

incurred. Such costs shall be chargeable to the estate of such patient, or to the person liable for his support: Provided, That if such estate or person is unable to pay the same, the county or poor district liable for the support of such patient shall be liable for such costs.

How chargeable.

Proviso.

If the patient is committed by order of court, the court or judge shall determine, at the time of commitment, the liability for such costs, *shall designate the responsible county or poor district*, and shall assess the same as shall seem to him just and proper.

Court to determine liability for costs.

Section 507. The expenses of the care and maintenance, including clothing *in any mental hospital of an insane [prisoners] or mentally defective person undergoing sentence for a criminal offense* shall be paid [in the same manner as the costs of commitment of such prisoner, as provided in section five hundred and two of this act] *by the county liable for the maintenance of the patient in the prison, penitentiary, reformatory, or other penal or correctional institution from which he was transferred*: Provided, That if the term of sentence of any prisoner shall expire while he is still a patient in any hospital, such expenses shall thereupon become chargeable as provided in section five hundred and three of this act.

Expenses of care and maintenance of insane prisoners.

Proviso.

Section 2. This act shall become effective the first day of June, one thousand nine hundred thirty-seven.

When effective.

APPROVED—The 28th day of May, A. D. 1937.

GEORGE H. EARLE

No. 268

AN ACT

To amend sections one and two as amended, and sections four, six, and seven of the act, approved the seventeenth day of June, one thousand nine hundred and fifteen (Pamphlet Laws, one thousand twelve), entitled "An act regulating the business of loaning money in sums of three hundred (\$300) dollars or less, either with or without security, to individuals pressed by lack of funds to meet immediate necessities; fixing the rate of interest and charges therefor; requiring the licensing of lenders; and prescribing penalties for the violation of this act," by restricting the business of lending by others than licensed lenders; by enlarging the powers of the Secretary of Banking; providing for the refusal or revocation of licenses; authorizing the Secretary of Banking to make rules and regulations, and providing penalties for the violation thereof; requiring licensees to file annual reports; increasing the license fee; reducing the rate of interest on loans; extending the rights, powers, duties, liabilities, and immunities of, and limitations upon, the rights and powers of licensed lenders; increasing the penalty for operation without a license; bringing certain transactions within the scope

of the act; providing additional exemptions from the provisions of the act; providing for appeal to the courts in certain cases; and imposing additional penalties.

Sections 1 and 2, act of June 17, 1915 (P. L. 1012), as amended by act of June 4, 1919 (P. L. 375), further amended.

Section 1. Be it enacted, &c., That sections one and two of the act, approved the seventeenth day of June, one thousand nine hundred and fifteen (Pamphlet Laws, one thousand twelve), entitled "An act regulating the business of loaning money in sums of three hundred (\$300) dollars or less, either with or without security, to individuals pressed by lack of funds to meet immediate necessities; fixing the rate of interest and charges therefor; requiring the licensing of lenders; and prescribing penalties for the violation of this act," as amended by the act, approved the fourth day of June, one thousand nine hundred and nineteen (Pamphlet Laws, three hundred seventy-five), are hereby further amended to read as follows:

Regulating the making of such loans.

Section 1. Be it enacted, &c., That on and after the passage of this act, it shall be [lawful] *unlawful* for any person, persons, partnership, association, or corporation, within this Commonwealth, [who shall comply with the requirements of this act] to *make a loan of money, credit, goods, or things in action, in the amount or of the value of* [in sums of] three hundred (\$300) dollars or less, either with or without security, to individuals pressed by lack of funds to meet immediate necessities, and charge, [and collect for the] *contract for, or receive on, any such loan* [thereof] *a rate of interest, [as hereinafter provided, under the following conditions] discount, fines, charges, or consideration, greater than six per centum (6%) per annum, without first obtaining a license from the Secretary of Banking in accordance with the provisions of this act.*

To whom money may be loaned.

Applications for license.

License fee.

Issue of license. Expiration.

Renewal. Corporations.

Resident agent.

(a) Any person or persons, firm, corporation, or association, applying for the same under oath and in the form prescribed by the *Secretary of Banking*, [Commissioner] and paying the sum of [fifty (\$50)] *one hundred (\$100)* dollars, may, in the discretion of the *Secretary of Banking*, [Commissioner] except as hereinafter provided, obtain a license for carrying on the said business. The said license shall be issued by the *Secretary of Banking*, [Commissioner] and shall expire the first day of June next following the date of its issuance, but no abatement of said charge shall be made if licenses are issued for less than one year. Every such license shall be renewed annually on the first day of June in each year. No license shall be granted to any corporation unless and until such corporation shall, in writing and in due form, to be first approved by and filed by the *Secretary of Banking*, [Commissioner] appoint an agent, resident in the Commonwealth of Pennsylvania, upon whom all judicial and other process or legal notice di-

rected to such corporation may be served, and, in the case of the death, removal from the Commonwealth, or any legal disability or disqualification of any such agent, service of such process or notice may be made upon the *Secretary of Banking* [Commissioner]. The said [commissioner] *Secretary of Banking* shall have the power to reject any application for license, if he is satisfied that the *financial responsibility, experience, character and general fitness* of the applicant or applicants [is] are not such as to command the confidence of the community and to warrant the conclusion that the business will be honestly transacted in accordance with the intent and purpose of this act, *or if he is not satisfied that allowing such applicant to engage in business will promote the convenience and advantage of the community in which the business of the applicant is to be conducted, or if it shall appear to the Secretary of Banking that the business of the applicant is, or is to be, substantially that generally conducted by pawnbrokers.* The said [commissioner] *Secretary of Banking* may, upon the expiration of thirty (30) days written notice to the licensee, forwarded by registered mail to the address of the place of business of such licensee, as shown in the application for license, stating the contemplated action and, in general, the grounds therefor, revoke any license if the licensee shall violate any of the provisions of this act, *or if the licensee shall violate any rule or regulation made by the Secretary of Banking under and within the authority of this act, or if the licensee shall fail to comply with any demand, rule or regulation lawfully made by the Secretary of Banking under and within the authority of this act, or if the licensee shall fail to pay the cost of an examination by the Secretary of Banking or his authorized representative, or if the licensee has failed to maintain in effect the bond required under the provisions of this act, or if the licensee shall fail to file the annual report to the Secretary of Banking within the time stipulated in this act, or if any fact or condition exists, which, if it had existed at the time of original application for such license, clearly would have warranted the Secretary of Banking originally in refusing to issue such license.* Whenever the *Secretary of Banking* shall issue a notice of intention to revoke a license issued pursuant to this act, the licensee may, within ten (10) days of the date of such notice, file with the *Secretary of Banking* an application for a hearing before the Department of Banking. Upon receipt of such application, the *Secretary of Banking* shall fix the time and place for such hearing. After such hearing, the *Secretary of Banking* may recall the notice of intention to revoke the license, or he may, after the expiration of thirty (30) days written notice to the licensee of such intention, re-

Service of process.

Rejection of application.

Revocation of license.

voke the license. Whenever the Secretary of Banking issues a notice of intention to revoke a license, and the licensee does not file an application for a hearing before the Department of Banking as in this act provided, or whenever the Secretary of Banking issues a notice of intention to revoke a license after a hearing before the Department of Banking, the licensee may, within the period of thirty days provided in the notice, appeal from such action to the court of common pleas of Dauphin County. Whenever such license is revoked, the [commissioner] Secretary of Banking shall not issue another to said licensee until the expiration of at least one year from the date of revocation of such license, and not at all if such licensee shall have been convicted of a violation of this act for a second offense, under the provisions of section six (6) thereof. When a license is not renewed, or when a license is surrendered, or when a license has been revoked by the Secretary of Banking, the licensee shall forfeit the privilege of granting new loans at interest permitted under this act, and shall also forfeit the right to collect interest in excess of 6% per annum on outstanding loans. In addition to said license fee, said licensee shall pay for the examination by said Secretary of Banking, [Commissioner] as hereinafter provided. Every such applicant shall execute and file a bond to the Commonwealth of Pennsylvania, in the penal sum of five thousand (\$5,000) dollars, with the Secretary of Banking, [Commissioner] to be approved by him, for the faithful observance of all laws relating to such business. Said bond shall be executed by a surety company authorized by the laws of Pennsylvania to transact business within the Commonwealth, and such bond shall be renewed and refilled annually not later than the first day of June in each year.

Bond.

Surety.

Filing and renewal.

Contents of license.

Posting of license.

One office.

(b) The license shall state fully the name or names of the person, *persons*, *partnership*, *association*, or corporation, [and of every member of the firm or association] authorized to do business thereunder, and the location of the office or place of business in which the business is to be conducted. [and, in the case of a coporation, shall also state the date and place of its incorporation, the names of its directors for the period for which the license is issued, and the name and address of the agent as provided in section one (1) of this act.] Such license shall be kept posted in a conspicuous place in the office where the business is transacted. No [person, persons, firm, corporation, or association so licensed] licensee shall transact or solicit business under any other name, or at any other office or place of business, than that named in the license. Not more than one office or place of business shall be maintained under the same license, and no loans or advancements shall be made,

*applications received, notes or contracts signed, or payments received, at any other place of business than that designated in the license. But, in case of a removal, the Secretary of Banking [Commissioner] may, on application, indorse thereon a transfer to the new place of business, with the date of transfer, and from the time of such indorsement the new place so designated shall be deemed the place designated in the license. A licensee shall not conduct the business of making loans under this act within any office, room or place of business in which any other business is solicited or engaged in, or in association or conjunction therewith, except as may be authorized in writing by the Secretary of Banking.*

(c) *The Secretary of Banking [Commissioner] shall, either personally or by such person or persons as he may appoint for the purpose, at least once a year and oftener if he deems it advisable, investigate the business and affairs of every such licensee, and, for that purpose, shall have free access to the vaults, books, and papers thereof, and other sources of information with regard to the business of such licensee, and shall ascertain the condition of the business and whether it has been transacted in accordance with the law, and the rules and regulations lawfully made by the Secretary of Banking. Said [commissioner] Secretary of Banking and every examiner appointed by him shall have authority to examine, under oath or affirmation, any person whose testimony relative to the business of any such licensee may be required on any such examination. The cost of every such examination shall be paid by the licensee so examined, and said [commissioner] Secretary of Banking may maintain an action for the recovery of such costs in any court of competent jurisdiction.*

Investigation.

Examinations  
under oath.

Costs.

(d) *The Secretary of Banking is hereby authorized and empowered to make general rules and regulations governing advertising of licensees' contracts with borrowers, computation of interest charges, books, records, and accounts of licensees, and treatment of collateral; and he is further authorized and empowered to make specific demands, rulings, and requirements for the proper conduct of the business contemplated by this act, and for the enforcement of this act, which rules and regulations shall have the force and effect of law.*

(e) *For the purpose of discovering violations of this act or securing information required by him hereunder, the Secretary of Banking, or the examiners appointed by him, may at any time investigate the business and examine the books, accounts, records, and files used therein of every person, persons, partnership, association or corporation who or which shall be engaged in the business of making loans, or who or which shall advertise or offer to make loans, 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 Secretary of Banking shall have free access to the office and places of business, books, accounts, papers, records, files, safes, and vaults of all such persons.

(f) The Secretary of Banking shall be authorized to require the attendance and testimony of witnesses and the production of any books, accounts, records, papers, and correspondence relating to such business, which the Secretary of Banking has authority by this act to consider or investigate, and for this purpose the Secretary of Banking 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 Secretary of Banking, the Secretary of Banking may invoke the aid of the court of common pleas of Dauphin County or any court of common pleas of the Commonwealth, 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, records, papers, and correspondence relative to the matter in question. Any failure to obey such order of the court may be punished as for contempt of court.

(g) Every person, persons, partnership, association or corporation licensed under this act shall annually, on or before the first day of March, file a report with the Secretary of Banking, giving such information as the Secretary of Banking may require concerning the business and operations, during the previous calendar year, of such licensed place of business conducted by such licensee within this Commonwealth. Such report shall be made under oath, and shall be in the form prescribed by the Secretary of Banking.

Loans of \$300  
or less.

Section 2. Any person, persons, copartnership, association, or corporation who shall obtain a license in accordance with the provisions of section one of this act, shall be entitled to loan money in sums of three hundred (\$300) dollars or less, either with or without security, to individuals pressed by lack of funds to meet immediate necessities, at his, their, or its place of business, for which said license is issued, and to charge the borrowers thereof, for its use or loan, interest at a rate not to exceed three [and one-half ( $3\frac{1}{2}$ )] (3) per centum per month on that part of the unpaid principal balance of any loan not in excess of one hundred fifty (\$150) dollars, and two (2) per centum per month on any remainder of such unpaid principal balance. In the case of loans made upon the security of tangible personal property, physical possession of which is taken by the licensee, the licensee shall not charge interest at a rate

Rate of interest.

\* "subpoened" in the original.

*in excess of such rates as are provided for by the act, approved the sixth day of April, one thousand nine hundred and thirty-seven, Number 51 (Pamphlet Laws, . . .\*), for loans of similar character, or the rates provided by this act, whichever are the lower: Provided, however, That in no event shall the rates charged exceed the rates provided by this act. No licensee shall induce or permit any borrower to split up or divide any loan. No licensee shall induce or permit any person, nor any husband and wife jointly or severally, to become obligated directly or contingently, or both, under more than one contract of loan at the same time, for the purpose or with the result of obtaining a higher rate of interest than would otherwise be permitted by this section. No fees, fines, or other charges, either in addition to or as a part of the above specified interest, shall be charged or collected under any pretext whatsoever.*

Proviso.

*A contract for a loan under the provisions of this act shall not be made for a period in excess of eighteen (18) months. Interest on any unpaid balances after eighteen (18) months shall be payable at the rate of six (6%) per centum per annum. Interest shall not be payable in advance or compounded, and shall be computed only on unpaid balances for the time that has elapsed at date of payment. Whenever a judgment is entered after the enactment of this act, following the expiration of contracts made prior to the enactment of this act, interest shall be computed at the rate of six (6%) per centum per annum. If interest in excess of that hereinbefore prescribed shall be received by any licensee, the said licensee shall thereupon lose all his right to collect or receive the interest allowed under this act, and shall be entitled to recover from the borrower only the amount actually loaned, together with interest at the rate of six per centum per annum upon unpaid balances, less any and all amounts already paid by the borrower on account of said loan, either as principal or interest. Any person, borrowing money from any licensee under this act, who shall be charged and pay any interest in excess of that prescribed and allowed by the provisions of this act, shall be entitled to recover back from the lender, by action at law begun at any time within two years from the date of the last payment, any and all sums of money so charged and paid in excess of the amount of the original loan, together with interest at the rate of six per centum per annum upon unpaid balances up to the date of final payment of said loan, and in addition fifty (\$50) dollars as a penalty, to be paid to the borrower.*

Computation and compounding of interest.

Excess charges.  
Rights of lender.

Recovery by borrower of excess interest paid.

Section 2. That sections four, six, and seven of said act are hereby amended to read as follows:

Sections 4, 6, and 7, amended.

Section 4. Wherever payment is made on account of a loan to which the provisions of this act shall apply,

Receipt for payment.

\* Pamphlet Laws, 200.

Application of  
payment.

the person receiving such payment shall, when payment is made, give to the person paying a receipt, setting forth the amount then paid [the total amount previously paid] *on account of interest, if any, the amount then paid on account of principal, if any,* and the amount remaining due *on principal*, identifying the instrument accompanying the loan to which the payment is to be applied.

Violations.

Misdemeanor.  
Penalty.

Section 6. A. Every person, persons, copartnership, association, or corporation *licensed under this act*, or any partner, director, officer, agent, or member thereof, who shall violate any provision of this act, or shall direct or consent to such violation, [or who shall lend money in sums of three hundred (\$300) dollars or less, and charge or receive for the loan or use thereof interest in excess of six per centum (6%) per annum, without first having complied with the provisions of section one of this act] shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine of not more than five hundred (\$500) dollars for the first offense; and, for each subsequent offense, a like fine, and to suffer imprisonment not to exceed six months, or both, in the discretion of the court.

B. *Every person, persons, copartnership, association, or corporation, or any partner, director, officer, agent, or member thereof, who shall, directly or indirectly, as principal, agent, or broker, by any device, subterfuge or pretense whatsoever, charge, contract for, or receive any interest, discount, fees, fines, charges or consideration greater than six per centum (6%) per annum upon the loan, use or forbearance of money, goods, or things in action, or upon the loan, use or sale of credit, of the amount or value of three hundred (\$300) dollars or less, without having obtained a license under this act, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine of not less than five hundred (\$500) dollars or more than five thousand (\$5,000) dollars, or to suffer imprisonment of not less than six (6) months or more than three (3) years, or both, at the discretion of the court.*

C. *No loan of the amount or value of three hundred (\$300) dollars or less for which interest, discount fees, charges or consideration greater than six per centum (6%) per annum has been charged, contracted for, or received, except as authorized by this act, wherever made, shall be enforced in this Commonwealth, and the borrower shall not be required to pay any principal, interest or charges whatsoever. This provision shall not apply to loans legally made in any state which then has in effect a regulatory small loan law similar in principle to this act.*

D. *The payment of three hundred (\$300) dollars or less in money, credit, goods, or things in action as con-*



sideration 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.

E. The payment of three hundred (\$300) dollars 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.

F. When real or personal property is pledged as security on a loan of three hundred (\$300) dollars or less, and the lender requires the borrower to pay for insurance thereon, or when the lender requires life insurance as security to a loan of three hundred (\$300) dollars or less, 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 7. This act shall not affect any [existing] laws of this Commonwealth, special or general, authorizing a charge for the loan of money in excess of interest at the legal rate: And provided, That this act shall not apply to any person, persons, partnership, association, or corporation operating under the laws relating to banks, bank and trust companies, trust companies, private banks, savings banks, national banking associations, building and loan associations, consumers' discount companies, or pawn-brokers.

Laws of the State.

Proviso.

Section 3. Constitutional Construction.—It is hereby declared to be the legislative intent that if this act cannot

Constitutional provision.

\* "purpose" in the original.

take effect in its entirety because of the decision of any court holding unconstitutional any part hereof, the remaining provisions of the act shall be given full force and effect as completely as if the part held unconstitutional had not been included herein.

When effective.

Section 4. Effective Date.—This act shall become effective immediately upon final enactment.

APPROVED—The 28th day of May, A. D. 1937.

GEORGE H. EARLE

No. 269

AN ACT

To further amend section two thousand four hundred and two of the act, approved the ninth day of April, one thousand nine hundred and twenty-nine (Pamphlet Laws, one hundred seventy-seven), entitled "An act providing for and reorganizing the conduct of the executive and administrative work of the Commonwealth by the Executive Department thereof and the administrative departments, boards, commissions, and officers thereof, including the boards of trustees of State Normal Schools, or Teachers Colleges; abolishing, creating, reorganizing or authorizing the reorganization of certain administrative departments, boards, and commissions; defining the powers and duties of the Governor and other executive and administrative officers, and of the several administrative departments, boards, commissions, and officers; fixing the salaries of the Governor, Lieutenant Governor, and certain other executive and administrative officers; providing for the appointment of certain administrative officers, and of all deputies and other assistants and employes in certain departments, boards, and commissions; and prescribing the manner in which the number and compensation of the deputies and all other assistants and employes of certain departments, boards, and commissions shall be determined," authorizing the Department of Property and Supplies, with the consent of the proper board of trustees, to grant rights of ways or easements over State institution lands for public road purposes.

The Administrative Code.

Section 2402, act of April 9, 1929 (P. L. 177), as amended by act of June 1, 1931 (P. L. 350), amended.

Section 1. Be it enacted, &c., That section two thousand four hundred and two of the act, approved the ninth day of April, one thousand nine hundred and twenty-nine (Pamphlet Laws, one hundred seventy-seven), entitled "An act providing for and reorganizing the conduct of the executive and administrative work of the Commonwealth by the Executive Department thereof and the administrative departments, boards, commissions, and officers thereof, including the boards of trustees of State Normal Schools, or Teachers Colleges; abolishing, creating, reorganizing or authorizing the reorganization of certain administrative departments, boards, and commissions; defining the powers and duties of the Governor and other executive and administrative officers, and of the several administrative departments, boards, commissions, and officers; fixing