

No. 1991-1

AN ACT

HB 67

Amending the act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), entitled "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," reenacting and amending provisions relating to service charges; and restricting collection activities.

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

Section 1. Section 501(a) and (b) of the act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act, reenacted July 11, 1989 (P.L.573, No.57), are reenacted to read:

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 does not exceed the equivalent of eighteen percent (18%) simple interest per annum.

(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.

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Section 2. Section 604 of the act is amended to read:

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.

Section 3. Section 904(a) of the act, reenacted July 11, 1989 (P.L.573, No.57), is reenacted to read:

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, one and one-half percent (1 1/2%) per month.

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Section 4. Sections 904.2(c) and 904.3 of the act, reenacted and amended July 11, 1989 (P.L.573, No.57), are reenacted and amended to read:

Section 904.2. * * *

(c) **[This] Subsection (a) of this section shall expire on June 1, 1994, unless extended by statute. Subsection (b) of this section shall expire three (3) years from February 26, 1988, unless extended by statute.**

Section 904.3. The rates permitted under sections 501(a) and 904(a) shall automatically revert to the rates in effect on March 24, 1982, unless specifically reenacted on or before **[February 26, 1991] June 1, 1994.**

Section 5. This act shall take effect immediately.

APPROVED—The 21st day of February, A. D. 1991.

ROBERT P. CASEY