

No. 1992-29

## AN ACT

HB 626

Amending Title 51 (Military Affairs) of the Pennsylvania Consolidated Statutes, providing for termination of leases by persons in military service, for implementation of interest rate ceilings, for deferral of motor vehicle insurance and for exceptions to financial responsibility requirements.

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

Section 1. Title 51 of the Pennsylvania Consolidated Statutes is amended by adding sections to read:

**§ 7315. Termination of leases and similar obligations by military personnel.**

*(a) Applicability.—This section shall apply to members of the Pennsylvania National Guard who are called or ordered to active duty with the armed forces of the United States, other than active duty for training, or to State active duty under this title, and members of other reserve components who are called or ordered to active duty with the armed forces of the United States, other than active duty for training, when the period of active duty or State active duty is 30 consecutive days or more.*

*(b) Leases which may be terminated.—A member of the Pennsylvania National Guard or other reserve component of the armed forces of the United States, as described in subsection (a), or his agent or attorney-in-fact may terminate or cancel without cost, payment or penalty any lease for premises occupied or used by the member for dwelling, professional, business or agricultural purposes and any lease for an automobile, other motor vehicle, boat, aircraft, furniture, appliances, fixtures or other tangible personal property used by the member for personal, business, agricultural or other private use, provided the lease was executed by or on behalf of the member prior to the commencement of the period of active duty or State active duty and provided the lease was not intended as security under the definition of "security interest" in 13 Pa.C.S. § 1201 (relating to general definitions).*

*(c) Procedures for termination.—The member may terminate or cancel the lease by notice in writing delivered to the lessor or to the lessor's agent at any time following the beginning of the member's active duty or State active duty. Delivery of the notice may be accomplished by placing it in an envelope properly stamped and duly addressed to the lessor or the lessor's agent and depositing the notice in the United States mail. In the case of leases of premises or tangible personal property providing for monthly payments, termination of the lease shall be effective 30 days after the first date on which the next rental or lease payment is due and payable subsequent to the date when the notice is mailed or delivered. In the case of all other leases, termination*

shall be effective on the last day of the month following the month in which the notice is delivered or mailed, and, in such case, any rental paid in advance for a period after termination shall be refunded to the member by the lessor or his agent.

(d) *Relief granted to lessor.*—Upon application by the lessor to the appropriate court of common pleas prior to the termination provided for in this section, any relief granted by this section shall be subject to such modifications or restrictions as, in the opinion of the court, justice and equity may require in the circumstances. This section does not prohibit the forfeiture, in whole or in part, of a security or damage deposit paid by the member when the forfeiture is authorized by law and the lessor demonstrates that the forfeiture of the deposit is necessary to pay for actual damages to the premises or tangible personal property arising during the period prior to termination of the lease when the premises or tangible personal property were under the care, custody and control of the member or his family.

(e) *Memberships subject to termination.*—A member of the Pennsylvania National Guard or other reserve component of the armed forces of the United States, as described in subsection (a), may terminate without cost or penalty any membership or similar obligation incurred prior to the member's entry on active duty in a health club, fitness center, country club, outdoor or indoor recreational organization or similar organization where periodic payments are required to maintain membership, or the member, at his option, may suspend his periodic payments during his period of active service and shall be readmitted to active membership without payment of any initiation or other initial membership fee upon release from active service. The notice described in subsection (c) shall be sufficient for a member to notify the club or organization of the termination or suspension of membership.

§ 7316. *Maximum rates of interest and scheduling of debts.*

(a) *Applicability.*—This section shall apply to members of the Pennsylvania National Guard who are called or ordered to active duty with the armed forces of the United States, other than active duty for training, or to State active duty under this title, and members of other reserve components who are called or ordered to active duty with the armed forces of the United States, other than active duty for training, when the period of active duty or State active duty is 30 consecutive days or more.

(b) *Maximum rates of interest.*—No obligation or liability bearing interest at a rate in excess of the rate established under section 206 of the Soldiers' and Sailors' Civil Relief Act of 1940 (54 Stat. 1178, 50 U.S.C. App. § 526), as may be amended from time to time, incurred by a person in military service, as described in subsection (a), shall, during any part of the period of service which occurs after the enactment of this section, bear interest at a rate in excess of the rate under section 206, calculated as an annual percentage rate in accordance with applicable laws and regulations, unless, in the opinion of the court, upon application thereto by the obligee, the ability of the person in the military service to pay interest upon the obligation or liability at a rate in excess of the rate under section 206 is not materially affected by reason of service, in which case the court may make the order as in its opinion may be just.

(c) *Recalculation of repayment schedule.*—Upon the reduction of the annual rate of interest pursuant to this section, there shall be a corresponding and proportionate reduction of the amount of any periodic payments made to satisfy the obligation based on a recalculation of the repayment schedule with the same repayment frequency and an interest rate equal to the rate established under section 206 of the Soldiers' and Sailors' Civil Relief Act of 1940, amortized over the original term of the loan.

(d) *Rescheduling of debt payments.*—When a member's income is materially reduced as a result of his being called or ordered to active duty, the member, his spouse or his agent or attorney-in-fact may apply to his creditors for a rescheduling of his debt payments to take into account the material reduction in his income. The member, his spouse or his agent or attorney-in-fact shall provide the creditor with a statement of his income prior to being called or ordered to active duty and his income thereafter. Based on proof of a material reduction in income, the creditor shall thereafter adjust or reschedule the monthly or other periodic payments of the member. Nothing in this subsection shall be construed to relieve a member of the obligation to repay the principal of his debt after his release or discharge from active duty and restoration of his income at periodic payments equal to those in effect prior to activation.

(e) *Interest.*—As used in this section, the term "interest" includes service charges, renewal fees, fees or any other charges, except bona fide insurance, in respect of the obligation or liability.

§ 7317. *Deferred motor vehicle insurance coverage.*

(a) *Applicability.*—This section shall apply to members of the Pennsylvania National Guard who are called or ordered to active duty with the armed forces of the United States, other than active duty for training, or to State active duty under this title, and members of other reserve components who are called or ordered to active duty with the armed forces of the United States, other than active duty for training, when the period of active duty or State active duty is 30 consecutive days or more.

(b) *Deferral of coverage.*—A member of the Pennsylvania National Guard or other reserve component of the armed forces of the United States, as described in subsection (a), may defer without cost or penalty motor vehicle insurance coverage during the period of active duty on one or more vehicles owned by the member, either individually or jointly with another person, provided the member certifies to the insurer the vehicle will not be operated during his absence on active duty, and, if a motor vehicle serves as collateral for a loan, the member shall continue to insure it against the risks of property damage and theft as required by the lender.

(c) *Limited exemption.*—Any person described in subsection (a) shall have the same limited exemption from financial responsibility requirements as established in 75 Pa.C.S. § 1786(d)(2) (relating to required financial responsibility).

(d) *Refund or crediting of prepaid premiums.*—The insurer shall, at the election of the member, refund premiums paid for coverage during the period of deferral or credit such premiums to coverage in effect after the end of the deferral period.

***(e) Reinstatement of deferred coverage.—Upon the member's release or discharge from active duty, the insurer shall, upon notice, reinstate the member's coverage at the rates then in effect.***

Section 2. This act shall take effect immediately.

APPROVED—The 16th day of April, A. D. 1992.

ROBERT P. CASEY