

No. 1992-55

## AN ACT

SB 1606

Amending the act of June 28, 1947 (P.L.1110, No.476), entitled "An act defining and regulating certain installment sales of motor vehicles; prescribing the conditions under which such sales may be made and regulating the financing thereof; regulating and licensing persons engaged in the business of making or financing such sales; prescribing the form, contents and effect of instruments used in connection with such sales and the financing thereof; prescribing certain rights and obligations of buyers, sellers, persons financing such sales and others; limiting incidental charges in connection with such instruments and fixing maximum interest rates for delinquencies, extensions and loans; regulating insurance in connection with such sales; regulating repossessions, redemptions, resales and deficiency judgments and the rights of parties with respect thereto; authorizing extensions, loans and forbearances related to such sales; authorizing investigations and examinations of persons engaged in the business of making or financing such sales; prescribing penalties and repealing certain acts," further providing for installment sale contract requirements.

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

Section 1. Subsection F of section 13 of the act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act, amended April 4, 1990 (P.L.110, No.25), is amended to read:

Section 13. Requirements as to Contracts.—

\* \* \*

F. Every installment sale contract shall provide for payment of the time balance in substantially equal periods and in substantially equal amounts: **Provided, That when] except:**

1. *When* the buyer expects his income to vary because of seasonal employment, seasonal sales, use of accelerated depreciation for tax purposes or other known cause, the contract may provide for payment of the time balance in amounts which vary with such expected varying income.

2. An installment sale contract for the sale of a heavy commercial motor vehicle shall be exempt from the requirement that payments must be for substantially equal periods and in substantially equal amounts.

3. An installment sale of a new motor vehicle to a bona fide salesman or of motor vehicles to be used by him principally as a demonstrator shall be exempt from the equal payment schedule requirement of this section.

4. *Where the installment sale contract provides for fixed residual value financing. As used in this clause, "fixed residual value financing" shall mean the manner of purchase whereby a buyer who is listed as the owner on the title of the vehicle agrees to select and perform, at the conclusion of a predetermined schedule of installment payments made in substantially equal periods and in substantially equal amounts, one of the following options:*

(a) *satisfy the balance of the contractual amount owing;*

*(b) refinance any balance owing on the terms previously agreed upon at the time of executing the installment sale contract; or*

*(c) surrender the motor vehicle at such time and manner agreed upon at the time of executing the installment sale contract.*

Section 2. This act shall take effect in 60 days.

APPROVED—The 18th day of June, A. D. 1992.

ROBERT P. CASEY