

No. 1994-68

## AN ACT

SB 1229

Amending the act of August 14, 1963 (P.L.1082, No.464), entitled "An act defining and regulating home improvement installment contracts for the modernization, rehabilitation, repair, alteration or improvement upon or in connection with real property; prescribing the requirements of such contracts and limitations on the enforcement thereof; conferring powers and imposing duties upon the courts of common pleas, the Attorney General and district attorneys, and providing remedies and penalties," further providing for mandatory contract items and for finance charge limitation.

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

Section 1. Sections 203 and 301(a) of the act of August 14, 1963 (P.L.1082, No.464), known as the Home Improvement Finance Act, are amended to read:

Section 203. **Mandatory Contract Items.**—Except as provided in sections 306, 307 and 308 of this act, a home improvement installment contract shall contain the following:

(a) The name of the contractor, the place of business of the contractor, the name and address of the buyer as specified by the buyer, the location of the premises to be improved, and a description of the goods and services sufficient to identify them.

(b) The cash price of the goods and services which are the subject matter of the sale.

[(c) The amount of the buyer's down payment, itemizing any allowances given by the contractor, amounts paid in money and in goods and containing a brief description of the goods, if any, traded in.

(d) The unpaid cash balance which is the difference between item (b) and item (c).

(e) The premium paid for each type of any insurance included in the contract for which a separate charge is made, a statement as to whether the insurance is to be procured by the contractor or buyer, and a brief description of each type of coverage and the term thereof.

(f) The amount of official fees, if any.

(g) The principal amount financed, which is the sum of items (d), (e) and (f).

(h) The amount of the finance charge expressed in dollars.

(i) The time balance, which is the sum of items (g) and (h), payable by the buyer to the contractor, the number of installments required, the amount of each installment expressed in dollars and the due date or period thereof.

(j) The time sale price.]

***(c.1) Items required to be disclosed by the Truth in Lending Act (Public Law 90-321, 15 U.S.C. § 1601 et seq.) and regulations issued thereunder for either closed-end or open-end extensions of credit as the case may be.***

**[(k)] (d.1)** If any installment substantially exceeds in amount any prior installment other than the down payment, the following legend printed in ten point bold type or typewritten and underlined: This contract is not payable in installments of equal amounts. Followed, if there be but one larger installment, by: An installment of \$..... will be due on ....., or if there be more than one larger installment, by: Larger installments will be due as follows: ..... (Insert the amount or amounts of every larger installment and its due date).

**[(l)] (e.1)** This contract, subject to liability for any liquidated damage provision thereof authorized by law, may be rescinded by the buyer not later than five P.M. on the business day following the date thereof by giving written notice of rescission to the contractor at his place of business given in this contract, but if you rescind after five P.M. on the business day following, you are still entitled to offer defenses in mitigation of damages and to pursue any rights of action or defenses that arise out of the transaction.

The items need not be stated in the sequence or order set forth above. Additional items may be included to explain the computation made in determining the amount to be paid by the buyer. The contract need not make any reference to item **[(e) or item (f)] (c.1)** if a charge for the item is not included in the contract.

**Section 301. Finance Charge Limitation.—(a)** The maximum finance charge included in a ***closed-end*** home improvement installment contract payable in substantially equal successive monthly installments beginning one month from the date the finance charge accrues, shall not exceed eight dollars (\$8) per one hundred dollars per annum. Such finance charge shall be computed on the principal amount financed on the contract notwithstanding that the time balance is required to be paid in installments. The finance charge shall not accrue over a longer period than one which commences on the date of substantial completion of the contract and ends on the date when the final installment is payable. For a period less or greater than twelve months or for amounts less or greater than one hundred dollars (\$100), the amount of the maximum finance charge shall be increased or decreased proportionately. A fractional monthly period of fifteen days or more may be considered a full month. If the finance charge computed as above provided is less than twelve dollars (\$12), a minimum finance charge of twelve dollars (\$12) may be made. ***With regard to open-end home improvement installment agreements, the maximum finance charge shall not exceed one and twenty-three one hundredths per cent on the outstanding balance from month to month.***

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

APPROVED—The 1st day of July, A.D. 1994.

ROBERT P. CASEY