The licensee has made any material misstatement in the application for license, or that
2. The licensee has violated any provision of this act, or that
3. The licensee has violated any rule or regulation issued by the department under and within the authority of this act, or that
4. The licensee has failed to comply with any demand, rule or regulation lawfully made by the department under and within the authority of this act, or that
5. The licensee refuses or has refused to permit the department to make examinations authorized by this act, or that
6. The licensee in the case of a finance company and collector-repossessor has failed to maintain in effect the bond required under the provisions of this act, or that
7. The licensee has failed to maintain satisfactory records required by this act or prescribed by the department, or that
8. The licensee has falsified any records required by this act to be maintained of the business contemplated by this act, or that
9. The licensee has failed to file any report with the department within the time stipulated in this act, or that
10. The licensee has failed to pay the fine required by this act for failure to file reports to the department within the time stipulated, or that
11. The licensee has defrauded any retail buyer to the buyer's damage or wilfully failed to perform any written agreement with any retail buyer, or that
12. Any fact or condition exists or is discovered which, if it had existed or had been discovered at the time of filing of the application for such license, would have warranted the department in refusing to issue such license.
13. The licensee has:
 - (i) failed to collect any tax or fee due the Commonwealth upon any sale of a vehicle;
 - (ii) collected any such tax or fee and failed to issue a true copy of the tax report to the purchaser, as required by law;
 - (iii) issued a false or fraudulent tax report or copy thereof; or
 - (iv) failed to pay any tax or fee over to the Commonwealth at the time and in the manner required by law.
14. The licensee has engaged in unfair, deceptive, fraudulent or illegal practices or conduct in connection with any business regulated under this act. The department shall review and investigate, as appropriate, any consumer complaints or information obtained through examinations relating to any activities regulated by this act, including those pertaining to charges for service contracts, warranties, debt cancellation agreements and debt suspension agreements provided for in subsection B of section 14. The department shall annually report to the Consumer Protection and Professional Licensure Committee of the Senate and the Consumer Affairs Committee of the House

of Representatives the number and disposition of such enforcement actions and consumer complaint resolutions.

(14 amended Feb. 2, 2012, P.L.40, No.5)

B. The department may revoke or suspend only the particular license with respect to which grounds for revocation may occur or exist, but if the department finds that grounds for revocation are of general application to all places of business or to more than one place of business operated by a licensee, it may revoke all of the licenses issued to such licensee or those licenses to which grounds for revocation apply, as the case may be.

C. Whenever a license has been revoked, the department shall not issue another license to the licensee pursuant to the provisions of this act until the expiration of at least one (1) year from the effective date of revocation of said license; and not at all, if such licensee or any owner, partner, member, officer, director, employe, agent or spouse of the licensee shall have pleaded guilty, entered a plea of nolo contendere, or has been found guilty by a judge or a jury of a second offense violation of this act.

D. Appeals may be taken from the action of the department in suspending and revoking licenses or imposing civil penalties under subsection D of section 37 in accordance with the procedure prescribed by 2 Pa.C.S. Chs. 5 Subch. A (relating to practice and procedure of Commonwealth agencies) and 7 Subch. A (relating to judicial review of Commonwealth agency action).

(10 amended Dec. 9, 2002, P.L.1446, No.186)

Section 11. Authority of Department.--

A. The department is empowered to investigate, at any time, the business and affairs and examine the books, accounts, papers, records, documents and files of every licensee and of every person who shall be engaged in business contemplated by this act, whether such person shall act, or claim to act, as principal, agent or broker or under or without the authority of this act. For this purpose the department shall have free access to the offices and places of business, books, accounts, papers, records, documents and files of all such persons. A person who is not licensed under this act shall be presumed to be engaged in business contemplated by this act, if he, as principal, agent or broker advertises or solicits business for which a license is required by the provisions of this act, and the department is, in such cases, hereby empowered to examine the books, accounts, papers, records, documents, files, safes and vaults of such persons for the purpose of discovering violations of this act.

B. The department is empowered to require the attendance and testimony of witnesses and the production of any books, accounts, papers, records, documents and files relating to such business which the department has authority by this act to investigate, and for this purpose the secretary or a duly authorized representative may sign subpoenas, administer oaths and affirmations, examine witnesses and receive evidence. In case of disobedience of any subpoena or the contumacy of any witness appearing before the department, the secretary may invoke the aid of the courts, and such court shall thereupon issue an order requiring the person subpoenaed to obey the subpoena, or to give evidence, or to produce books, accounts, papers, records, documents and files relative to the matter in question. Any failure to obey such order of the court may be punished by such court as a contempt thereof.

C. The expenses incurred by the department in connection with any examination or investigation, including a proportionate part of the salary of any examiner or other employee of the department engaged in the examination or investigation and all counsel assigned by the department to an examination or investigation, may be assessed by the department upon the particular person examined or investigated.

(11 amended Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: Section 508(a) of Act 223 of 1970 provided that the jurisdiction of the courts named in section 11 is transferred to and vested in the Commonwealth Court and provided that section 11 is repealed insofar as it relates to the Court of Common Pleas.

Compiler's Note: Section 14(a) of Act 185 of 1969 provided that the jurisdiction of the courts named in section 11 is vested in the Commonwealth Court and provided that section 11 is repealed insofar as it relates to the Court of Common Pleas.

Section 12. Records Required.--

A. Every licensee shall maintain, at the place of business designated in the license certificate, such books, accounts and records of the business conducted under the license issued for such place of business as will enable the department to determine whether the business of the licensee contemplated by this act is being operated in accordance with the provisions of this act.

B. A licensee, operating two or more licensed places of business in this Commonwealth, may maintain the general control records of all such offices at any one of such offices, or at any other office maintained by such licensee, upon the filing of a written request with the department designating therein the office at which such control records are maintained and upon approval of such request by the department.

C. All books, accounts and records of licensees shall be maintained in the English language.

D. All books, accounts and records of licensees, including any cards used in a card system, shall be preserved and available for examination by the department for at least two (2) years after making the final entry therein.

E. The department is hereby authorized and empowered to prescribe the minimum information to be shown in the books, accounts and records of licensees so that such records will enable the department to determine compliance with the provisions of this act.

(12 amended Dec. 9, 2002, P.L.1446, No.186)

Section 13. Requirements as to Contracts and Separate Disclosure.--

A. Every installment sale contract shall be in writing and shall contain all of the agreements between the buyer and the seller relating to the installment sale of the motor vehicle sold and shall be signed by both the buyer and the seller.

B. Every installment sale contract shall be completed as to all essential provisions prior to the signing of such contract by the buyer.

C. An exact copy of the installment sale contract shall be furnished by the seller to the buyer at the time the buyer signs such contract. Such buyer's copy of the contract shall

contain the signature of the seller identical with such signature on the original contract. Such copy shall be furnished to the buyer without charge.

D. Every installment sale contract shall contain the following notice, printed prominently and in the form indicated in twelve (12) point type, or larger, directly above the space provided in the contract form for the signature of the buyer:

"Notice to Buyer.

Do not sign this contract in blank.

You are entitled to an exact copy of the contract you sign.

Keep it to protect your legal rights."

Provided, That in lieu of the word "Buyer" there may be substituted either of the words "Lessee" or "Mortgagor" and in lieu of the word "contract" there may be substituted either of the words "lease" or "mortgage."

E. The seller shall obtain from the buyer a written acknowledgment of the delivery of the copy of the contract to the buyer. Such acknowledgment shall be printed in twelve (12) point type, or larger, and, if attached to the contract, it shall be printed below the buyer's signature to the contract and shall be independently signed.

F. Every installment sale contract shall provide for payment of the time balance in substantially equal periods and in substantially equal amounts except:

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

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

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

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

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

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

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

G. Prior to the execution of an installment sale contract by any party, the seller shall provide to the applicant buyer both an oral disclosure and a written disclosure in plain language separate from the installment sale contract to be signed by the applicant buyer prior to the signing of the installment sale contract. The executed, written disclosure shall be copied exactly and furnished by the seller to the applicant buyer at no cost at the time the buyer receives a copy of the installment sale contract. The separate disclosure required under this subsection shall:

1. Advise the applicant that the buyer's purchase of specific items related to acquiring the motor vehicle, including incidental items such as service contracts, warranties, debt cancellation agreements, debt suspension agreements and insurance products not required by section 17, but excluding options and accessories physically attached to the vehicle, is voluntary and is not required as a condition of the applicant buyer's receiving the installment sale contract loan.

2. Be complete without any blank spaces.

(13 amended Dec. 9, 2002, P.L.1446, No.186)

Section 14. Contents of Contract and Disclosure Requirements.

(Hdg. amended Dec. 9, 2002, P.L.1446, No.186)

A. Every installment sale contract shall state the full names and addresses of all the parties thereto, the date when signed by the buyer and shall contain a description of the motor vehicle sold which shall be sufficient for accurate identification.

B. Every installment sale contract shall set forth clearly and conspicuously in writing the following separate items as such and other information as applicable:

1. Cash price of the motor vehicle. This amount may include any taxes, charges for delivery, charges for servicing, repairing or improving the motor vehicle, charges for service contracts and warranties which alternatively shall be disclosed pursuant to clause 5, charges for accessories and installation or other charges normally included in the delivered cash price of such motor vehicle. The cash price of the motor vehicle otherwise may not include charges required to be disclosed pursuant to clause 5. If the cash price contains charges for service contracts or warranties, then, adjacent to the "cash price" listed on the contract in type print size not smaller than the type size used for all item categories, shall be included the boldface and underlined words or substantially similar words "including optional service contracts and/or warranties in the amount of"; and then the separately itemized charges for the service contract and warranty shall be specifically stated in the contract and warranty items.

2. Down payment made by the buyer at the time of or prior to execution of the contract, indicating whether made in cash, or represented by the agreed value of a "trade-in" motor vehicle, or other goods, or both. The amount of cash and/or the value of any "trade-in" shall be shown separately. A description of the "trade-in," if any, sufficient for identification shall be shown.

3. Unpaid cash balance which shall be the difference between the cash price (Item 1) and the down payment (Item 2) above.

4. Charges for insurance the payment of which the seller agrees to extend credit to the buyer. The term of such insurance, a concise description of the coverage and the amount of the premium shall be set forth. If the precise charges for insurance are not available at the time the contract is signed, an estimated amount, ascertained from a chart prepared by the licensee and approved by the department, may be set forth in the contract. When the charges for insurance are so estimated, the contract shall so state and it shall contain notice to the buyer that the difference between the estimated charges and the actual charges for the insurance, including finance charges on such amount, will be adjusted at the time of the final payment on the contract, and a statement of the amount of the adjustment shall be furnished to the buyer simultaneously with the delivery of the insurance policy or certificate.

5. Other charges, necessary or incidental to the sale or financing of a motor vehicle, which the seller contracts to retain, receive or pay on behalf of the buyer and any other charges necessary or incidental to the sale or financing of the motor vehicle under the contract for which the seller agrees to extend credit to the buyer as authorized by this act, including charges for debt cancellation agreements and debt suspension agreements.

6. Principal amount financed which shall be the total of the unpaid cash price balance (Item 3) plus charges for insurance (Item 4) plus other charges (Item 5) for which the seller agrees to extend credit to the buyer.

7. Finance charge which is the consideration in excess of the cash price (Item 1), excluding charges for insurance (Item 4), and other charges (Item 5), which the buyer agrees to pay to the seller for the privilege of purchasing the motor vehicle under the installment sale contract.

8. Time balance which shall be the total of the principal amount financed (Item 6), plus the finance charge (Item 7), and which shall represent the total obligation of the buyer which he agrees to pay in two or more scheduled payments.

9. Payment schedule which shall state the number of payments, the amount of the payments and the time of the payments required to liquidate the time balance.

10. Notwithstanding any provisions of this act or any other law to the contrary, the finance charge percentage rate included in an installment sale contract for the sale of a heavy commercial motor vehicle may vary during the term thereof pursuant to a formula or index set forth therein that is made readily available to and verifiable by the buyer and is beyond the control of the holder of the contract. For the purpose of disclosing the amount of finance charge (Item 7) and time balance (Item 8) and setting forth a payment schedule (Item 9), such amounts may be calculated using the finance charge percentage rate applicable to the transaction as of the date of execution of the contract, notwithstanding the fact that such finance charge percentage rate may increase or decrease over the term of the contract according to a formula or index set forth in the contract.

10.1. Charges for warranties, charges for service contracts, charges for insurance for each policy of insurance required to be disclosed pursuant to clause 4, charges required to be disclosed pursuant to clause 5 and costs and charges authorized in section 18 shall be separately itemized in the contract as to nature and amounts of the cost or charge to the buyer. If the seller retains a portion of the charge of a good or service which is provided by others, the seller shall disclose that the seller may retain a portion of the charges.

(B amended Dec. 9, 2002, P.L.1446, No.186)

C. Every installment sale contract shall provide a description that reasonably identifies any collateral security in which a security interest is provided to secure the buyer's obligation pursuant to 13 Pa.C.S. § 9108 (relating to sufficiency of description), including the motor vehicle and any other collateral.

(C amended Dec. 9, 2002, P.L.1446, No.186)

D. Every installment sale contract shall contain a summary notice of the buyer's principal legal rights respecting prepayment of the contract and rebate of finance charge and reinstatement of the contract in the event of repossession.

E. Every installment sale contract shall contain specific provisions as to the holder's right to accelerate the maturity of the contract upon default or other breach of contract and as to the buyer's liability respecting nonpayment, the dollar or percentage amount of any default charges which may be imposed due to a late payment, other than a deferral or extension charge, repossession and sale of the motor vehicle, in case of default or other breach of contract, and respecting the collateral security, if any.

(E amended Dec. 9, 2002, P.L.1446, No.186)

F. Every installment sale contract for the sale of a mobilehome or house trailer may contain a provision which shall require the buyer to pay any and all real estate taxes which may thereafter be levied upon said vehicle and which shall require the buyer to furnish the seller or holder with proof of payment thereof in such manner and at such times as the contract may prescribe. The contract may further provide for acceleration of payments and/or give the seller or holder the right to repossess the vehicle upon the buyer's failure to pay such taxes or furnish proof thereof as required. If the mobilehome or house trailer is sold by any tax levying unit of government for nonpayment of real estate taxes by such buyer, any lien or encumbrance contained on the title of the vehicle pursuant to "The Vehicle Code" or any encumbrance filed of record against the vehicle under the provisions of the "Uniform Commercial Code" shall not be affected or divested.

(F added Sept. 23, 1961, P.L.1614, No.683)

G. Charges enumerated in this section and costs and charges authorized by section 18 shall be separately itemized in the contract.

(G added Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: See section 22 of Act 186 of 2002 in the appendix to this act for special provisions relating to applicability.

Section 15. Prohibited Provisions of Contract.--

A. No installment sale contract shall be signed by any party thereto when such contract contains blank spaces to be filled in after such contract has been signed. This provision shall not apply to serial numbers or other identifying marks which are not available for description of the motor vehicle at the time of execution of the contract.

B. No installment sale contract shall contain any acceleration clause under which any part or all of the time balance represented by payments, not yet matured, may be declared immediately payable because the seller or holder deems himself to be insecure. This provision shall not affect an acceleration clause authorizing the seller or holder to declare the entire time balance due and payable in case of default in the payment of one or more installment payments, or in event of buyer's failure to pay taxes levied against the vehicle, or in event of buyer's failure to furnish proof of payment of taxes levied against the vehicle, or use of the motor vehicle for illegal purposes.

(B amended Sept. 23, 1961, P.L.1614, No.683)

C. No installment sale contract shall contain any provision authorizing any person acting on behalf of the seller or holder to enter upon premises of the buyer unlawfully, or to commit any breach of the peace in the repossession of the motor vehicle or collateral security.

D. No installment sale contract shall contain any provision whereby the buyer waives any right of action against the seller, holder, collector-repossessor or other person acting on behalf of the holder for any illegal act committed in the collection of payments under the contract or in the repossession of the motor vehicle or collateral security.

E. No installment sale contract shall contain any provision whereby the buyer executes a power of attorney appointing the seller, the holder, a collector-repossessor or the agent of such licensee as the buyer's agent in collection of the payments under the contract or in repossession of the motor vehicle sold or collateral security. This provision shall not apply to a power of attorney issued by the buyer to an attorney-at-law to be used only in the collection of the obligation by legal process.

F. No installment sale contract shall contain any provision relieving the holder, or other assignee, from liability for any legal remedies which the buyer may have had against the seller under the contract or under any separate instrument executed in connection therewith.

G. No installment sale contract shall require or entail the execution of any note or series of notes by the buyer, which when separately negotiated, will cut off as to third parties any right of action or defense which the buyer may have against the original seller.

Section 16. Transfer of Installment Sale Contract.--

A. The seller of a motor vehicle under an installment sale contract, executed in the Commonwealth of Pennsylvania, shall not sell, transfer or assign the obligation represented by such contract to any person in Pennsylvania, or elsewhere, who is not licensed as a sales finance company pursuant to the provisions of this act.

B. A sales finance company, licensed pursuant to the provisions of this act, shall not sell, transfer or assign the obligation represented by a motor vehicle installment sale contract, executed in the Commonwealth of Pennsylvania, which it has lawfully acquired, to any other person in Pennsylvania, or elsewhere, who is not licensed as a sales finance company pursuant to the provisions of this act.

C. Whenever an installment sale contract is lawfully sold, transferred or assigned to a person who is licensed as a sales finance company, pursuant to the provisions of this act, until the new holder furnishes to the buyer in such contract a written notice of such sale, transfer or assignment that sets forth the name and address of the new holder authorized to receive future payments on such contract, any payment or tender of payment made to and any service of notice on the last known holder by the buyer shall be binding upon any subsequent holder.

D. The provisions of this section shall not apply to an assignment of an aggregation of installment sale contracts, which is executed by a seller or sales finance company only as a security interest securing payment or performance of a bona fide commercial loan, obtained at lawful rates of interest from a person regularly engaged in the business of lending money on the security of such assigned collateral or amounts due pursuant to a security or debt instrument, and under which, in the absence of default or other bona fide breach of the loan contract, ownership of the assigned contracts remains vested in the assignor and collection of payments on such assigned contracts is made by the assignor; And provided, such assignment and loan contracts are not for the purpose of evading or circumventing the provisions of this act.

E. Whenever an installment sale contract, which has been lawfully acquired by a sales finance company, is in default, the holder may resell, retransfer or reassign such contract to the installment seller from whom such contract was originally acquired. Until the new holder furnishes to the buyer in such contract a written notice of such resale, retransfer or reassignment which sets forth the name and address of the new holder authorized to receive future payments on such contract, and the unpaid time balance and the accrued default charges due under the contract if any, any payment or tender of payment made to and any service of notice on the last known holder by the buyer shall be binding upon any subsequent holder.

(16 amended Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: See section 22 of Act 186 of 2002 in the appendix to this act for special provisions relating to applicability.

Section 17. Insurance.--

A. The buyer of a motor vehicle under an installment sale contract may be required to provide insurance on such motor vehicle at the buyer's expense for the protection of the seller or subsequent holder. Such insurance shall be limited to insurance against substantial risk of damage, destruction or theft of such motor vehicle: Provided, however, The foregoing shall not interfere with the liberty of contract of the buyer and seller to contract for other or additional insurance as security for or by reason of the obligation of the buyer, and inclusion of charges for such insurance in the principal amount advanced under the installment sale contract. Such insurance shall be written for the dual protection of the buyer and of the seller, or subsequent holder, to the extent of his interest in the motor vehicle. Such insurance shall be for an amount, and period of time, and upon terms and conditions, which are reasonable and appropriate considering the type and condition of the motor vehicle, the amount of the time balance and the schedule of payments in the installment sale contract.

B. The buyer of a motor vehicle under an installment sale contract shall have the privilege of purchasing such insurance from an agent or broker of his own selection and selecting an insurance company acceptable to the seller: Provided, however, The inclusion of charges for insurance in the installment sale contract, when the buyer selects the company agent or broker, shall be optional with the seller.

C. Whenever the seller contracts to purchase, at the buyer's expense, such insurance on a motor vehicle sold under an installment sale contract, such insurance shall be purchased through an agent and/or broker, authorized to conduct business in Pennsylvania, and such insurance shall be written by an insurance company qualified to do business in Pennsylvania. The status of the buyer and seller or holder, as set forth in such insurance contract, shall conform to the status of these parties in the installment sale contract. The charges for insurance to the buyer shall not be in excess of the charges for insurance which others are required to pay to such insurance company for similar coverage, and in no event in excess of any limitations on premiums, commissions and other charges established by authority of the Commonwealth of Pennsylvania.

D. Whenever the seller contracts to purchase, at the buyer's expense, such insurance on a motor vehicle sold under an installment sale contract, a copy of the policy or a certificate of insurance shall be delivered to the buyer within thirty (30) days of the date of the buyer's signing of the installment sale contract.

E. The insurance policy which is furnished to the buyer when the insurance is placed by the seller, or subsequent holder, at the buyer's expense shall set forth complete information as to the effective dates, amounts of premiums and coverage, and shall contain all the terms of the insurance contract. When a certificate of insurance issued under a master policy is furnished to the buyer in lieu of an individual policy, such certificate shall set forth all information as to effective dates, amounts of premiums and coverage, and shall contain all the terms of the insurance contract embodied in the master policy to the same extent as would appear if an individual policy were issued, and shall give due notice that it is not an insurance policy.

F. When the seller or subsequent holder has placed, at the expense of the buyer, insurance on a motor vehicle sold under an installment sale contract and the buyer prepays the time balance under the contract prior to the expiration date of the insurance, such insurance shall remain in force unless the buyer requests cancellation thereof. The seller or holder shall not cancel the insurance under such circumstances without the buyer's consent, nor shall the seller or holder coerce the buyer to cancel the insurance. Unexpired insurance premiums received by the seller or holder, resulting from cancellation of insurance which was originally placed at the buyer's expense, shall be paid to the buyer or credited to any matured unpaid installments under the contract.

G. When the seller contracts to purchase insurance at the buyer's expense and such insurance is cancelled by the insurance company prior to expiration, the seller or subsequent holder shall place comparable insurance with another insurance company and furnish the buyer with a copy of the insurance policy, subject to the same requirements of this act applicable to the original policy. In the event the holder is unable to obtain such insurance in another insurance company, he shall immediately notify the buyer, who may then obtain such insurance from an insurance company, agent or broker of his own selection and the holder shall be liable for any additional charges for insurance incurred by the buyer in rewriting such insurance for the unexpired period for which the original insurance was written. The holder under these circumstances shall also be liable to the buyer for any loss suffered by the buyer through negligence on the part of the holder in promptly advising the buyer of his inability to obtain replacement insurance.

(17 amended Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: See section 22 of Act 186 of 2002 in the appendix to this act for special provisions relating to applicability.

Section 18. Other Costs Included in Amount Financed.--

A. In addition to charges for insurance authorized in the preceding section of this act, the seller of a motor vehicle under an installment sale contract may require the buyer to pay certain other costs incurred in the sale of a motor vehicle under such contract as follows:

1. Fees, payable to the Commonwealth of Pennsylvania, for filing a lien or encumbrance on the certificate of title to a motor vehicle sold under an installment sale contract or collateral security thereto.

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

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

B. The seller of a motor vehicle under an installment sale contract may also contract with the buyer to pay on behalf of the buyer, such other costs incidental to the sale of a motor vehicle and contracted for voluntarily by the buyer as follows:

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

2. Fees, payable to the Commonwealth of Pennsylvania, for driver's license for the buyer.

3. Costs of messenger service and other costs associated with the submission of documents to the Commonwealth of Pennsylvania or other governmental entity which are contracted for voluntarily by the buyer.

C. The costs described in subsections A and B may be contracted for, collected or received by the seller from the buyer independently of the installment sale contract, or the seller may extend credit to the buyer for the amount of such costs and include such amount in the principal amount financed under the installment sale contract.

D. Unless otherwise permitted by the laws of this Commonwealth other than this act, the costs described in subsections A and B which are paid or payable by the buyer shall not exceed the amount which the seller expends or intends to expend therefor. Any such costs which the seller has collected from the buyer, or which have been included in the buyer's obligation under the installment sale contract which are not disbursed by the seller, as contemplated, shall be immediately refunded or credited to the buyer.

E. The seller of a motor vehicle under an installment sale contract may also contract with the buyer, to pay on behalf of the buyer, charges for any goods or services necessary or incidental to the sale of a motor vehicle and contracted for by the buyer which are not in violation of clause 14 of subsection A of section 10 and which are not otherwise restricted pursuant to this act or any other statute. This subsection does not authorize the mark-up of costs described in subsection A or B.

(18 amended Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: See section 22 of Act 186 of 2002 in the appendix to this act for special provisions relating to applicability.

Section 19. Finance Charges.--

A. A seller licensed under the provisions of this act shall have the power and authority to charge, contract for, receive or collect a finance charge, as defined in this act, on any installment sale contract covering the retail sale of a motor vehicle in this Commonwealth, which shall not exceed the rates indicated for the respective classification of motor vehicles as follows:

Class I. New motor vehicles, except those having a cash price of ten thousand dollars (\$10,000) or more and used primarily for commercial purposes and except

mobile homes and except new trucks or truck tractors having a manufacturer's gross vehicular weight of fifteen thousand (15,000) pounds or more and new semitrailers or trailers designed for use in combination with truck tractors, eighteen percent (18%) simple interest per year on the unpaid balance.

Class II. Used motor vehicles of a model designated by the manufacturer by a year not more than two (2) years prior to the year in which the sale is made, eighteen percent (18%) simple interest per year on the unpaid balance.

Class III. Older used motor vehicles of a model designated by the manufacturer by a year more than two (2) years prior to the year in which the sale is made, twenty-one percent (21%) simple interest per year on the unpaid balance.

Class IV. New motor vehicles having a cash price of ten thousand dollars (\$10,000) or more and used primarily for commercial purposes, and except new trucks or truck tractors having a manufacturer's gross vehicular weight of fifteen thousand (15,000) pounds or more and new semitrailers or trailers designed for use in combination with truck tractors, seven and one-half percent (7 1/2%) per year.

Class V. New mobile homes, such percent established as a maximum finance charge for mobile homes by regulation of the Federal Housing Administration, pursuant to the National Housing Act of June 27, 1934 (48 Stat. 1246), whether or not the mobile home is subject to a sale on credit or loan insured or guaranteed in whole or in part by such administration.

Class VI. New trucks and truck tractors having a manufacturer's gross vehicular weight of fifteen thousand (15,000) pounds or more and new semitrailers and trailers designed for use in combination with truck tractors, ten percent (10%) per year.

B. Such finance charge shall be computed on the principal amount financed as determined under Section 14-B-6 of this act.

C. Such finance charge shall be computed at the annual rate indicated on contracts, which are payable by installment payments, extending for a period of one (1) year. On contracts providing for installment payments, extending for a period which is less than or greater than one (1) year, the finance charge shall be computed proportionately.

D. Such finance charge may be computed on the basis of a full month for any fractional month period in excess of ten (10) days, and interest may continue to be charged during any period of time for which a default charge is also imposed.

E. A minimum finance charge of ten dollars (\$10.00) may be charged on any installment sale contract in which the finance charge, when computed at the rates indicated, results in a total charge of less than this amount.

F. The maximum finance charge prescribed by this act shall not apply to any sale on credit or loan insured or guaranteed in whole or in part by the Federal Housing Administration, the Veterans' Administration or any other department or agency of the United States Government: Provided, That any such sale on credit or loan is subject to a maximum rate of interest established by law or by such department or agency.

(19 amended Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: See section 22 of Act 186 of 2002 in the appendix to this act for special provisions relating to applicability.

Section 20. Refinancing Installment Sale Contract.--

A. The holder of an installment sale contract may extend the scheduled due date, or defer the scheduled payment of all or part of any unpaid installment payment or payments, or renew the unpaid time balance of such contract.

B. The holder may contract for, receive and collect a refinance charge for such extension, deferral or renewal. Such refinance charge shall not exceed the amount ascertained under either of the following methods of computation at the respective rates indicated by--

Option 1. Computing the refinance charge on the amount of the installment payment or payments or part thereof, which is refinanced for the period of time, for which each payment or part thereof is extended or deferred at the following rates on contracts originally in the respective classification of motor vehicles set forth in the preceding section of this act:

Class I. One percent (1%) per month.

Class II. One and one-half percent (1 1/2%) per month.

Class III. Two percent (2%) per month.

Such refinance charges may be computed on the basis of a full month for any fractional month period in excess of ten (10) days.

Option 2. Computing the refinance charge on the amount obtained by adding to the unpaid time balance of the contract, charges for insurance and other charges incidental to refinancing, by adding unpaid default charges, which may be accrued, and by deducting any rebate which may be due to the buyer for prepayment incidental to refinancing, at the rate of the finance charge in the original contract, for the term of the renewal contract, and subject to the provisions of this act governing computation of the original finance charge: Provided, however, That the provisions of this act governing minimum finance charges and minimum prepayment rebate shall not apply in calculating refinance charges on the contract renewed under this method of computation.

C. The holder of an installment sale contract shall not include in any contract for refinancing such contract, any cash loan to the buyer, nor any credit extended to the buyer incidental to the purchase of goods or services: Provided, further, That the word loan herein shall not include, nor this act prohibit, a rearrangement of payments under the installment sale contract by a refinance transaction involving a restoration of certain installment payments made under the contract, but the refinance charge on such amount restored may be not more than six percent per annum, simple interest; And provided, further, however, That the holder of such contract may embody in such refinance contract the charge for accessories, equipment and parts for the motor vehicle sold under such contract, and the charge for repairs and services to such motor vehicle including finance charges thereon.

(20 amended Dec. 9, 2002, P.L.1446, No.186)

Section 21. Default Charges.--

A default charge may be collected on any installment payment or payments which are not paid on or before the due date of such payments. A default charge may be collected on any contract subject to this act, regardless of the class of vehicle as defined in section 19 or the method by which the finance charge is computed. Such default charge shall not exceed the rate of two percent (2%) per month on the amount of the payment or payments

in arrears where the contract is for the sale of a motor vehicle which is other than a heavy commercial motor vehicle. Such default charge may be computed on the basis of a full calendar month for any fractional month period in excess of ten (10) days. On any contract for the sale of a heavy commercial motor vehicle, the default charge shall not exceed for any payment not made within ten (10) days of its scheduled due date, four percent (4%) of the amount of the payment or payments in arrears: Provided, That such default charge may be collected only once on each payment in arrears. Such default charges may be collected, when earned, during the term of the contract, or may be accumulated and collected at final maturity, or at the time of final payment under the contract. Such default charge shall not be collected on any payment in default because of any acceleration provision in the contract.

(21 amended Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: See section 22 of Act 186 of 2002 in the appendix to this act for special provisions relating to applicability.

Section 21.1. (21.1 repealed Dec. 17, 1982, P.L.1389, No.318)

Section 22. Refund for Prepayment of Contract.--

A. The buyer, notwithstanding the provisions of any installment sale contract, shall have the privilege of prepaying at any time all or any part of the unpaid time balance under an installment sale contract.

B. Whenever all of the time balance is liquidated prior to maturity by prepayment, refinancing or termination by surrender or repossession and re-sale of the motor vehicle, the holder of the installment sale contract shall rebate to the buyer immediately the unearned portion of the finance charge. Rebate may be made in cash or credited to the amount due on the obligation of the buyer.

C. The unearned finance charge to be rebated to the buyer shall represent at least as great a proportion of the total finance charge as the sum of the periodical time balances after the date of prepayment bears to the sum of all the periodical time balances under the schedule of payments in the original agreement: Provided, however, The holder shall not be required to rebate any portion of such unearned finance charge which results in a net minimum finance charge on the contract less than ten dollars (\$10.00); And provided further, the holder shall not be required to rebate any unearned finance charge when the amount due, computed as herein set forth, is less than one dollar (\$1.00).

(C amended May 2, 1949, P.L.812, No.211)

Section 23. Repossession.--

A. When the buyer shall be in default in the payment of any amount due under a motor vehicle installment sale contract or when the buyer has committed any other breach of contract, which is by the contract specifically made a ground for retaking the motor vehicle, the seller or any holder, who has lawfully acquired such contract, may retake possession thereof. Unless the motor vehicle can be retaken without breach of the peace, it shall be retaken by legal process, but nothing herein shall be construed to authorize a violation of the criminal law.

B. Repossession of a motor vehicle when effected by legal process shall be made only by a duly constituted public official. Repossession when effected otherwise than by legal process shall be made only by the holder, including an official or full time employe thereof, by a collector-repossessor licensed under this act, by the person, who originally sold such motor vehicle to the buyer under the installment sale contract, or by any licensed seller or sales finance company, including an official and full time employe thereof, who is not regularly engaged in the business of making such repossession but occasionally does so as an accommodation for other sellers or finance companies.

C. When replevin and sale of the motor vehicle sold under an installment sale contract, or of the collateral security thereto, is effected by legal process, such proceedings may be commenced by the holder immediately upon any default or breach of contract by the buyer. In a proceeding under these conditions the buyer shall receive such notices, shall have such rights, shall be liable for such costs of suit and reasonable attorney's fees as provided by the laws governing such legal proceedings.

D. When repossession of a motor vehicle, which is the subject of an installment sale contract, is effected otherwise than by legal process, the holder shall immediately furnish the buyer with a written "notice of repossession" delivered in person, or sent by registered or certified mail directed to the last known address of the buyer. Such notice shall set forth the buyer's right as to reinstatement of the contract, if the holder extends the privilege of reinstatement and redemption of the motor vehicle, shall contain an itemized statement of the total amount required to redeem the motor vehicle by reinstatement or payment of the contract in full, shall give notice to the buyer of the holder's intent to re-sell the motor vehicle at the expiration of fifteen (15) days from the date of mailing such notice, shall disclose the place at which the motor vehicle is stored, and shall designate the name and address of the person to whom the buyer shall make payment, or upon whom he may serve notice. The holder's notice shall also state that any personal property left in the repossessed vehicle will be held for thirty (30) days from the date of the notice's mailing. The personal property may be reclaimed within the thirty (30) day time period. Thereafter, the property may be disposed of in the same manner as the motor vehicle and other collateral.

(D amended Dec. 9, 2002, P.L.1446, No.186)

E. When repossession of a motor vehicle which is the subject of an installment sale contract is effected, otherwise than by legal process, the buyer shall be liable for costs incurred by the holder in retaking, storing and repairing such motor vehicle only when all of the following conditions prevail:

1. When default exceeds fifteen (15) days at the time of repossession, and
2. When such costs represent actual, necessary and reasonable expenses incurred by the holder in retaking, storing and repairing the motor vehicle, excluding any costs incurred in retaking which are charges for services of persons who are regular full time employes of the holder, and
3. When such costs are supported by receipts or other satisfactory evidence of payment, and records of the holder show detailed information as to nature of each item of expense, the amount thereof, the date of payment, and to whom paid.

F. The department shall have authority to reduce the amount of or prohibit entirely any item of expense of retaking, storing or repairing of a motor vehicle which appears to him to be fictitious, unnecessary, unreasonable or exorbitant, or such as would not have been incurred by a prudent person under similar circumstances.

(F amended Dec. 9, 2002, P.L.1446, No.186)

G. 1. Before any holder may accelerate the maturity of any installment sale contract for a mobile home, commence any legal action to recover under such obligation, or take possession of any security of the installment buyer for such contract, such person shall give the installment buyer notice of such intention at least thirty (30) days in advance as provided in this subsection. Notice of intention to take action as specified in this subsection shall be in writing, and sent to the installment buyer by registered or certified mail at the address where the mobile home is located. The written notice shall clearly and conspicuously state:

- (a) the particular obligation or security interest;
- (b) the nature of the default claimed;
- (c) the right of the installment buyer to cure the default as provided in this subsection and exactly what performance including what sum of money, if any, must be tendered to cure the default;
- (d) that the installment buyer may cure the default at any time before title to the mobile home is lawfully transferred from the installment buyer which shall be at least forty-five (45) days after receipt of the notice; and
- (e) the method or methods by which the installment buyer's ownership or possession of the mobile home may be terminated.

2. The notice of intention to accelerate, commence legal action or repossess provided in this subsection shall not be required where the installment buyer has abandoned or voluntarily surrendered the property which is the subject of the mobile home installment sale.

3. Notwithstanding the provisions of any other law, after a notice of intention to accelerate, commence legal action or repossess has been given pursuant to paragraph 1, at any time before title to the mobile home is lawfully transferred from the installment buyer for default upon a mobile home installment sales contract, the installment buyer or any one in his behalf, not more than three (3) times in any calendar year, may cure his default and prevent sale or other disposition of the mobile home and avoid acceleration, if any, by tendering the amount or performance specified in this paragraph.

To cure a default under this subsection, an installment buyer shall:

- (a) Pay or tender in the form of cash, cashier's check or certified check, all sums which would have been due at the time of payment or tender in the absence of default and the exercise of an acceleration clause, if any.
- (b) Perform any other obligation which he would have been bound to perform in the absence of default or the exercise of an acceleration clause, if any.
- (c) Pay or tender any reasonable fees allowed under paragraph 6 and the reasonable costs of proceeding to commence legal action as specified in writing by the holder actually incurred to the date of payment.
- (d) Pay any reasonable late penalty, if provided for in the security document.

(e) Pay the costs which are reasonable and actually incurred by the holder for detaching and transporting the mobile home to the site of the sale.

4. Cure of a default in the payment of a mobile home contract pursuant to this subsection restores the installment buyer to the same position as if the default had not occurred.

5. Mobile home installment contracts contracted for on or after the effective date of this amendatory act may be prepaid without any penalty or other charge for such prepayment at any time before the end of the period of the loan.

6. With regard to mobile home installment contracts, no holder shall contract for or receive attorneys' fees from an installment buyer except as follows:

(a) Upon commencement of legal action with respect to a mobile home installment contract, attorneys' fees which are reasonable and actually incurred by the holder may be charged to the installment buyer.

(b) Prior to commencement of legal action attorneys' fees which are reasonable and actually incurred not in excess of fifty dollars (\$50) provided that no attorneys' fees may be charged for legal expenses incurred prior to the thirty-day notice provided in paragraph 1.

7. Notwithstanding any other law, the provisions of this subsection may not be waived by any oral or written agreement executed by any person.

(G added July 1, 1978, P.L.725, No.130)

H. The repossession of any motor vehicle shall give notice within twenty-four (24) hours after the repossession to the local municipal police department having jurisdiction of the area where the vehicle was located at the time of repossession or, where there is no municipal police jurisdiction, to the Pennsylvania State Police.

(H added Oct. 16, 1996, P.L.704, No.122)

Section 24. Reinstatement of Contract After Repossession.--

A. Whenever a motor vehicle, sold under an installment sale contract, has been replevined by legal process, or repossessed otherwise than by legal process, because of default or other breach of contract, the holder may reinstate the contract and return the motor vehicle to the buyer provided the buyer pays all past due installments, or agrees with holder on mutually satisfactory arrangements, accrued default charges, costs of suit under the contract and authorized by this act in replevin by legal process, and if default at the time of repossession exceed fifteen (15) days, expenses of retaking, repairing and storage authorized by this act.

B. When a contract is reinstated after repossession, the holder may, contemporaneous therewith or subsequently thereto, enter into a contract with the buyer for refinancing the obligation as provided in this act.

Section 25. Redemption and Termination of Contract after Repossession.--

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

B. During such fifteen (15) day period the buyer may redeem the motor vehicle and terminate the contract by payment or tender of payment to the holder of the following amounts, subject to the conditions hereinafter indicated:

1. When default at the time of repossession was less than fifteen (15) days, the amount of the unpaid time balance, plus the amount of any accrued default charges authorized by this act, plus any other amount lawfully due under the contract, excluding costs of retaking, repairing and storage, less rebate of unearned finance charge.

2. When default at the time of repossession exceeded fifteen (15) days, the amount of the unpaid time balance, plus the amount of any accrued default charges authorized by this act, plus costs of retaking, repairing, repossessing and storing authorized by this act, plus any other amount lawfully due under the contract, less rebate of unearned finance charge.

C. If the buyer redeems the motor vehicle and terminates the contract by payment or tender as provided in subsection B, the holder shall return the motor vehicle and any other collateral in any manner consistent with 13 Pa.C.S. § 9623 (relating to right to redeem collateral). Property will be deemed to be returned in a manner in compliance with this act and 13 Pa.C.S. § 9623 by delivery to one of the following sites designated by the buyer:

1. the county in this Commonwealth or within a comparable governmental unit outside this Commonwealth where repossession occurred;

2. a county in this Commonwealth where the buyer resides; or

3. the county in this Commonwealth in which the vehicle was purchased under such contract.

D. Upon receipt of the funds necessary to redeem the motor vehicle as provided in subsection B, the holder shall return the repossessed motor vehicle as soon as is reasonably possible, but not later than ten (10) business days from the receipt of the funds.

(25 amended Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: See section 22 of Act 186 of 2002 in the appendix to this act for special provisions relating to applicability.

Section 26. Sale of Motor Vehicle after Repossession.--

A. When the repossessed motor vehicle under an installment sale contract is not redeemed by the buyer either by termination or reinstatement of the contract within the fifteen (15) day notice of redemption period, the buyer shall forfeit all claim to such motor vehicle and collateral security.

B. If the buyer does not redeem the repossessed motor vehicle within the said fifteen (15) day notice of redemption period, then the seller or holder shall not have the right to bring an action or proceeding against the buyer for a deficiency, as provided in section twenty-seven hereof, unless there shall have been a public or private sale of the repossessed motor vehicle and collateral security.

(B added May 2, 1949, P.L.812, No.211)

Section 27. Deficiency Judgment.--

If the proceeds of the resale mentioned in section twenty-six above are not sufficient to defray the expenses thereof, the expenses of retaking and storing the motor vehicle to which the seller or holder may be entitled and the net balance due upon the contract, plus the

amount of any accrued default charges authorized by this act, the seller or holder may recover the deficiency from the buyer or from any one who has succeeded to the obligations of the buyer: Provided, That the buyer may have the reasonable value of the motor vehicle at the time of resale, determined in any action or proceeding brought by the seller or holder to recover the deficiency, the resale price being *prima facie*, but not conclusive evidence, of such reasonable value and the said reasonable value, as determined, or the resale price, whichever shall be higher, shall be credited to the buyer on account of his indebtedness. In every action or proceeding for a deficiency the buyer may have the reasonableness of the expense of retaking and storing the motor vehicle determined. Nothing contained in this section shall apply to a deficiency on a resale which was held prior to the effective date of this act.

(27 amended May 2, 1949, P.L.812, No.211)

Section 28. Statement of Account to Buyer.--

A. At any time after execution of an installment sale contract and within one year after termination of such contract, the holder of such contract shall furnish the buyer, upon request, with a complete and detailed statement of account showing:

1. All amounts paid by the buyer on account of the obligation, dates of payment and the allocation of such payments to reduction of the time balance, refinance charges, default charges, court costs, attorney's fees, expenses of retaking, repairing, storing, or otherwise.
 2. All amounts credited to the buyer as rebates for prepayment and unexpired premiums on insurance cancelled.
 3. The amount of the installment payments, accrued charges and expenses incurred, if any, which are due and payable.
 4. The number and amount of installment payments to become due and payable, if any, and the due dates thereof.
- B. The buyer shall be furnished with one such statement of account without charge during the term of the contract or within one year after termination, and the holder may require payment of a fee of fifty cents (\$.50) for any additional statements.
- C. The holder shall furnish the buyer, upon request and upon payment of a fee of fifty cents (\$.50), with a duplicate copy of the installment sale contract to replace the buyer's copy of such contract which is required to be furnished to the buyer without charge at the time of execution of the contract.

Section 29. Payment Receipts.--

A. Whenever payment is made on account of any installment sale contract, the person receiving such payment shall, at the time of receiving such payment, furnish to the buyer or to the person making the payment on behalf of the buyer, a complete written receipt therefor, if requested, or payment is made in cash.

B. Such receipt shall show the date of payment, the amount of the payment, the nature of the payment, shall identify the obligation to which such payment is applicable, and shall be signed or initialed by the person receiving the payment on behalf of the holder.

C. When issued for payments made at the designated licensed office of the holder or mailed to such office, which payments are applied to reduction of the time balance, such receipt shall, if requested by the buyer, also set forth the unpaid time balance remaining

due after crediting such payment. If such payment includes default charges, authorized by this act, the amount of such default charges shall be set forth on the receipt independently of the payment applied to reduction of the time balance.

D. When the buyer elects to make payments by mail, the holder may require the buyer to supply a self-addressed stamped envelope as a condition for mailing such receipt to him, if he has been previously notified of such condition.

Section 30. Executed Contracts; Release of Liens.--

A. Upon payment in full of the time balance and other amounts lawfully due under an installment sale contract the holder shall:

1. Return to the buyer all instruments evidencing indebtedness or constituting security under an installment sale contract, which were signed by the buyer or his sureties or guarantors in conjunction with such contract, excepting such instruments as are filed or recorded with a public official and retained in the files of such official, and

2. Release all security interest in the motor vehicle or in collateral security to the obligation of the buyer under such contract, and

3. Deliver to the buyer such good and sufficient assignments and documents of title as may be necessary to vest the buyer with complete evidence of title.

B. When the final payment on an installment sale contract is made in cash, money order or equivalent tender by the buyer, or his authorized representative, at the designated licensed office of the holder, the certificate of title, showing satisfaction of this encumbrance, shall be delivered at the time of such tender of payment, if demanded by the buyer, otherwise delivery may be made at a later date in person or by mail as may be arranged between buyer and holder, all other instruments shall be delivered or mailed to the buyer within fifteen (15) days of the date of final payment.

Section 31. Prohibited Charges.--

A. A licensee under this act shall not charge, contract for, collect, or receive from the buyer, directly or indirectly, any further or other amount for costs, charges, examination, appraisal, service, brokerage, commission, expense, interest, discount, fees, fines, penalties or other thing of value in connection with the retail sale of a motor vehicle under an installment sale contract in excess of charges for insurance, other charges necessary or incidental to the sale of the motor vehicle, the finance charges, refinance charges, default charges, recording and satisfaction fees, court costs, attorney's fees and expenses of retaking, repairing and storing a repossessed motor vehicle which are disclosed as required by subsection B of section 14.

B. A licensee under this act shall not collect any charge whatsoever in connection with a contemplated sale of a motor vehicle under an installment sale contract, if such contract is not consummated: Provided, however, That nothing contained herein shall affect the legal status of a deposit paid by a prospective buyer to a seller as a binder on the contemplated purchase of a motor vehicle.

C. An installment sale contract, wherein the seller or any subsequent holder has charged, contracted for, collected, or received from the buyer any prohibited charges whatsoever shall be unenforceable as to such prohibited charges.

(31 amended Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: See section 22 of Act 186 of 2002 in the appendix to this act for special provisions relating to applicability.

Section 32. Buyer's Waiver of Statutory Protection.--

No act, agreement or statement of any buyer in any installment sale contract shall constitute a valid waiver of any provision of this act intended by the Legislature for the benefit or protection of retail installment buyers of motor vehicles.

Section 33. Application of Act to Existing Contracts.--

The provisions of this act shall not apply to or affect the validity of any contract otherwise within the purview of this act which is made prior to the effective date of the respective provisions of this act governing such contracts.

Section 34. Effect of Expiration, Surrender or Revocation of License of Existing Contracts.--

A. The expiration, surrender or revocation of a license, issued pursuant to this act, to a seller or sales finance company shall not impair or affect the obligation of any motor vehicle installment sale contract entered into lawfully or lawfully acquired by such licensee prior to the effective date of such expiration, surrender or revocation of license: Provided, however, the holder of such contracts shall forfeit the right to charge, contract for, receive or collect refinance charges authorized by this act for renewal of a contract, if the license of such holder expired, was surrendered, or was revoked prior to the date of such renewal.

B. A licensee whose license has expired, was surrendered or was revoked may thereafter sell, transfer or assign contracts entered into or acquired prior thereto to any licensed sales finance company, and such sales finance company acquiring such contracts may renew such contracts in accordance with the provisions of this act.

C. A licensee whose license has expired, was surrendered or was revoked shall not thereafter enter into new contracts for the retail sale of motor vehicles under installment sale contracts, and shall not thereafter discount, purchase or otherwise acquire such contracts.

Section 35. Contracts Unenforceable in Pennsylvania.--

A. No obligation of the buyer of a motor vehicle under an installment sale contract which was consummated within the Commonwealth of Pennsylvania shall be enforceable in the Commonwealth of Pennsylvania, wherein the seller was not licensed, as required under the provisions of this act, at the time such seller entered into such installment sale contract, or wherein the holder was not licensed under the provisions of this act at the time he acquired such contract. The buyer under such contract shall be entitled to cancellation of the contract, release of all liens against the motor vehicle sold under such contract and against any collateral security owned by the buyer or his sureties and guarantors, upon payment or tender of payment to the holder of the principal amount financed as set forth in the contract, less all payments on account of such obligation exclusive of down payment which had been made prior thereto.

B. Nothing in this section shall be construed to prevent the enforcement in the Commonwealth of Pennsylvania of an obligation arising from the sale of a motor vehicle made outside of the Commonwealth of Pennsylvania under an installment sale contract and

entered into or executed by the buyer outside of the Commonwealth of Pennsylvania, whether or not such buyer was a resident of this Commonwealth at the time he entered into such contract.

Section 36. Exemptions.--

A. This act shall not affect or impair any business conducted lawfully under license issued pursuant to the act of April eighth, one thousand nine hundred thirty-seven (Pamphlet Laws, two hundred sixty-two), known as the "Consumer Discount Company Act," or supplements or amendments thereto.

B. This act shall not apply to an extension of credit for the purchase of a motor vehicle, including the financing of any other costs or charges necessary or incidental to the sale or financing of a motor vehicle, made pursuant to the act of November 30, 1965 (P.L.847, No.356), known as the "Banking Code of 1965."

(36 amended Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: See section 22 of Act 186 of 2002 in the appendix to this act for special provisions relating to applicability.

Section 37. Penalties.--

A. Any person, partner, association, business corporation, banking institution, nonprofit corporation, common law trust, joint stock company or any other group of individuals, however organized, or any owner, partner, member, officer, director, trustee, employe, agent, broker or representative thereof who or which shall engage in this Commonwealth in business as installment seller, sales finance company or collector-repossessor as defined in this act without having obtained a license, as required under this act, shall be guilty of a misdemeanor, and upon conviction thereof, shall be sentenced to pay a fine of not less than two thousand dollars (\$2,000), or more than ten thousand dollars (\$10,000), or to suffer imprisonment of not more than three (3) years, or both, at the discretion of the court.

B. Any licensee conducting business under this act as an installment seller, sales finance company or collector-repossessor or any owner, partner, member, officer, director, trustee, employe, agent, broker or representative thereof who shall violate any provision of this act, or shall direct such violation shall be guilty of a misdemeanor, and upon conviction thereof, shall be sentenced to pay a fine of not more than two thousand dollars (\$2,000) for the first offense; and for each subsequent offense a like fine and/or suffer imprisonment not to exceed one (1) year in the discretion of the court.

C. Any licensed seller or sales finance company as holder of a motor vehicle installment sale contract who hires, authorizes or permits an unlicensed collector-repossessor, as defined in this act, to collect payments on any such contract or to repossess any motor vehicle sold under such contract within this Commonwealth shall be guilty of a violation of this act, and subject to the penalties imposed by the foregoing provisions of this section.

D. Any person required to be licensed under this act that violates this act or directs a violation or who engages in any activity for which a license could be suspended or revoked under section 10 shall be subject to a civil penalty levied by the department of not more than two thousand dollars (\$2,000) for each offense.

E. A sales finance company licensed pursuant to this act engaged in the purchase, sale, assignment, securitization or servicing of installment sale contracts shall not be held liable under this act for excessive mark-ups by installment sellers to charges described in subsection E of section 18 or for failures to make disclosures in subsection G of section 13.
(37 amended Dec. 9, 2002, P.L.1446, No.186)

Compiler's Note: See section 22 of Act 186 of 2002 in the appendix to this act for special provisions relating to applicability.

Section 37.1. Regulations and Orders.--The department is authorized to promulgate regulations and to issue orders, statements of policy and written interpretations as necessary or appropriate for the interpretation or enforcement of this act.

(37.1 added Dec. 9, 2002, P.L.1446, No.186)

Section 38. Repealer.--

All acts or parts of acts which are inconsistent herewith are hereby repealed.

Section 39. Effective Dates.--

The provisions of this act requiring a license for sellers, sales finance companies and collector-repossessors shall become effective on the first day of October, one thousand nine hundred and forty-seven; all other provisions of this act shall become effective sixty (60) days after final enactment of this act.

APPENDIX

Supplementary Provisions of Amendatory Statutes

2002, DECEMBER 9, P.L.1446, NO.186

Section 19. The General Assembly finds and declares as follows:

(1) All citizens are entitled to fair dealing with those who sell and finance motor vehicles in this Commonwealth. The act became law in 1947, and its purpose is to protect Pennsylvania's consumers from improper sales and financing practices.

(2) Because citizens can now choose to purchase products and services related to the purchase of a motor vehicle which were not available or even contemplated when the act was enacted, and include those items in the amount financed, it is now desirable to amend the act to provide for additional disclosures to consumers who purchase incidental items in conjunction with the purchase of a motor vehicle.

(3) It is further desirable to amend the act to provide for the imposition of civil penalties against those sellers and lenders that engage in fraudulent or abusive practices to the detriment of consumers in this Commonwealth.

(4) Uncertainty has arisen with regard to the intent of certain provisions of the act as enacted in 1947. In order to provide for continued consumer protection and financing options, this act is intended to clarify the intent of the act to facilitate the financing of vehicles and related products and services.

Section 20. Because many of the circumstances and events that led to the initial adoption of the act in 1947 have substantially changed due to substantial improvements in business practices and expanded Federal regulations, a study of proposals to update and modernize the act shall be conducted by the Joint State Government Commission and the recommendations of the commission reported to the General Assembly. In addition to changes to the act, the commission shall also consider the advisability of merging the provisions of the act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act, and other consumer finance legislation into a consolidated Consumer Credit Code which avoids duplication of Federal law and regulations and promotes uniformity of law among the states. The study shall be conducted by a task force established by the commission consisting of four members of the Senate, two appointed by the President pro tempore of the Senate and two appointed by the Minority Leader of the Senate and four members of the House of Representatives, two appointed by the Speaker of the House of Representatives and two appointed by the Minority Leader of the House of Representatives. In addition, the commission shall appoint an advisory committee to assist the task force that shall include a representative of the Department of Banking, the Consumer Protection Division of the Office of Attorney General, the Pennsylvania Automotive Association, the Pennsylvania Retailers' Association, the Pennsylvania Bankers Association and other individuals with knowledge and expertise regarding motor vehicle sales finance, installment sales and consumer protection laws and regulations and a member of the public.

Section 22. The following apply:

(1) This act shall not adversely affect the adequacy of actions taken to comply with this act prior to the effective date of this act, including disclosures provided prior to the effective date of this act.

(2) The following provisions are intended to clarify and confirm the meaning of the act and not to change the meaning or interpretation of the act:

(i) The amendment or addition of clauses 13, 13.1, 13.2, 14 and 16 of section 3 of the act.

(ii) The amendment or addition of provisions of the act which utilize the definitions referred to in subparagraph (i).

(iii) The amendment of sections 16, 17 and 18 of the act.

(iv) The amendment of subsection D of section 19 of the act.

(v) The amendment of sections 21, 25 and 31 of the act.

(vi) The addition of subsection B of section 36 of the act.

(vii) The addition of subsection E of section 37 of the act.

(3) To the extent necessary to clarify the meaning or interpretation of the act, the provisions referred to in paragraph (2) shall apply retroactively to causes of action which arose on or before the effective date of this act.

(4) As to the amendment of section 14 of the act:

- (i) The amendment of section 14 of the act constitutes a clarification and confirmation of the meaning of the act in accordance with paragraph (2) to the extent that the amendment:
 - (A) provides that amounts disclosed under clauses 1 and 5 of subsection B of section 14 of the act may include charges and are not limited to actual costs incurred by a seller or finance company, except as otherwise provided by section 18 of the act and clause 13.2 of section 3 of the act; and
 - (B) allows the disclosure of charges for service contracts and warranties at the option of the seller or sales finance company as either:
 - (I) part of the cash price under clause 1 of subsection B of section 14 of the act; or
 - (II) other charges necessary or incidental to the sale of a motor vehicle under clause 5 of subsection B of section 14 of the act.
- (ii) The amendment of section 14 of the act constitutes a change in the law to the extent that the amendment imposes new disclosure requirements.

GOODS AND SERVICES INSTALLMENT SALES ACT (REPEALED BY 2013 ACT NO. 98)

GOODS AND SERVICES INSTALLMENT SALES ACT Act of Oct. 28, 1966, Special Session 1, P.L. 55, No. 7

AN ACT

Defining, regulating and relating to retail installment contracts for all goods and services except certain motor vehicles and home improvements; prescribing the requirements of such contracts and limitations on the enforcement thereof; and providing remedies and penalties.

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

ARTICLE I GENERAL PROVISIONS

Section 101. This act shall be known and may be cited as the “Goods and Services Installment Sales Act.”

Section 102. Any waiver by the buyer of the provisions of this act shall be deemed contrary to public policy and shall be unenforceable and void.

Section 103. Contracts within this Act.--For the purposes of this act a retail installment contract, contract, retail installment account, installment account, or revolving account is made in Pennsylvania and, therefore, subject to the provisions of this act if either the seller offers or agrees in Pennsylvania to sell to a resident buyer of Pennsylvania or if such resident Pennsylvania buyer accepts or makes the offer in Pennsylvania to buy, regardless of the situs of the contract as specified therein.

Any solicitation or communication to sell, verbal or written, originating outside the Commonwealth of Pennsylvania but forwarded to and received in Pennsylvania by a resident buyer of Pennsylvania shall be construed as an offer or agreement to sell in Pennsylvania.

Any solicitation or communication to buy, verbal or written, originating within the Commonwealth of Pennsylvania from a resident buyer of Pennsylvania, but forwarded to and received by a retail seller outside the Commonwealth of Pennsylvania shall be construed as an acceptance or offer to buy in Pennsylvania.

Section 104. Application.--Notwithstanding any other act, this act shall exclusively govern and regulate the terms and conditions of all extensions of credit by the means of credit cards or credit card operations for the purchase of goods and services within this Commonwealth but excluding cash advances.

(104 added Mar. 25, 1982, P.L.199, No.68)

ARTICLE II DEFINITIONS

Section 201. Unless the context or subject matter otherwise requires, the definitions given in this article govern the construction of this act.

(1) "Goods" means tangible chattels bought for use primarily for personal, family, or household purposes, including certificates or coupons exchangeable for such goods, but does not include goods which come within the provisions of the act of August 14, 1963 (P.L.1082), known as the "Home Improvement Finance Act," and does not include any vehicle covered by the act of June 28, 1947 (P.L.1110), known as the "Motor Vehicle Sales Finance Act."

(2) "Services" means work, labor and services for other than a commercial or business use, including services furnished in connection with the sale or repair of goods as defined in section 201 (1) or furnished in connection with the repair of motor vehicles, but does not include the services which come within the provisions of the act of August 14, 1963 (P.L.1082), known as the "Home Improvement Finance Act," and does not include any vehicle covered by the act of June 28, 1947 (P.L.1110), known as the "Motor Vehicle Sales Finance Act," or services for which the tariffs, rates, charges, costs, or expenses, including in each instance the time sale price, is required by law to be filed with or approved by the Commonwealth or Federal Government or any official department, commission, or agency of the Commonwealth of Pennsylvania or the United States.

(3) "Retail seller" or "seller" means a person engaged in the business of selling goods or furnishing services to retail buyers.

(4) "Retail buyer" or "buyer" means a person who buys goods or obtains services from a retail seller in a retail installment sale and not principally for the purpose of resale.

(5) "Retail installment sale" or "sale" means the sale of goods or the furnishing of services by a retail seller to a retail buyer for a time sale price payable in installments.

(6) "Retail installment contract" or "contract" means any contract for a retail installment sale between a buyer and a seller which provides for repayment in installments, whether or not such contract contains a title retention provision, and in which a time price differential is computed upon and added to the unpaid balance at the time of sale or where no time price differential is added but the goods or services are available at a lesser price if paid by cash or where the buyer, if he had paid cash, would have received any additional goods or services or any higher quality goods or services at no added cost over the total amount he pays in installments. When taken or given in connection with a retail installment sale, the term includes but is not limited to a security agreement and a contract for the ailment or leasing of goods by which the bailee or lessee contracts to pay as compensation for their use a sum substantially equivalent to or in excess of their value and by which it is agreed that the bailee or lessee is bound to become, or has the option of becoming, the owner of the goods upon full compliance with the terms of the contract. The term also

includes any contract, obligation or agreement in the form of bailment or lease if the bailee or lessee has the option to renew the contract by making the payments specified in the contract, the contract obligates the bailor or lessor to transfer ownership of the property to the bailee or lessee upon full compliance by the bailee or lessee with his obligations under the contract, including any obligation incurred with respect to the exercise of an option by the bailee or lessee to renew the contract, and the payments contracted for by bailee or lessee, including those payments pursuant to the exercise of an option by the bailee or lessee to renew the contract, are substantially equivalent to or in excess of the aggregate value of the property and services involved. With respect to a sale described in the previous sentence, the disclosures required under this title shall be calculated on the assumption that the bailee or lessee will exercise all of his options to renew the contract, make all payments specified in the contract, and become the owner of the property involved.

((6) reenacted July 11, 1989, P.L.573, No.57)

(7) "Retail installment account" or "installment account" or "revolving account" means an account established by an agreement pursuant to which the buyer promises to pay, in installments, to a retail seller or to a financing agency, his outstanding balance incurred in retail installment sales, whether or not a security interest in the goods sold is retained by the seller, and which provides for a service charge which is expressed as a percent of the periodic balances to accrue thereafter providing such charge is not capitalized or stated as a dollar amount in such agreement.

(8) "Cash sale price" means the cash sale price stated in a retail installment contract for which the seller would sell or furnish to the buyer and the buyer would buy or obtain from the seller the goods or services which are the subject matter of a retail installment contract if the sale were a sale for cash instead of a retail installment sale. The cash sale price may include any taxes and cash sale prices for accessories and services, if any, included in a retail installment sale.

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

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

(11) "Unpaid balance" means the cash sale price of the goods or services which are the subject matter of the retail installment sale, plus the amounts, if any, included in a retail installment sale for insurance and official fees, minus the amount of the buyer's down payment in money or goods.

(12) "Time balance" means the total of the unpaid balance and the amount of the service charge, if any.

(13) "Holder" means the retail seller who acquires a retail installment contract or installment account executed, incurred or entered into by a retail buyer, or if the contract or installment account is purchased by a financing agency or other assignee, the financing agency or other assignee. The term does not include the pledgee of or the holder of a

security interest in an aggregate number of such contracts or installment accounts to secure a bona fide loan thereon.

(14) "Official fees" means the fees required by law and actually to be paid to the appropriate public officer to perfect a lien or other security interest, retained or taken by a seller under a retail installment contract or installment account.

(15) "Person" means an individual, partnership, corporation, association or other group, however organized.

(16) "Financing agency" means a person engaged in this Commonwealth in whole or in part in the business of purchasing retail installment contracts, or installment accounts from one or more retail sellers. The term includes but is not limited to a bank, bank and trust company, private banker, or investment company.

(17) "Purchase money loan" means a cash advance which is received by a customer in return for a service charge, time price differential, finance charge or interest which is applied, in whole or substantial part, to a purchase of goods or services from a seller who is affiliated with the creditor by common control or business arrangement.

((17) added Mar. 25, 1982, P.L.199, No.68)

(18) "Purchase money lender" means any creditor or financing agency who makes or extends purchase money loans.

((18) added Mar. 25, 1982, P.L.199, No.68)

ARTICLE III PROVISIONS OF RETAIL INSTALLMENT CONTRACTS

Section 301. A retail installment contract shall be dated and in writing; the printed portion thereof shall be in at least eight-point type.

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

(a) The entire agreement of the parties with respect to the cost and terms of payment for the goods and services, including any promissory notes or any other evidences of indebtedness between the parties relating to the transaction, and including any promise, whether made in writing or orally, by the seller, made as an inducement to the buyer to become a party to the contract or which is part of the contract or which is made incidental to negotiations between the seller and the buyer with respect to the sale of the goods or services that are the subject of the contract, that the seller will compensate the buyer for referring customers or prospective customers to the seller for goods or services which the seller has for sale or for referring the seller to such customers or prospective customers. In any case in which, pursuant to the preceding provisions, the contract contains a promise to compensate the buyer for referring customers or prospective customers to the seller or the seller to such customers, the contract must contain a provision to the effect that the amount otherwise owing under the contract at any time is reduced by the amount of compensation owing pursuant to such promise.

(b) Either at the top of the contract or directly above the space reserved for the signature of the buyer, the words "Security Agreement" or "Lien Contract," as the case may be, shall appear in at least ten-point bold type where a security interest in the goods is retained or a lien on other goods or realty is obtained by the seller as security for the goods or services

purchased. Either at the top of the contract or directly above the space reserved for the signature of the buyer, the words "Retail Installment Contract," shall appear in at least ten-point bold type where security is not obtained by the seller for the goods or services purchased: Provided, That a revolving charge agreement or account need not be signed again but a memorandum shall be sent to the buyer by the seller at the time of the issuance of new credit under the contract.

(c) A notice in at least eight-point bold type reading as follows: "Notice to the buyer: (1) Do not sign this agreement before you read it or if it contains any blank space. (2) You are entitled to a completely filled-in copy of this agreement. (3) Under the law, you have the right to pay off in advance the full amount due and under certain conditions to obtain a partial refund of the service charge."

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

- (a) The names of the seller and the buyer, the place of business of the seller, the residence or place of business of the buyer as specified by the buyer and a description of the goods or services sufficient to identify them. Services or multiple items of goods may be described in general terms and may be described in detail sufficient to identify them in a separate writing.
- (b) The cash sale price of the goods, services and accessories which are the subject matter of the retail installment sale.
- (c) The amount of the buyer's down payment, itemizing the amounts paid in money and in goods and containing a brief description of the goods, if any, traded in.
- (d) The difference between item (b) and item (c).
- (e) The amount, if any, included for insurance, specifying the coverages and the cost of each type of coverage.
- (f) The amount, if any, of official fees.
- (g) The unpaid balance, which is the sum of items (d), (e) and (f).
- (h) The amount of the service charge, if any.
- (i) The time balance, which is the sum of items (g), and (h), payable by the buyer to the seller, the number of installments required, the amount of each installment expressed in dollars and the due date or period thereof.
- (j) The time sale price.
- (k) The following provision in at least ten-point, boldface type:

NOTICE

Any holder of this consumer credit contract is subject to all claims and defenses which the debtor could assert against the seller of goods or services obtained pursuant hereto or with the proceeds hereof. Recovery hereunder by the debtor shall not exceed amount paid by the debtor hereunder.

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

(303 amended Mar. 25, 1982, P.L.199, No.68)

Section 304. The seller shall not obtain the signature of the buyer to a contract when it contains blank spaces to be filled in after it has been signed.

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

Section 306. A contract may provide for the payment by the buyer of a delinquency charge on each installment in default for a period of not less than ten days in an amount not in excess of five percent (5%) of such installment or five dollars (\$5), whichever is less, but a minimum charge of one dollar (\$1) may be made. Only one such delinquency charge may be collected on any such installment regardless of the period during which it remains in default. The contract may also provide for payment of any actual and reasonable costs of collection occasioned by removal of the goods from the Commonwealth without written permission of the holder, or by the failure of the buyer to notify the holder of any change of residence, or by the failure of the buyer to communicate with the holder for a period of forty-five (45) days after any default in making payments due under the contract.

Section 306.1. On each retail installment account or revolving account a late fee may be assessed on each minimum payment not paid in full on the payment due date of the statement on which such minimum payment first appears.

(306.1 amended June 22, 2001, P.L.587, No.44)

Section 306.2. A seller or holder may increase the late fee by providing the buyer with a notice of the increase to the extent required and in the manner specified by the Truth in Lending Act (Public Law 90-321, 15 U.S.C. § 1601 et seq.) and the regulations issued pursuant thereto by the Board of Governors of the Federal Reserve System (Regulation Z) as such act and regulations may from time to time be amended.

(306.2 added June 22, 2001, P.L.587, No.44)

Section 307. The seller shall deliver to the buyer, or mail to him, at his address shown on the contract, a legible copy thereof completed in accordance with the provisions of this act. Until the seller does so, the buyer shall be obligated to pay only the cash sale price. Any acknowledgment by the buyer of delivery of a copy of the contract shall be printed or written in a size equal to at least ten-point bold type and, if contained in the contract shall also appear directly above the space reserved for the buyer's signature. The buyer's written acknowledgment, conforming to the requirements of this section of delivery of a copy of a contract shall be a rebuttable presumption of such delivery and of compliance with this section and section 304, in any action or proceeding by or against an assignee of the contract without knowledge to the contrary when he purchases the contract. If the holder furnishes the buyer a copy of the contract, or a notice containing the items required by section 303 and stating that the buyer should notify the holder in writing within fifteen (15) days if he was not furnished a copy of the contract, and no such notification is given, it shall be conclusively presumed in favor of the third party that a copy was furnished as required by sections 304 and 307.

Section 308. Retail installment sales negotiated and entered into by mail or telephone without personal solicitation by a salesman or other representative of the seller, where the seller's cash and deferred payment prices and other terms are clearly set forth in a catalog or other printed solicitation of business which is generally available to the public, may be made as hereinafter provided. All of the provisions of this act shall apply to such sales except that the seller shall not be required to deliver a copy of the contract to the buyer as provided in section 307, and, if when the proposed retail installment sale contract is received by the seller from the buyer, there are blank spaces to be filled in, the seller may insert in the appropriate blank spaces the amounts of money and other terms which are set forth in the seller's catalog which is then in effect. In lieu of the copy of the contract provided for in section 307 the seller shall, prior to the due date of the first installment, furnish to the buyer a written statement of the items inserted in such blank spaces.

Section 309. If a retail installment sale is sale of goods or services for a cash sale price of fifty dollars (\$50) or less, then the retail installment contract need not be contained in a single document. If the contract is contained in more than one document, one such document shall be an original document signed by the retail buyer, stated to be applicable to purchases of goods or services to be made by the retail buyer from time to time. In such case such document, together with the sales slip, account book or other written statement relating to each purchase, shall set forth all of the information required by section 303 and shall constitute a separate retail installment contract for each purchase. On each succeeding purchase pursuant to such original document, the sales slip, account book or other written statement may at the option of the seller constitute the memorandum required by section 803.

ARTICLE IV RESTRICTIONS ON RETAIL INSTALLMENT CONTRACTS

Section 401. No contract, obligation or agreement shall contain any provision by which:

(Par. amended Mar. 25, 1982, P.L.199, No.68)

- (a) The buyer agrees not to assert against a seller a claim or defense arising out of the sale or agrees not to assert against an assignee such a claim or defense other than as provided in section 402.
- (b) In the absence of the buyer's default in the performance of any of his obligations, the holder may accelerate the maturity of any part or all of the amount owing thereunder.
- (c) The seller or holder of the contract or other person acting on his behalf is given authority to enter upon the buyer's premises unlawfully or to commit any breach of the peace in the repossession of goods.
- (d) The buyer waives any right of action against the seller or holder of the contract or other person acting on his behalf, for any illegal act committed in the collection of payments under the contract or in the repossession of goods.
- (e) The buyer executes a power of attorney appointing the seller or holder of the contract, or other person acting on his behalf, as the buyer's agent in collection of payments under the contract or in the repossession of goods.

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

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

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

(i) An assignment of wages is given.

(j) The seller or holder of the contract or any person acting on his behalf is given authority to execute upon a judgment by confession.

((j) added Mar. 25, 1982, P.L.199, No.68)

(k) The seller or holder of the contract or any person acting on his behalf is given authority to take a mortgage or other security against residential real estate of the buyer or any other obligee to the contract.

((k) added Mar. 25, 1982, P.L.199, No.68)

Section 402. No right of action or defense arising out of a retail installment sale which the buyer has against the seller, other than as provided in section 1202, and which would be cut off by assignment, shall be cut off by assignment of the contract to any third party whether or not he acquires the contract in good faith and for value.

No purchase money lender shall take or receive any instrument which evidences or embodies a debt arising from a purchase money loan nor shall any seller accept as full or partial payment for such sale the proceeds of any purchase money loan, unless any instrument which evidences or embodies a debt made in connection with such purchase money loan contains the following provision in at least ten-point boldface type:

NOTICE

Any holder of this consumer credit contract is subject to all claims and defenses which the debtor could assert against the seller of goods or services obtained with the proceeds hereof. Recovery hereunder by the debtor shall not exceed amount paid by the debtor hereunder.

(402 amended Mar. 25, 1982, P.L.199, No.68)

Section 403. No contract other than one for services shall provide for a lien on any goods theretofore fully paid for or which have not been sold by the seller.

Section 404. Any provision in a contract which is prohibited by this act shall be void but shall not otherwise affect the validity of the contract.

ARTICLE V SERVICE CHARGE LIMITATION

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 charge measured for a period between the date of such contract and the due date of the last installment and calculated for that period according to the actuarial method of computation or by application of the United States rule at a rate which is agreed upon by the seller or holder and the buyer.

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

(b.1) Notwithstanding the rates provided for in this section, no bailor or lessor of goods shall be permitted to charge, receive or collect a service charge in excess of eighteen percent (18%) simple interest per annum on unpaid balances in a contract under which the bailee or lessee: (1) agrees to pay as compensation for use of the goods a sum substantially equivalent to or in excess of the value of the goods; and (2) has an option to become the owner of the goods for no additional or nominal additional consideration. This subsection shall not apply to a rental-purchase agreement as defined in 42 Pa.C.S. § 6902 (relating to definitions).

(c) A minimum service charge of fifty cents (50¢) per month may be made for each month if the service charge so computed is less than that amount; such minimum service charge may be imposed for a minimum period of six months.

(501 amended Dec. 20, 1996, P.L.1519, No.197)

Section 502. Contracts may be payable in successive monthly, semi-monthly or weekly installments.

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

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

ARTICLE VI PAYMENT

Section 601. Unless the buyer has notice of actual or intended assignment of a contract or installment account, payment thereunder made by the buyer to the last known holder of such contract or installment account, shall to the extent of the payment, discharge the buyer's obligation.

Section 602. At any time after its execution, but not later than one year after the last payment thereunder, the holder of a contract shall, upon written request of the buyer made in good faith, promptly give or forward to the buyer a detailed written statement which will state with accuracy the total amount, if any, unpaid thereunder. Such a statement shall be supplied by the holder once each year without charge; if any additional statement is requested by the buyer, the holder shall supply such statement to the buyer at a charge not exceeding one dollar (\$1) for each additional statement supplied to the buyer. The provisions of this section shall not apply to those transactions wherein, instead of periodic statements of account, the buyer is provided with a passbook or payment book in which all payments, credits, charges and the unpaid balance is entered.

Section 603. (a) Notwithstanding the provisions of any contract to the contrary, any buyer may pay the contract in full at any time before maturity and in so paying it shall receive a refund credit thereon for such anticipation. In addition, pursuant to any contract provision so stating and subject to the restrictions of this act, as amended, a seller or holder may accelerate the balance due on an installment sales contract, but shall provide a refund credit thereon calculated as of the date of the acceleration. The amount of any such refund credit shall be computed pursuant to the actuarial method. Actuarial method means the method of allocating payments made on a debt between the amount financed and the finance charge pursuant to which a payment is applied first to the accumulated finance charge and any remainder is subtracted from the unpaid balance of the amount financed. Where the amount of the credit for anticipation of payment is less than one dollar (\$1) no refund need be made. Where the earned service charge amounts to less than the minimum service charge, there may be retained an amount equal to the minimum service charge applicable.

(b) As used in this section "actuarial method" means the method of allocating payments made on a debt between the amount financed and the finance charge at the interest rate stated in the contract, as defined in Regulation Z, Appendix J, adopted under the Federal Truth in Lending Act.

(603 amended Mar. 25, 1982, P.L.199, No.68)

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

A seller or holder shall not, in the course of collecting an obligation pursuant to this act, communicate or threaten to communicate with the buyer's employer or any agent of the employer (other than to verify employment or to leave a message for the buyer to return a telephone call), or any other person not liable for the obligation other than the buyer's spouse, an adult member of the buyer's household or the attorney of the buyer, except to acquire location information with regard to the buyer from such person (without disclosing the fact of the obligation) or as permitted by order of a court or as reasonably necessary to effectuate a post-judgment judicial remedy.

(604 amended Feb. 21, 1991, P.L.1, No.1)

Section 605. (a) A judgment by confession shall not serve as the basis for a levy, execution or garnishment in any action by a seller, holder or assignee arising out of a retail installment sale, contract or account. To enforce a judgment entered by confession, plaintiff shall file an appropriate proceeding and proceed against defendant as in any original proceeding. A judgment entered by confession may be amended or modified by the court in a proceeding filed for the purpose of enforcing the judgment entered by confession; however, the priority of any lien based on the confessed judgment shall not be affected thereby. The parties to the enforcement proceeding shall have the same rights as parties in other original proceedings.

(b) Within sixty (60) days after payment of the full amount due on a judgment entered by confession, plaintiff shall satisfy the judgment and discontinue with the prejudice any proceeding brought for the purpose of enforcing a judgment entered by confession or satisfy any judgment entered in said proceeding. Plaintiff shall not require any act or payment by the defendant to cover the cost of satisfying the judgment. Any such confessed judgment not revived within one (1) year from the date on which the lien of said judgment has lapsed by operation of law shall be considered satisfied and may not thereafter be revived.

(c) The prevailing party in any action to remove, suspend or enforce such a judgment entered by confession shall be entitled to recover reasonable attorney's fees and costs as determined by the court.

(605 added Mar. 25, 1982, P.L.199, No.68)

ARTICLE VII REFINANCING AND CONSOLIDATION

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

Section 702. The holder of a retail installment contract or contracts may, upon agreement in writing with the buyer, refinance the payment of the unpaid time balance or balances of the contract or contracts by providing for a new schedule of installment payments. The holder may charge and contract for the payment of a refinance charge by the buyer and collect and receive the same, but such refinance charge (1) shall be based upon the amount refinanced, plus any additional cost of insurance and of official fees incident to such refinancing, after the deduction of a refund credit in an amount equal to that to which the buyer would have been entitled under section 603 if he had prepaid in full his obligations under the contract or contracts, but in computing such refund credit there shall not be allowed the minimum earned service charge as authorized by such section; and (2) may not exceed the rate of service charge provided under Article V of this act. Such agreement for refinancing may also provide for the payment by the buyer of the additional cost to the holder of the contract or contracts of premiums for continuing in force, until the maturity of the contract or contracts as refinanced, any insurance coverages provided for therein, subject to the provisions of section 305. The refinancing agreement shall set forth the amount of the unpaid time balance or balances to be refinanced, the amount of any refund credit, the amount to be refinanced after the deduction of the refund credit, the amount of the service charge under the refinancing agreement, any additional cost of insurance and of official fees to the buyer, the new unpaid time balance and the new schedule of installment payments. Where there is a consolidation of two or more contracts then the provisions of sections 801 and 802 shall apply.

Section 703. In the event a contract provides for the payment of any installment which is more than double the amount of the average of the preceding installments the buyer, upon default of this installment, shall be given an absolute right to obtain a new payment schedule. Unless agreed to by the buyer, the periodic payments under the new schedule shall not be greater than the average of the preceding installments.

ARTICLE VIII ADD-ON SALES

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

Section 802. When a subsequent purchase is made, the entire amount of all payments made previous thereto shall be deemed to have been applied toward the payment of the previous time sale price or time sale prices. Each payment thereafter received shall be deemed to be allocated to all of the various time sale prices in the same proportion or ratio

as the original cash sale prices of the various purchases bear to one another; where the amount of each installment payment is increased in connection with the subsequent purchase, the subsequent payments (at the seller's election) may be deemed to be allocated as follows: an amount equal to the original rate, to the previous time sale price, and an amount equal to the increase, to the subsequent time sale price. However, the amount of any initial or down payment on the subsequent purchase shall be deemed to be allocated in its entirety to such purchase.

Section 803. When a subsequent purchase is made the seller shall deliver to the buyer, prior to the due date of the first installment, a memorandum which shall set forth the following:

- (a) The names of the seller and the buyer, the place of business of the seller, the residence or place of business of the buyer as specified by the buyer and a description of the goods and services sufficient to identify them. Services or multiple items of goods may be described in general terms and may be described in detail in a separate writing.
- (b) The cash sale price of the goods, services and accessories which are the subject matter of the new retail installment sale.
- (c) The amount of the buyer's down payment, itemizing the amounts paid in money and in goods and containing a brief description of the goods, if any, traded in.
- (d) The difference between item (b) and item (c).
- (e) The amount, if any, included for insurance, specifying the coverages and the cost of each type of coverage.
- (f) The amount, if any, of official fees.
- (g) The unpaid balance, which is the sum of items (d), (e) and (f).
- (h) The unpaid time balance of the prior contract or contracts.
- (i) The new unpaid balance, which is the sum of items (g) and (h).
- (j) The amount of the service charge computed in conformity with section 805.
- (k) The consolidated time balance, which is the sum of items (i) and (j), payable by the buyer to the seller, the number of installments required, the amount of each installment expressed in dollars and the due date or period thereof.

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

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

Section 804. Until the seller delivers to the buyer the memorandum as provided in section 803 the buyer shall be obligated to pay only the cash sale price of the subsequent purchase.

Section 805. Subject to the other provisions of Article V, the service charge to be included in a consolidated time balance shall be determined by applying the service charge at the applicable rate specified in that article to either:

- (a) The total of the unpaid balance of the subsequent contract and the unpaid balance of any previous contract included in the consolidated total determined by deducting from the then unpaid time balance thereof any then unearned service charge in an amount not less than the refund credit for anticipation provided for in Article VI of this act (computed, however, without the allowance of any minimum earned service charge), for the period from the date thereof to and including the date when the final installment of such consolidated total is payable; or
- (b) The principal balance of the subsequent contract for the period from the date thereof to and including the date when the final installment of such consolidated total is payable and, if the due date of the final installment of such consolidated total is later than the due date of the final installment of any previous contract included in the consolidated total, on the time balance then unpaid on such previous contract from the date when the final installment thereof was payable to the date when the final installment of such consolidated total is payable.

Section 806. The minimum service charge as provided in subsection (b) of section 501 may be used but once in any series of add-on transactions.

ARTICLE IX RETAIL INSTALLMENT ACCOUNTS

Section 901. A retail installment account may be established by the seller upon the request of a buyer or prospective buyer. A statement setting forth the rates of service charge, which shall not exceed those authorized by this article, and describing the balance on which such service charge will be computed, shall be printed in type no smaller than eight point in every application form used by the seller and shall be stated to the applicant when such installment accounts are negotiated by telephone.

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

(901 reenacted July 11, 1989, P.L.573, No.57)

Section 902. At the time a seller accepts the credit of the buyer and establishes a retail installment account for his use, the seller shall confirm this fact to the buyer in writing. Such confirmation shall contain the same disclosures as required by section 901. This confirmation shall also contain a legend that the buyer may at any time pay his entire balance.

- (a) The confirmation shall be in type no smaller than elite typewriter characters.
- (b) If no copy of the confirmation is retained by the seller, a notation in his permanent record showing that such confirmation was mailed, and the date of the mailing, shall serve as prima facie evidence of such mailing.
- (c) Every confirmation given to a buyer after October 1, 1988, must be:
 - (1) Written in a clear and coherent manner using words with common and everyday meanings.
 - (2) Appropriately divided and captioned by its various sections.

(d) Any financing agency or retail seller who fails to comply with subsection (c) shall be liable to a consumer who is a party to a retail installment account governed by this act in an amount equal to any actual damages sustained plus a penalty of fifty dollars (\$50). The total class action penalty against any such financing agency or retail seller shall not exceed ten thousand dollars (\$10,000) in any class action or series of class actions arising out of the use by a financing agency or retail seller of a form of confirmation which fails to comply with subsection (c). No action under this subsection may be brought after both parties to the retail installment account have fully performed their obligation under such account, nor shall any financing agency or retail seller who attempts in good faith to comply with subsection (c) be liable for such penalties. Subsection (c) shall not prohibit the use of words or phrases or forms of agreement required by State or Federal law, rule or regulation or by a governmental instrumentality. A violation of the provisions of subsection (c) shall not render any retail installment account void or voidable nor shall it constitute:

- (1) a defense to any action or proceeding to enforce the terms of such account; or
- (2) a defense to any action or proceeding for breach of contract.

(902 reenacted July 11, 1989, P.L.573, No.57)

Section 903. Each retail seller, before he can avail himself of the service charges permitted by this article, shall display prominently in his main place of business and in each branch thereof, a statement outlining the service charge rates which will conform to this article.

(903 reenacted July 11, 1989, P.L.573, No.57)

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

(a) On the outstanding balance, a rate which is agreed upon by the seller or holder and the buyer.

(b) A minimum service charge of fifty cents (50¢) per month may be made for each month if the service charge so computed is less than that amount; such minimum service charge may be imposed for a minimum period of six months.

(b.1) Notwithstanding the rate provided for in clause (a), no issuer of a credit card primarily engaged as a seller or distributor of gasoline shall be permitted to charge, receive or collect a service charge in excess of fifteen percent (15%) simple interest per annum on unpaid balances.

(b.2) Notwithstanding the rates provided for in clause (a), no bailor or lessor of goods shall be permitted to charge, receive or collect a service charge in excess of eighteen percent (18%) simple interest per annum on unpaid balances in a contract under which the bailee or lessee: (1) agrees to pay as compensation for use of the goods a sum substantially equivalent to or in excess of the value of the goods; and (2) has an option to become the owner of the goods for no additional or nominal additional consideration. This clause shall not apply to a rental-purchase agreement as defined in 42 Pa.C.S. § 6902 (relating to definitions).

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

(904 amended Dec. 20, 1996, P.L.1519, No.197)

Section 904.1.

(904.1 repealed Feb. 26, 1988, P.L.78, No.15 and repealed July 11, 1989, P.L.573, No.57)

Section 904.2. (a) Notwithstanding any other provision of this act, there shall be no limitation on the rate of the service charge imposed in connection with retail installment accounts issued to buyers domiciled outside Pennsylvania by a seller or holder of a retail installment account who is otherwise subject to this section: Provided further, That the rate of such service charge shall be set forth in writing and delivered to the buyer. In determining whether a buyer is domiciled in Pennsylvania, a seller or holder of a retail installment account may conclusively assume that such buyer is domiciled outside Pennsylvania if the seller or holder has not mailed any solicitation to the buyer at a Pennsylvania residential address, has not entered into a retail installment account with the buyer pursuant to a personal meeting at an office of the seller or holder in Pennsylvania and does not mail the buyer monthly billing statements to a Pennsylvania residential address.

(b) The Secretary of Banking shall report annually to the General Assembly on the impact of subsection (a) upon the availability of retail installment accounts in Pennsylvania.

(c) (Deleted by amendment).

(904.2 amended Dec. 20, 1996, P.L.1519, No.197)

Section 904.3.

(904.3 repealed Dec. 20, 1996, P.L.1519, No.197)

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

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

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

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

(d) The amount of the service charge.

((d) amended Mar. 25, 1982, P.L.199, No.68)

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

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

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

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

Section 907. If the cost of any insurance is to be separately charged to the buyer, there shall be an agreement to this effect, signed by both the buyer and the seller, a copy of which shall be given or furnished to the buyer. Such agreement shall state whether the insurance is to be procured by the buyer or the seller or holder. If the insurance is to be procured by the seller or holder, the seller or holder shall comply with the provisions of section 305.

Section 908. Nothing in this article prohibits the execution of an agreement between a buyer and seller whereby the seller retains a security interest in goods sold to the buyer until full payment therefor has been made. The provisions of section 802 are applicable to goods sold under such an agreement.

Section 909. No retail installment account shall require or entail the execution of any note or series of notes by the buyer which when separately negotiated will cut off as to third parties any right of action or defense which the buyer may have against the seller.

Section 910. The provisions of sections 601 and 604 shall be applicable to retail installment accounts.

Section 911. Nothing in this article shall be construed to affect the validity of any agreement or contractual relationship entered into prior to April 1, 1967, except that any rate in excess of that allowed by this article shall be reduced to the permissible rate on or before April 1, 1967.

Section 912. Consistent with the provisions of this act, a seller or holder may increase the rate of the service charge by providing the buyer with a notice of the increase to the extent required and in the manner specified by the Truth in Lending Act, Title I of the Federal Consumer Credit Protection Act (Public Law 90-321) and the regulations issued pursuant thereto by the Board of Governors of the Federal Reserve System (Regulation Z) as such act and regulations may from time to time be amended. Any such increase shall be limited in its application to indebtedness incurred after the effective date of this act.

(912 added Mar. 25, 1982, P.L.199, No.68)

ARTICLE X
ATTORNEY'S FEES AND COURT COSTS; RATE CHARTS

Section 1001. Reasonable attorney's fees and costs shall be awarded to the prevailing party in any action on a contract or installment account subject to the provisions of this act regardless of whether such action is instituted by the seller, holder or buyer. Where the defendant alleges in his answer that he tendered to the plaintiff the full amount to which he was entitled, and thereupon deposits in court, for the plaintiff, the amount so tendered, and the allegation is found to be true, then the defendant is deemed to be a prevailing party within the meaning of this article.

Section 1002.
(1002 repealed Mar. 25, 1982, P.L.199, No.68)

ARTICLE XI
REPOSSESSION AND RESALE

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

Section 1102. A seller or holder may not accelerate the maturity of a retail installment contract, commence any legal action or repossess without legal process unless the buyer is in default and unless the seller or holder shall provide the buyer with notice, sent by certified mail, to the buyer's last known address or delivered personally to the residence of the buyer, informing the buyer (1) of his right to cure the default upon payment of the amount in default plus delinquency or deferral charges within twenty-one (21) days of the date of receipt of such notice, (2) the name, address and telephone number of the seller or holder, (3) total amount due, including amount of delinquency charges, (4) exact date by which the amount due must be paid, (5) name, address and telephone number of the person to whom payment must be made, and (6) other performance necessary to cure a default arising from other than nonpayment herein and the buyer is given the rights so specified. The seller or holder shall not be required to provide such notice more than once in any twelve (12) month period. The act of curing a default restores to the buyer his rights under the retail installment contract as though no default had occurred.

(1102 added Mar. 25, 1982, P.L.199, No.68)

ARTICLE XII
PENALTIES

Section 1201. Any person who wilfully and intentionally violates, or shall direct or consent to the violation of, any provision of this act shall be guilty of a misdemeanor and upon conviction shall be punished by a fine of not more than one thousand dollars (\$1,000) or by imprisonment for not more than one year, or both.

Section 1202. In case of failure by any person to comply with the provisions of this act, such person or any person who acquires a contract or installment account with knowledge of such noncompliance is barred from recovery of any time price differential or service charge or of any delinquency, collection, extension, deferral or refinance charge imposed in connection with such contract or installment account and the buyer shall have the right to recover from such person an amount equal to any of such charges paid by the buyer.

Section 1203. Notwithstanding the provisions of this article, any failure to comply with any provision of the act may be corrected by the holder in accordance with the provisions of this section, provided that a wilful violation may not be corrected, and a correction which will increase the amount owed by the buyer or the amount of any payment shall not be effective unless the buyer concurs in writing with the correction. If a violation is corrected by the holder in accordance with the provisions of this section, neither the seller nor the holder shall be subject to any penalty under this article. The correction shall be made by delivery to the buyer of a corrected copy of the contract within thirty days of the execution of the original contract by the buyer. Any amount improperly collected from the buyer shall be credited against the indebtedness evidenced by the contract.

Section 1204. In any case in which a person wilfully violates any provision of this act in connection with the imposition, computation or disclosures of or relating to a time price differential or service charge on a consolidated total of two or more contracts under the provisions of Article VIII of this act, the buyer may recover from such person an amount equal to three times the total of the time price differentials or service charges and any delinquency, collection, extension, deferral or refinance charges imposed, contracted for or received on all contracts included in the consolidated total and the seller shall be barred from the recovery of any such charges.

Section 1205. An action on a contract under the provisions of this act shall be commenced in the county in which the contract was in fact signed by the buyer, in the county in which the buyer resided at the time the contract was entered into, in the county in which the buyer resides at the commencement of the action, or in the county in which the goods purchased pursuant to such contract have been so affixed to real property as to become a part of such real property.

ARTICLE XIII CONSTRUCTION, REPEALER AND EFFECTIVE DATE

Section 1301. All acts or parts of acts inconsistent herewith are hereby repealed.

Section 1302. Severability.--If any provision of this act or the application thereof to any person or circumstance is held unconstitutional, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 1303. This act shall take effect April 1, 1967.