

lege and approved by the board of trustees and the Superintendent of Public Instruction.

The Superintendent of Public Instruction shall be vested with the sole and final authority in interpreting the provisions of this act pertaining to the classification of any person covered thereby, according to the policies developed by the board of presidents of State [Teachers] Colleges.

Section 2. This act shall take effect immediately.

Act effective immediately.

APPROVED—The 30th day of July, A. D. 1963.

WILLIAM W. SCRANTON

No. 183

AN ACT

Amending the act of April 8, 1937 (P. L. 262), entitled, as amended, "An act relating to consumer credit; requiring licenses from the Secretary of Banking; restricting licenses to domestic business corporations; fixing minimum capital requirements; conferring certain powers on the Secretary of Banking; limiting interest and other charges; providing certain exemptions; and imposing penalties," changing provisions relating to licenses, powers of licensees and penalties.

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

Consumer Discount Company Act.

Section 1. Section 3, act of April 8, 1937 (P. L. 262), known as the "Consumer Discount Company Act," amended June 20, 1947 (P. L. 665), is amended to read:

Section 3, act of April 8, 1937, P. L. 262, amended June 20, 1947, P. L. 665, further amended.

Section 3. License Required.—A. On and after the effective date of this act, no person, partnership, association, foreign business corporation organized under or by virtue of any laws other than those of this Commonwealth, nonprofit corporation, common law trust, joint-stock company, or any other group of individuals however organized, shall engage or continue to engage in this Commonwealth, either as principal, employe, agent or broker, in the business of negotiating or making loans or advances of money on credit, in the amount or value of [two thousand dollars (\$2,000)] *three thousand five hundred dollars (\$3,500)* or less, and charge, collect, contract for or receive interest, discount, bonus, fees, fines, commissions, charges, or other considerations which aggregate in excess of six per cent (6%) per year on the amount actually loaned or advanced, or on the unpaid principal balances when the contract is payable by stated installments.

B. On and after the effective date of this act, no domestic business corporation organized under or existing by virtue of the Business Corporation Law of this Commonwealth, and no director, officer, employe, agent or member of such corporation, shall engage or continue to engage in this Commonwealth, either as principal, employe, agent or broker, in the business of negotiating or making loans or advances of money or credit, in the amount or value of [two thousand dollars (\$2,000)] *three thousand five hundred dollars (\$3,500)* or less, and charge, collect, contract for or receive interest, discount, bonus, fees, fines, commissions, charges, or other considerations which aggregate in excess of six per cent (6%) per year on the amount actually loaned or advanced, or on the unpaid principal balances when the contract is payable by stated installments, without first obtaining a license from the Secretary of Banking of the Commonwealth of Pennsylvania in accordance with the provisions of this act.

Section 5 and first paragraph of section 6 of act, amended.

Section 2. Section 5 and the first paragraph of section 6 of the act are amended to read:

Section 5. License Bond.—A bond in the penal sum of five thousand dollars (\$5000) shall accompany every application for license. Such bond shall be executed by a surety company authorized by the laws of Pennsylvania to transact business within this Commonwealth. The bond shall be renewed and refiled annually not later than June first *for the first three consecutive years from the date on which the licensee was first licensed*. 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 who may have a cause of action against the licensee. 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 Secretary of Banking, lawfully issued in accordance with this act and that the licensee will pay to the Commonwealth, to the Secretary of Banking, or to any person or persons, any and all monies that may come due to the Commonwealth, to the Secretary of Banking, 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 Secretary of Banking assents thereto.

A separate bond shall be provided for each place of business conducted by a licensee. *After the licensee has been continuously licensed for three (3) consecutive years, such bond shall not be renewed or refilled unless the Secretary of Banking has reason to believe that such bond is necessary and notifies the licensee in writing on or before May 1 that such bond is required.*

Section 6. License Fee.—A license fee of one hundred dollars (\$100) shall accompany each application for license under this act. [All licenses shall expire on June first annually.] *Each license shall remain in full force and effect until surrendered, revoked or suspended as herein provided.* The license fee of one hundred dollars (\$100) shall be paid annually on or before June first. No abatement of the said license fee shall be made if the license is issued for less than one year. An additional license fee of one hundred dollars (\$100) shall be paid for each place of business conducted by a licensee.

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Section 3. Clauses E and N of section 13, amended June 20, 1947 (P. L. 665), are amended to read:

Clauses E and N.
section 13,
amended June
20, 1947, P. L.
665, further
amended.

Section 13. Powers Conferred on Licensees.—In addition to the general powers conferred upon a corporation by the Business Corporation Law of this Commonwealth, a corporation licensed under this act shall have power and authority:

* * * * *

E. To charge, contract for, receive or collect interest or discount at a rate not to exceed [six per cent (6%) of the amount of a contract which is payable in one year by a single payment, or is payable in one year by installment payments.] *seven dollars and fifty cents (\$7.50) per one hundred dollars (\$100) per year when the contract is repayable within thirty-six (36) months from the date of making. When the contract is repayable more than thirty-six (36) months from the date of making, the rate of interest or discount which may be charged, contracted for, received or collected, shall not exceed seven dollars and fifty cents (\$7.50) per one hundred dollars (\$100) per year for the first thirty-six (36) months of the term of the contract plus six dollars (\$6) per one hundred dollars (\$100) per year for any remainder of the term of the contract. Such interest or discount shall be computed at the time the loan is made on the face amount of the contract for the full term of the contract from the date of the contract to the date of the scheduled maturity notwithstanding any requirement for installment payments. On contracts for periods*

which are less or greater than one year, or which are not a multiple of one year, the interest or discount shall be computed proportionately on even calendar months: Provided, however, That for a period of less than one month the computation may be based on a full calendar month. *The face amount of any note or contract made pursuant to this act may, notwithstanding any other provision, exceed three thousand five hundred dollars (\$3,500) by the amount of interest or discount and service or other charge authorized by this act collected or deducted in advance or added to the principal at the time of making the loan.*

* * * * *

N. To collect from the consumer, in addition to the interest or discount and service charges permitted under this act, the premium actually paid for insurance required or obtained as security for, or by reason of, a loan made or contract purchased, provided insurance is obtained from an insurance company authorized by the laws of Pennsylvania to conduct business in this Commonwealth. *Any benefit or return to the licensee from the sale or provision of such insurance shall not be deemed a violation of this act when the insurance is written pursuant to the laws of this Commonwealth governing insurance.*

* * * * *

Clauses A, D and H, section 14 and section 18 of act, amended June 20, 1947, P. L. 665, further amended.

Section 4. Clauses A, D and H of section 14 and section 18 of the act, amended June 20, 1947 (P. L. 665), are amended to read:

Section 14. Licensee Requirements and Limitations.—A. A licensee shall not permit any person to become obligated to such licensee as a consumer on one or more loan contracts for an aggregate amount in excess of [two thousand dollars (\$2,000)] *three thousand five hundred dollars (\$3,500)*, exclusive of charges authorized by this act. A husband and wife for the purposes of this limitation shall be construed as one consumer. *This limitation shall not apply to the purchase of contracts which arise from the bona fide sale of goods or services by a seller regularly engaged in the sale of such goods or services.* This limitation shall not impair the authority of a licensee to lend money, credit, goods or things in action, or to purchase contracts in amounts in excess of [two thousand dollars (\$2,000)] *three thousand five hundred dollars (\$3,500)* and charge, contract for, receive or collect interest or discount at the legal rate established by the General Usury Statute of the Commonwealth.

* * * * *

D. A licensee shall permit a consumer to pay partially or wholly any contract or any installment on a contract, prior to the due date. On any contract which is wholly prepaid by cash, renewal or otherwise, at any time prior to maturity, the licensee shall refund to the consumer [unearned] *a portion of the interest or discount*. [calculated at the original contract rate on the total amount of full installments to become due for the term of all subsequent full installment periods] *The portion to be refunded shall be that proportion of the interest or discount which the sum of the monthly balances originally scheduled to be outstanding during the full months following such prepayment in full bears to the sum of all monthly balances originally scheduled to be outstanding, both sums to be determined by the schedule of payments in the original contract*, provided a licensee shall not be required to refund any *portion* of such [unearned] interest or discount when the *total amount [due] of the refund* computed as herein provided is less than twenty-five cents (\$.25). Such refund shall be computed and paid or credited at the time of prepayment on the contract.

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H. A licensee shall not discount or deduct interest in advance on any contract, for any period in excess of [three] *four years and fifteen days*.

Section 18. Penalties.—Any person, partnership, association, foreign business corporation, nonprofit corporation, common law trust, joint-stock company, or any other group of individuals however organized, or any domestic business corporation which has not obtained a license from the Secretary of Banking of the Commonwealth of Pennsylvania in accordance with the provisions of this act, or any partner, director, officer, employe, agent, or member thereof, who shall engage in the business of negotiating or making loans or advances of money or credit, in the amount or value of [two thousand dollars (\$2,000)] *three thousand five hundred dollars (\$3,500)* or less, and charge, collect, contract for or receive interest, discount, bonus, fees, fines, commissions, charges or other considerations which aggregate in excess of six per cent (6%) per year on the amount actually loaned or advanced, or on the unpaid principal balances when the contract is payable by stated installments, shall be guilty of a misdemeanor, and upon conviction thereof, shall be sentenced to pay a fine of not less than five hundred dollars (\$500) or more than five thousand dollars (\$5,000), and/or suffer imprisonment not less than six (6) months nor more than three (3) years, in the discretion of the court.

A corporation licensed under the provisions of this act or any director, officer, employe or agent who shall violate any provision of this act or shall direct or consent to such violations, 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 year, in the discretion of the court.

The payment of [two thousand dollars (\$2,000)] *three thousand five hundred dollars (\$3,500)* or less, in money, credit, goods or things in action as consideration for any sale or assignment of, or order for, the payment of wages, salary, commissions or other compensation for services, whether earned or to be earned, shall, for the purposes of regulation under this act, be deemed a loan secured by such assignment, and the amount by which such assigned compensation exceeds the amount of such consideration actually paid shall for the purpose of regulation under this act, be deemed interest or charges upon such loan from the date of such payment to the date such compensation is payable. Such transactions shall be governed by and subject to the provisions of this act.

The payment of [two thousand dollars (\$2,000)] *three thousand five hundred dollars (\$3,500)* or less, in money, credit, goods or things in action as consideration for any sale of real or personal property which is made on condition or agreement, expressed or implied, that such property be sold back at a greater price shall, for the purpose of this act, be deemed to be a loan secured by such property, and the amount by which the repurchase price exceeds such original purchase price actually paid shall be deemed interest or charges upon such loan from the date such original payment is made until the date such repurchase price is paid. Such transaction shall be governed by and subject to the provisions of this act.

When real or personal property is pledged as security on a loan of [two thousand dollars (\$2,000)] *three thousand five hundred dollars (\$3,500)* or less, and the lender requires the borrower to pay for insurance thereon, such charge for insurance shall be construed as interest under this act when the lender has failed to have such insurance written by an insurance company legally authorized to conduct business in Pennsylvania. When the amount charged for such insurance is in excess of the standard cost of similar insurance in other insurance companies legally authorized to conduct business in Pennsylvania, the excess shall be construed as interest under this act.

Section 5. Any corporation holding a license when this act takes effect shall be entitled to receive without charge a continuing license certificate in exchange for its present license. **Present licensees.**

If any provision of this act, or the application of such provision to any person or circumstances, shall be held invalid, the remainder of the act and the application of such provision to any person or circumstances, other than those as to which it is held invalid, shall not be affected thereby. **Severability.**

APPROVED—The 30th day of July, A. D. 1963.

WILLIAM W. SCRANTON

No. 184

AN ACT

Amending the act of May 2, 1945 (P. L. 382), entitled "An act providing for the incorporation as bodies corporate and politic of 'Authorities' for municipalities, counties and townships; prescribing the rights, powers and duties of such Authorities heretofore or hereafter incorporated; authorizing such Authorities to acquire, construct, improve, maintain and operate projects, and to borrow money and issue bonds therefor; providing for the payment of such bonds and prescribing the rights of the holders thereof; conferring the right of eminent domain on such Authorities; authorizing such Authorities to enter into contracts with and to accept grants from the Federal Government or any agency thereof; and conferring exclusive jurisdiction on certain courts over rates," clarifying the purposes for which Authorities may be created in respect to industrial development projects.

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

Section 1. Subsection A of section 4, act of May 2, 1945 (P. L. 382), known as the "Municipality Authorities Act of 1945," amended August 7, 1961 (P. L. 936), is amended to read:

Section 4. Purposes and Powers; General.—A. Every Authority incorporated under this act shall be a body corporate and politic, and shall be for the purpose of acquiring, holding, constructing, improving, maintaining and operating, owning, leasing, either in the capacity of lessor or lessee, projects of the following kind and character, buildings to be devoted wholly or partially for public uses, including public school buildings, and for revenue-producing purposes; transportation, marketing, shopping, terminals, bridges, tunnels, flood control projects, highways, parkways, traffic distribution centers, parking spaces, airports, and all facilities necessary or incident thereto, parks, recreation

**Municipality
Authorities Act
of 1945.**

**Subsection A,
section 4, act of
May 2, 1945,
P. L. 382,
amended August
7, 1961, P. L.
936, further
amended.**