

No. 1994-39

AN ACT

HB 2219

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," further providing for delinquency charge and costs of collection; and reenacting and amending provisions relating to service charges.

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

Section 1. The act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as the Goods and Services Installment Sales Act, is amended by adding a section to read:

Section 306.1. On each retail installment account or revolving account a late fee not in excess of twelve dollars (\$12) may be assessed on each minimum payment not paid in full within fifty-nine (59) days following the billing date of the statement on which such minimum payment first appears.

Section 2. Sections 501(a) and (b) and 904(a) of the act, reenacted February 21, 1991 (P.L.1, No.1), 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 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 3. Sections 904.2(c) and 904.3 of the act, reenacted and amended February 21, 1991 (P.L.1, No.1), are reenacted and amended to read:

Section 904.2. * * *

(c) Subsection (a) of this section shall expire **[June 1, 1994] July 1, 1998**, 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 **[June 1, 1994] July 1, 1998**.

Section 4. Section 906 of the act is amended to read:

Section 906. The service charge shall include all charges incident to investigating the making of the retail installment account. No fee, expense, delinquency, collection or other charge whatsoever shall be taken, received, reserved or contracted by the seller or holder of a retail installment account except as provided in this **[article] act**. A seller may, however, in an agreement which is signed by the buyer and of which a copy is given or furnished to the buyer provide for the payment of attorney's fees and costs in conformity with Article X of this act.

Section 5. This act shall take effect immediately.

APPROVED—The 27th day of May, A.D. 1994.

ROBERT P. CASEY