

No. 40

AN ACT

To amend the title and to further amend the act, approved the seventeenth day of June, one thousand nine hundred fifteen (Pamphlet Laws 1012), 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 rates of interest and charges therefor; requiring the licensing of lenders; and prescribing penalties for the violation of this act," by increasing the maximum loan to six hundred (\$600) dollars, fixing the rates of interest on balances in excess of three hundred (\$300) dollars, and extending the maturity limitation on loans.

Loans.

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

Title, act of June 17, 1915, P. L. 1012, amended.

Section 1. The title of the act, approved the seventeenth day of June, one thousand nine hundred fifteen (Pamphlet Laws 1012), 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 rates of interest and charges therefor; requiring the licensing of lenders; and prescribing penalties for the violation of this act," is hereby amended to read as follows:

AN ACT

Amended title.

Regulating the business of loaning money in sums of [three hundred (\$300)] *six hundred (\$600)* dollars or less, either with or without security, to individuals pressed by lack of funds to meet immediate necessities; fixing the rates of interest and charges therefor; requiring the licensing of lenders; and prescribing penalties for the violation of this act.

First paragraph of section 1 and sections 2 and 6, said act, as last amended by act of May 28, 1937, P. L. 989, further amended.

Section 2. The first paragraph of section 1 and sections 2 and 6 of said act, as last amended by the act, approved the twenty-eighth day of May, one thousand nine hundred and thirty-seven (Pamphlet Laws 989), are hereby further amended to read as follows:

Loans of \$600 or less regulated.

Section 1. Be it enacted, &c., That on and after the passage of this act, it shall be unlawful for any person, persons, partnership, association, or corporation, within this Commonwealth, to make a loan of money, credit, goods, or things in action, in the amount or of the value of [three hundred (\$300)] *six hundred (\$600)* dollars or less, either with or without security, to individuals pressed by lack of funds to meet immediate necessities,

and charge, contract for, or receive on, any such loan a rate of interest, 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.

Lenders to obtain license.

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)] *six hundred (\$600)* 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 (3) per centum per month on that part of the unpaid principal balance of any loan not in excess of one hundred and fifty (\$150) dollars, and two (2) per centum per month *on that part of the unpaid principal balance of any loan in excess of one hundred fifty (\$150) dollars but not in excess of three hundred (\$300) dollars, and one (1) 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 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 (200), 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.

Rates of interest.

Proviso.

Prohibited acts.

A contract for a loan under the provisions of this act shall not be made for a period in excess of [eighteen (18)] *twenty-four (24)* months. Interest on any unpaid balances after [eighteen (18)] *twenty-four (24)* 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 pay-

Period of loan.

Method of computing interest.

- ment. 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.
- Excess charges.**
- Recovery by borrower of excess interest paid.**
- Violations.** 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, 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.
- Penalty.**
- Failure to obtain license.** 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)] *six hundred (\$600)* 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.
- Penalty.**

* "or" in original.

C. No loan of the amount or value of [three hundred (\$300)] *six hundred (\$600)* 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.

Illegal loans.

Rights of borrower.

Exception.

D. The payment of [three hundred (\$300)] *six hundred (\$600)* dollars 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.

Loans secured by assignment of wages, etc.

E. The payment of [three hundred (\$300)] *six hundred (\$600)* 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.

Loans secured by real or personal property.

F. When real or personal property is pledged as security on a loan of [three hundred (\$300)] *six hundred (\$600)* 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)] *six hundred (\$600)* 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 busi-

Charges for insurance on loans.

ness in Pennsylvania, the excess shall be construed as interest under this act.

Act effective 30
days after final
enactment.

Section 3. The provisions of this act shall become effective thirty days after final enactment.

APPROVED—The 2nd day of June, A. D. 1953.

JOHN S. FINE

No. 41

AN ACT

To further amend subsection (e) of section 608 of the act, approved the first day of May, one thousand nine hundred twenty-nine (Pamphlet Laws 905), entitled "An act for the protection of the public safety; regulating the use of highways, and the operation of vehicles, tractors, street cars, trackless trolley omnibuses, bicycles, pedestrians, and the riding of animals upon the highways of this Commonwealth; providing for the titling, including liens, encumbrances, and legal claims; registration of certain vehicles and licensing the operators thereof, upon payment of prescribed fees; prescribing and limiting the powers of local authorities to deal with the subject matter of this act; conferring powers and imposing duties upon the Department of Revenue, the Department of Highways, peace officers, mayors, burgesses, magistrates, aldermen, justices of the peace, the courts and the clerks thereof, owners of vehicles, and garage keepers; providing that records are admissible as evidence; imposing upon owners, counties, cities, boroughs, incorporated towns, townships, within the Commonwealth, liability for damages caused by the negligent operation of their motor vehicles; imposing penalties; imposing certain costs upon counties; providing for the disposition of fines, forfeitures, fees, and miscellaneous receipts; making an appropriation and providing for refunds," by changing applicant and operators license requirements.

"The Vehicle
Code."

Subsection (e) of
section 608, act
of May 1, 1929,
P. L. 905, as last
amended by act
of August 24,
1951, P. L. 1368,
further amended.

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

Section 1. Subsection (e) of section 608 of the act, approved the first day of May, one thousand nine hundred twenty-nine (Pamphlet Laws 905), entitled "An act for the protection of the public safety; regulating the use of highways, and the operation of vehicles, tractors, street cars, trackless trolley omnibuses, bicycles, pedestrians, and the riding of animals upon the highways of this Commonwealth; providing for the titling, including liens, encumbrances, and legal claims; registration of certain vehicles and licensing the operators thereof, upon payment of prescribed fees; prescribing and limiting the powers of local authorities to deal with the subject matter of this act; conferring powers and imposing duties upon the Department of Revenue, the Department of Highways, peace officers, mayors, burgesses, magistrates, aldermen, justices of the peace,