

No. 168

AN ACT

To further amend clause (4) of subsection A of section 1001 of the act, approved the fifteenth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 624), entitled, as amended, "An act relating to the business of banking, and to the exercise of fiduciary powers by corporations; providing for the organization of corporations with fiduciary powers, and of banking corporations, with or without fiduciary powers, including the conversion of National banks into State banks, and for the licensing of private bankers and employes' mutual banking associations; defining the rights, powers, duties, liabilities, and immunities of such corporations, of existent corporations authorized to engage in a banking business, with or without fiduciary powers, of private bankers and employes' mutual banking associations, and of the officers, directors, trustees shareholders, attorneys, and other employes of all such corporations, employes' mutual banking associations or private bankers, or of affiliated corporations, associations, or persons; restricting the exercise of banking powers by any other corporation, association, or person, and of fiduciary powers by any other corporation; conferring powers and imposing duties upon the courts, prothonotaries, recorders of deeds, and certain State departments, commissions, and officers; imposing penalties; and repealing certain acts and parts of acts," by further regulating the making of installment loans.

"Banking Code."

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

Clause (4) of subsection A of section 1001, act of May 15, 1933, P. L. 624, as last amended by act of May 20, 1949, P. L. 1526, further amended.

Section 1. Clause (4) of subsection A of section 1001 of the act, approved the fifteenth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 624), entitled, as amended, "An act relating to the business of banking, and to the exercise of fiduciary powers by corporations; providing for the organization of corporations with fiduciary powers, and of banking corporations, with or without fiduciary powers, including the conversion of National banks into State banks, and for the licensing of private bankers and employes' mutual banking associations; defining the rights, powers, duties, liabilities, and immunities of such corporations, of existent corporations authorized to engage in a banking business, with or without fiduciary powers, of private bankers and employes' mutual banking associations, and of the officers, directors, trustees, shareholders, attorneys, and other employes of all such corporations, employes' mutual banking associations or private bankers, or of affiliated corporations, associations, or persons; restricting the exercise of banking powers by any other corporation, association, or person, and of fiduciary powers by any other corporation; conferring powers and imposing duties upon the courts, prothonotaries, recorders of deeds, and certain State departments, commissions, and officers; imposing penalties; and repealing certain

acts and parts of acts," as last amended by the act, approved the twentieth day of May, one thousand nine hundred forty-nine (Pamphlet Laws 1526), is hereby further amended to read as follows:

Section 1001. Powers of Banks, Bank and Trust Companies, or Trust Companies.—A. In addition to the general corporate powers granted by this act, and in addition to any powers specifically granted to a bank or a bank and trust company elsewhere in this act, a bank or a bank and trust company shall have the following powers, subject to the limitations and restrictions imposed by this act:

* * * *

(4) (a) To lend money either upon the security of real or personal property, or otherwise; to charge or to receive in advance interest therefor; to contract for a charge for a secured or unsecured installment loan, which in principal amount shall not exceed thirty-five hundred dollars, and which under its terms shall be repayable in substantially equal installments over a period not exceeding three years, which charge shall be at a rate not exceeding six dollars per one hundred dollars per annum upon the original face amount of the instrument or instruments evidencing the loan for the entire period of the loan, and which such charge may be collected in advance: Provided, That if the entire unpaid balance outstanding on a loan is paid by cash, renewal, or otherwise at any time prior to maturity, the bank or bank and trust company, shall give a refund or credit of the unearned portion of such charge, which refund or credit shall represent at least as great a proportion of the original charge as the sum of the periodical time balances after the date of prepayment bears to the sum of all the periodical time balances under the schedule of payments in the original instrument or instruments evidencing the loan: Provided, however, That the bank, or bank and trust company, shall not be required [to refund or credit any portion of such unearned charge which would result in a net charge on a loan less than the minimum charge provided for herein, nor] to make a refund or credit where the amount thereof, computed as herein set forth, would be less than one dollar for each loan paid prior to the maturity date. No additional amount shall be charged or contracted for, directly or indirectly, on or in connection with any such installment loan, except the following: (a) Delinquency charges not to exceed five cents for each dollar of each installment more than fifteen days in arrears: Provided, That the total of delinquency charges on any such installment loan shall not exceed fifteen dollars, and only one delinquency charge shall be made on any one installment; (b) Premiums

paid by the bank, or bank and trust company, for insurance required or obtained as security for or by reason of such installment loan; (c) Such amounts as are necessary to reimburse the bank, or bank and trust company, for fees paid to a public officer for filing, recording, or releasing any instrument or lien; and the actual expenditures including reasonable attorneys' fees for legal process or proceedings, to secure or collect any such installment loan. Any advertising concerning such installment loans which contains a statement of an amount, or rate of charge, shall also contain the percentage rate, either per month or per year, computed on declining balances of the face amount of the loan instrument to which such charge would be equivalent if the loan were repaid according to contract: Provided, That this requirement may be complied with by stating the equivalent percentage rate which would earn the charge for such a loan repayable in twelve equal consecutive monthly installments, and such stated rate may be closely approximate, rather than exact, if the statement so indicates: And provided further, That this requirement shall not apply to an advertisement in which an amount, or rate of charge, is indicated only by a table which contains and is confined to examples of the face amount of the loan instrument, the proceeds to the borrower exclusive of the charge, and the amount, number and intervals of the required payments;

(b) The aggregate amount of unpaid principal due from any one borrower on one or more loans granted pursuant to the provisions of this [paragraph] *clause* shall not at any time exceed thirty-five hundred dollars.

(c) *Nothing contained in this clause (4) shall be construed to prohibit a bank or a bank and trust company from taking a single installment note or other instrument evidencing a loan in an amount in excess of that specified in paragraph (a) hereof: Provided, That the rate of interest charged upon such excess shall not be greater than six per centum per annum simple interest.*

APPROVED—The 27th day of July, A. D. 1953.

JOHN S. FINE

No. 169

AN ACT

To further amend subsection C of section 1210 of the act, approved the fifteenth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 624), entitled, as amended, "An act relating to the business of banking, and to the exercise of fiduciary powers by corporations; providing for the organization