
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 459 Session of
2015

INTRODUCED BY ROSS AND GINGRICH, FEBRUARY 12, 2015

REFERRED TO COMMITTEE ON COMMERCE, FEBRUARY 12, 2015

AN ACT

1 Amending the act of April 8, 1937 (P.L.262, No.66), entitled, as
2 amended, "An act relating to consumer credit; requiring
3 licenses from the Secretary of Banking; restricting licenses
4 to domestic business corporations; fixing minimum capital
5 requirements; conferring certain powers on the Secretary of
6 Banking; limiting interest and other charges; providing
7 certain exemptions; and imposing penalties," further
8 providing for title, for definitions, for required license,
9 for application for license, for license bond, for license
10 fee, for organization and minimum capital, for issuance of
11 license, for records required, for reports to the Secretary
12 of Banking, for examinations by the secretary, for authority
13 of the secretary, for powers conferred on licensees, for
14 licensee requirements and limitations, for statement of
15 contract, for scope of act and for penalties.

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

18 Section 1. The title of the act of April 8, 1937 (P.L.262,
19 No.66), known as the Consumer Discount Company Act, amended June
20 20, 1947 (P.L.665, No.288), is amended to read:

21 AN ACT

22 Relating to consumer credit; requiring licenses from the
23 [Secretary of Banking] Department of Banking and Securities;
24 restricting licenses to domestic business corporations;
25 fixing minimum capital requirements; conferring certain

1 powers on the [Secretary of Banking] Department of Banking
2 and Securities; limiting interest and other charges;
3 providing certain exemptions; and imposing penalties.

4 Section 2. The definition of "contract" in section 2 of the
5 act is amended and the section is amended by adding a definition
6 to read:

7 Section 2. Definitions.--The following terms shall be
8 construed in the act to have the following meanings, except in
9 those instances where the context clearly indicates otherwise:

10 "Department" means the Department of Banking and Securities
11 of the Commonwealth.

12 * * *

13 "Contract" means a promissory or judgment note, bill of
14 exchange, judgment, mortgage, conditional sales, contract, lease
15 or bailment by which the lessee or bailee has the option of
16 becoming or is bound to become the owner of real or personal
17 property upon full compliance with the terms of the agreement,
18 or any other form of negotiable or nonnegotiable instrument
19 evidencing an agreement to pay a sum certain in money at a fixed
20 or determinable time, of not less than ten (10) business days,
21 either by a single payment or by stated installments.

22 * * *

23 Section 3. Section 3A and C of the act, amended or added
24 December 12, 1994 (P.L.1060, No.144) and July 2, 1996 (P.L.490,
25 No.80), are amended to read:

26 Section 3. License Required.--A. On and after the effective
27 date of this act, no person shall engage or continue to engage
28 in this Commonwealth, either as principal, employe, agent or
29 broker, in the business of negotiating or making loans or
30 advances of money on credit, in the amount or value of twenty-

1 five thousand dollars (\$25,000) or less, and charge, collect,
2 contract for or receive interest, discount, bonus, fees, fines,
3 commissions, charges, or other considerations which aggregate in
4 excess of the interest that the lender would otherwise be
5 permitted by law to charge if not licensed under this act on the
6 amount actually loaned or advanced, or on the unpaid principal
7 balances when the contract is payable by stated installments
8 except a domestic business corporation organized under or
9 existing by virtue of the Business Corporation Law of this
10 Commonwealth, after first obtaining a license from the
11 [Secretary of Banking of the Commonwealth of Pennsylvania]
12 department in accordance with the provisions of this act.

13 * * *

14 C. Notwithstanding subsection A, the [Secretary of Banking]
15 department may license a branch office in another state provided
16 the licensee maintains a place of business in this Commonwealth
17 which is licensed under the provisions of this act.

18 Section 4. Section 4 of the act, amended July 2, 1996
19 (P.L.490, No.80), is amended to read:

20 Section 4. Application for License.--The application for
21 such license shall be in writing, under oath and in the form
22 prescribed by the [Secretary of Banking] department. The
23 application shall contain the corporate title of the applicant
24 and any registered or otherwise qualified name to be used as a
25 fictitious business name; the street and number, if any, city,
26 borough, township or municipality, and county where the business
27 is to be conducted; date of incorporation; name and residence
28 address of all directors; and such other information as the
29 [Secretary of Banking] department may require.

30 A separate application on the prescribed form shall be filed

1 for each place of business conducted by a licensee.

2 Section 5. Section 5 of the act, amended July 30, 1963
3 (P.L.335, No.183), is amended to read:

4 Section 5. License Bond.--A bond in the penal sum of five
5 thousand dollars (\$5,000) shall accompany every application for
6 license. Such bond shall be executed by a surety company
7 authorized by the laws of Pennsylvania to transact business
8 within this Commonwealth. The bond shall be renewed and refiled
9 annually not later than June first for the first three
10 consecutive years from the date on which the licensee was first
11 licensed. The bond shall be executed to the Commonwealth of
12 Pennsylvania and shall be for the use of the Commonwealth and
13 for any person or persons who may have a cause of action against
14 the licensee. The condition of the bond shall be that the
15 licensee will comply with and abide by all the provisions of
16 this act and all the rules and regulations of the [Secretary of
17 Banking] department, lawfully issued in accordance with this act
18 and that the licensee will pay to the Commonwealth, to the
19 [Secretary of Banking] department, or to any person or persons,
20 any and all monies that may come due to the Commonwealth, to the
21 [Secretary of Banking] department, or to any person or persons,
22 from the said licensee under and by virtue of the provisions of
23 this act. If any person shall be aggrieved by the misconduct of
24 a licensee and shall recover judgment against such licensee,
25 such person may, on any execution issued under such judgment,
26 maintain an action upon the bond of the licensee in any court
27 having jurisdiction of the amount claimed, provided the
28 [Secretary of Banking] department assents thereto.

29 A separate bond shall be provided for each place of business
30 conducted by a licensee. After the licensee has been

1 continuously licensed for three (3) consecutive years, such bond
2 shall not be renewed or refiled unless the [Secretary of
3 Banking] department has reason to believe that such bond is
4 necessary and notifies the licensee in writing on or before May
5 1 that such bond is required.

6 Section 6. Section 6 of the act, amended December 30, 1970
7 (P.L.959, No.301), is amended to read:

8 Section 6. License Fee.--A license fee [of two hundred
9 dollars (\$200)] as prescribed by section 603-A(1) of the act of
10 April 9, 1929 (P.L.177, No.175), known as "The Administrative
11 Code of 1929," shall accompany each application for license
12 under this act. Each license shall remain in full force and
13 effect until surrendered, revoked or suspended as herein
14 provided. The license fee [of two hundred dollars (\$200)] shall
15 be paid annually on or before June first. No abatement of the
16 said license fee shall be made if the license is issued for less
17 than one year. An additional license fee [of two hundred dollars
18 (\$200)] as prescribed by section 603-A(1) of "The Administrative
19 Code of 1929" shall be paid for each place of business conducted
20 by a licensee.

21 All license fees and fines received by the [Secretary of
22 Banking] department under this act shall be deposited in the
23 State Treasury to the credit of the Banking [Department] Fund
24 for the use of the [Secretary of Banking] department in
25 administering this act.

26 Section 7. Section 7 of the act, amended December 9, 1982
27 (P.L.1072, No.249), is amended to read:

28 Section 7. Organization; Minimum Capital.--A license under
29 the provisions of this act shall be issued only to a corporation
30 organized under the Business Corporation Law of the Commonwealth

1 of Pennsylvania. Such corporation shall be incorporated with a
2 minimum capitalization of seventy-five thousand dollars
3 (\$75,000). At the time of applying for a license under this act,
4 the minimum paid in capital shall be seventy-five thousand
5 dollars (\$75,000). The minimum capitalization required shall be
6 increased by twenty-five thousand dollars (\$25,000) for each
7 additional place of business licensed under this act and no
8 license for such additional place of business shall be granted
9 until the minimum capitalization requirements are met provided,
10 however, in the event that such place of business is to be
11 operated by an affiliate or subsidiary corporation, whether
12 newly organized or otherwise related to the licensee by virtue
13 of common ownership or management the minimum capitalization for
14 such affiliate or subsidiary shall be only twenty-five thousand
15 dollars (\$25,000), and the minimum capitalization of the
16 licensee need not be increased. The minimum capitalization shall
17 be maintained as permanent capital which shall not be
18 distributed to stockholders or be purchased by a licensee
19 without the prior written approval of the [Secretary of Banking]
20 department. Corporations holding valid licenses on the effective
21 date of this amendment shall meet the minimum capitalization
22 requirements listed above within two years after the effective
23 date of this amendment.

24 Section 8. Section 8 of the act, amended December 12, 1994
25 (P.L.1060, No.144), is amended to read:

26 Section 8. Issuance of License.--The [Secretary of Banking,
27 if he] department, if it approves the application for license,
28 shall issue to each applicant a certificate showing the name of
29 the corporation and address of the place of business. Such
30 license shall be posted in a conspicuous place in the office of

1 the licensee. A license may not be transferred or assigned. A
2 licensee may, upon prior written notification to the [Secretary
3 of Banking] department, change its place of business to another
4 location within the same city, town, borough or township. A
5 licensee desiring to change its place of business to other than
6 the same city, town, borough or township shall give written
7 notice thereof to the [Secretary of Banking] department and
8 return the license certificate to the [Secretary of Banking]
9 department for amendment. The [Secretary of Banking, if he]
10 department, if it approves the removal of the place of business,
11 shall endorse on the license [his] its approval of the change of
12 address and the date thereof, which shall thereafter be the
13 authority for the operation of such business under such license
14 at the new location. Except as provided herein, no change in the
15 place of business of a licensee to a location outside the
16 original municipality shall be permitted: Provided, however, A
17 licensee may obtain a new license for a place of business in a
18 new location in a municipality other than that in which the
19 original place of business was located. Only one place of
20 business may be operated under the same license.

21 A licensee may operate more than one place of business, in
22 Pennsylvania or another state, by obtaining a separate license
23 by filing an application for each additional place of business,
24 and by furnishing a bond for each additional place of business
25 and by paying the license fee provided by law for each
26 additional place of business.

27 No license shall be required for any place of business at
28 which payments on contracts are received and processed, records
29 are maintained or servicing of contracts is performed. Any such
30 place of business may be located outside of this Commonwealth,

1 and the licensee shall provide the [Secretary of Banking]
2 department with the address of such place of business. The
3 licensee shall maintain at its principal place of business
4 within this Commonwealth or at such place within or outside this
5 Commonwealth, subject to the prior written approval of the
6 [Secretary of Banking] department or designee, either the
7 original or a copy of such books, accounts, records and
8 documents, or electronic or other similar access thereto, of the
9 business conducted under the license as may be prescribed by the
10 department to enable it to determine whether the business of the
11 licensee is being conducted in accordance with the provisions of
12 this act and the orders, rules and regulations issued under this
13 act.

14 Section 9. Sections 9 and 10 of the act are amended to read:

15 Section 9. Records Required.--Licensees operating under the
16 provisions of this act shall maintain adequate and complete
17 records of all business transacted, containing such information
18 and in such form as shall be prescribed by the [Secretary of
19 Banking] department by general rule or regulation. The records
20 of licensees shall be maintained in the English language. The
21 records of licensees shall be retained for a period of two years
22 after the date of final payment on any contract.

23 Section 10. Reports to the [Secretary of Banking]
24 department.--Licensees operating under the provisions of this
25 act shall annually, on or before the first day of March, file a
26 report with the [Secretary of Banking] department, giving such
27 relevant information concerning the business and operations
28 during the previous calendar year as the [Secretary of Banking]
29 department may require. Such report shall be made under oath and
30 shall be in the form prescribed by the [Secretary of Banking]

1 department. A separate report shall be filed for each place of
2 business maintained by a licensee. The [Secretary of Banking]
3 department may at any time upon thirty (30) days notice require
4 a licensee to file special reports in addition to the annual
5 report. For failure to file such reports within the time
6 specified, the licensee shall pay to the [Secretary of Banking]
7 department a penalty of ten dollars (\$10) for each calendar day
8 which such report is overdue, but the [Secretary of Banking]
9 department may, in [his] its discretion, relieve a licensee of
10 any portion or of all such fine. Such fine, which has not been
11 paid by the licensee and for the payment of which the licensee
12 has not been relieved, may be collected by the [Secretary of
13 Banking] department from the bonding company which has executed
14 the bond required under this act, and the [Secretary of Banking]
15 department may maintain an action for the recovery of such fine
16 in any court of competent jurisdiction.

17 Section 10. Section 11 of the act, amended December 12, 1994
18 (P.L.1060, No.144), is amended to read:

19 Section 11. Examinations by the [Secretary of Banking]
20 department.--The [Secretary of Banking] department, and any
21 person designated by [him] it for that purpose, shall at least
22 once every two calendar years investigate the business and
23 affairs and examine the books, accounts, papers, records,
24 documents, and files therein of every licensee and of every
25 person who shall be engaged in business contemplated by this
26 act, whether such person shall act or claim to act as principal,
27 agent or broker, or under or without the authority of this act.
28 For this purpose the [Secretary of Banking] department shall
29 have access during normal business hours to the offices and
30 places of business, books, accounts, papers, records, documents,

1 files, safes and vaults of all such persons. A person, who is
2 not licensed under this act, shall be presumed to be engaged in
3 business contemplated by this act if he advertises or solicits
4 business as principal, agent or broker for which a license is
5 required by the provisions of this act, and the [Secretary of
6 Banking] department, and any person designated by [him] it for
7 that purpose, is in such cases authorized to examine the books,
8 accounts, papers, records, documents, files, safes and vaults of
9 such persons for the purpose of discovering violations of this
10 act.

11 The cost of every examination of the business of a licensee
12 by the [Secretary of Banking] department, or [his] its duly
13 authorized representative, shall be paid by the licensee so
14 examined, and the [Secretary of Banking] department may collect
15 such costs from the licensee or from the surety company which
16 has executed the bond required under this act, and [he] it may
17 maintain an action for the recovery of such costs in any court
18 of competent jurisdiction.

19 Section 11. Section 12 of the act, amended December 17, 1959
20 (P.L.1890, No.691) and repealed in part January 6, 1970 (1969
21 P.L.434, No.185) and April 28, 1978 (P.L.202, No.53), is amended
22 to read:

23 Section 12. Authority of the [Secretary of Banking]
24 department.--The [Secretary of Banking] department shall have
25 the power to reject any application for license if [he] it is
26 satisfied that the financial responsibility, experience,
27 character and general fitness of the person or persons shown on
28 the application for license as officers and directors of the
29 applicant corporation are not such as to command the confidence
30 of the community and to warrant the conclusion that the business

1 will be operated honestly, fairly, and within the intent and
2 purpose of this act and in accordance with the general laws of
3 this Commonwealth: Provided, however, That no license may be
4 issued, if any director, officer, employe, or agent of the
5 applicant corporation has been convicted under this act for
6 engaging in business contemplated by this act without having
7 obtained a license under this act, or if any director, officer,
8 employe, or agent of the applicant corporation was a director,
9 officer, employe, or agent of a corporation which had been
10 convicted of a second offense violation of this act and had its
11 license revoked. Whenever the [Secretary of Banking] department
12 rejects an application for a license, [he] it shall furnish the
13 applicant with a written specification of the reason or reasons
14 therefor. The failure of the [Secretary of Banking] department
15 to act upon an application within three (3) months of receipt
16 thereof shall be deemed to be an approval of such application.

17 The [Secretary of Banking] department, upon thirty (30) days'
18 written notice to the licensee, forwarded by registered mail to
19 the place of business of such licensee, as shown on the
20 application for license, stating the contemplated action and in
21 general the grounds therefor, may revoke any license if the
22 licensee shall violate any provision of this act; or if the
23 licensee shall violate any rule or regulation issued by the
24 [Secretary of Banking] department under and within the authority
25 of this act; or if a licensee shall fail to comply with any
26 demand, rule or regulation, lawfully made by the [Secretary of
27 Banking] department under and within the authority of this act;
28 or if the licensee shall refuse to permit the [Secretary of
29 Banking] department, or [his] its designated representative, to
30 make examinations authorized by this act; or if the licensee

1 shall fail to pay the cost of examination by the [Secretary of
2 Banking] department, or [his] its duly authorized
3 representative; or if the licensee has failed to maintain in
4 effect the bond required under the provisions of this act; or if
5 the licensee has failed to maintain records prescribed by the
6 [Secretary of Banking] department; or if the licensee has failed
7 to file the annual report to the [Secretary of Banking]
8 department within the time stipulated in this act; or if the
9 licensee, having failed to file the annual report within the
10 stipulated time, has not paid the fine required under this act;
11 or if any fact or condition exists or is discovered, which, if
12 it had existed or had been discovered at the time of filing of
13 the application for such license, would have warranted the
14 [Secretary of Banking] department in refusing to issue such
15 license. Whenever such license is revoked, the [Secretary of
16 Banking] department shall not issue another license to the
17 licensee until the expiration of at least one year from the date
18 of revocation of said license and not at all if such licensee,
19 or any officer, director, employe or agent thereof, shall have
20 been convicted for a second offense violation of this act.

21 The [Secretary of Banking] department is hereby authorized
22 and empowered to issue rules and regulations governing the
23 records to be maintained by licensees, the statements of
24 contract to be given consumers, the receipts for payment of
25 contracts to be given consumers, the foreclosure and replevin of
26 real or personal property upon default, and the procedure for
27 sale of real or personal property upon default, and [he] it is
28 further authorized and empowered to issue such general rules and
29 regulations as may be necessary for the protection of the
30 public, for insuring the proper conduct of the business

1 contemplated by this act, and for the enforcement of this act,
2 which rules and regulations shall have the force and effect of
3 law.

4 The [Secretary of Banking] department shall be authorized to
5 require the attendance and testimony of witnesses and the
6 production of any books, accounts, papers, records, documents,
7 and files relating to such business which the [Secretary of
8 Banking] department has authority by this act to investigate,
9 and, for this purpose, the [Secretary of Banking] department may
10 sign subpoenas, administer oaths and affirmations, examine
11 witnesses and receive evidence. In case of disobedience of any
12 subpoena or the contumacy of any witness appearing before the
13 [Secretary of Banking] department, the [Secretary of Banking]
14 department may invoke the aid of the courts, and such court
15 shall thereupon issue an order requiring the person subpoenaed
16 to obey the subpoena or to give evidence or to produce books,
17 accounts, papers, records, documents, and files relative to the
18 matter in question. Any failure to obey such order of the court
19 may be punished by such court as a contempt thereof.

20 Section 12. Sections 13Q introductory paragraph and (2) and
21 14I of the act, amended or added December 21, 1998 (P.L.1287,
22 No.167), are amended to read:

23 Section 13. Powers Conferred on Licensees.--In addition to
24 the general powers conferred upon a corporation by the Business
25 Corporation Law of this Commonwealth, a corporation licensed
26 under this act shall have power and authority:

27 * * *

28 Q. To conduct the business regulated by this act in any
29 licensed place of business where another business is conducted
30 by the licensee or another person unless the [Secretary of

1 Banking] department shall find, after a hearing, the conduct of
2 the other business has concealed evasions of this act and shall
3 order such person to desist from such conduct and to offer other
4 services and products for voluntary purchase subject to the
5 provisions of this clause.

6 * * *

7 (2) A licensee may offer the types of services and products
8 described in this subclause and may conduct or permit others to
9 conduct the types of business described in this subclause within
10 the same office, room or place of business where the licensee
11 conducts its licensed business without prior approval by the
12 [Secretary of Banking] department.

13 * * *

14 Section 14. Licensee Requirements and Limitations.--* * *

15 I. A licensee may sell contracts to and buy contracts from
16 another licensee upon giving prior written notification to the
17 [Secretary of Banking] department. The written notification
18 shall state the name and address of the licensee to whom or from
19 whom the contracts are being sold or purchased, the type of loan
20 and number of contracts in the transaction and their aggregate
21 principal balances. A licensee may not sell contracts to a
22 person or corporation not holding a license under this act
23 without the prior written approval of the [Secretary of Banking]
24 department.

25 Section 13. Section 15 of the act is amended to read:

26 Section 15. Statement of Contract.--A licensee shall furnish
27 to the consumer a statement setting forth the type of contract,
28 description of the security on the contract, the date of the
29 contract, the total amount due on the contract, the date upon
30 which the contract is due or the dates upon which the

1 installment payments are payable, the amount of such installment
2 payments, and a statement indicating the basis for computing
3 default charges. No default charges may be collected if the
4 statement of contract does not give due notice of the licensee's
5 intention to collect default charges. This statement of the
6 contract shall contain such additional information as the
7 [Secretary of Banking] department may require.

8 Section 14. Section 17 of the act, amended May 23, 1947
9 (P.L.296, No.128), is amended to read:

10 Section 17. Scope of Act.--This act shall not affect any
11 existing laws, special or general, authorizing a charge for the
12 loan of money in excess of interest at the legal rate. This act
13 shall not apply to any person, persons, partnership, association
14 or corporation operating under the laws related to banking
15 institutions, building and loan associations, credit unions or
16 licensed under the Small Loans Act, approved June seventeen, one
17 thousand nine hundred fifteen, and supplements or amendments, or
18 licensed by the [Secretary of Banking of the Commonwealth of
19 Pennsylvania] department under the provisions of any other
20 statute. This act shall not apply to any bona fide sale of
21 personal property by a person regularly engaged in the sale of
22 such personal property, wherein the purchaser may pay any part
23 or all of the purchase price in stated installments, nor to any
24 such bona fide sale under a conditional sale contract, lease or
25 bailment, wherein the purchaser, lessee or bailee has the option
26 of becoming, or is bound to become, the owner of the property
27 upon full compliance with the terms of the agreement. This act
28 shall not apply to nonprofit corporations organized under the
29 laws of the Commonwealth of Pennsylvania having memberships
30 consisting exclusively of duly licensed physicians, surgeons and

1 dentists, operated exclusively for and by their members, and
2 engaged in, among other activities, the financing of personal
3 obligations arising from the rendering of professional services
4 by the members of such nonprofit corporations, which are limited
5 strictly to medical, surgical, dental, operative, diagnostic and
6 treatment services, or nursing and hospital care.

7 Section 15. Section 18 of the act, amended July 2, 1996
8 (P.L.490, No.80), is amended to read:

9 Section 18. Penalties.--Any person who has not obtained a
10 license from the [Secretary of Banking of the Commonwealth of
11 Pennsylvania] department in accordance with the provisions of
12 this act, and who shall engage in the business of negotiating or
13 making loans or advances of money or credit, in the amount or
14 value of twenty-five thousand dollars (\$25,000) or less, and
15 charge, collect, contract for or receive interest, discount,
16 bonus, fees, fines, commissions, charges or other considerations
17 which aggregate in excess of the interest that the lender would
18 otherwise be permitted by law to charge if not licensed under
19 this act on the amount actually loaned or advanced, or on the
20 unpaid principal balances when the contract is payable by stated
21 installments, shall be guilty of a misdemeanor, upon conviction
22 thereof shall be sentenced to pay a fine of not less than five
23 hundred dollars (\$500) or more than five thousand dollars
24 (\$5,000), and/or suffer imprisonment not less than six (6)
25 months nor more than three (3) years, in the discretion of the
26 court.

27 Except as the result of an accidental bona fide error, a
28 corporation licensed under the provisions of this act or any
29 director, officer, employe or agent who shall violate any
30 provision of this act or shall direct or consent to such

1 violations, shall be guilty of a misdemeanor, and, upon
2 conviction thereof, shall be sentenced to pay a fine of not more
3 than two thousand dollars (\$2,000) for the first offense, and
4 for each subsequent offense a like fine, and/or suffer
5 imprisonment not to exceed one year, in the discretion of the
6 court.

7 The payment of twenty-five thousand dollars (\$25,000) or
8 less, in money, credit, goods or things in action as
9 consideration for any sale or assignment of, or order for, the
10 payment of wages, salary, commissions or other compensation for
11 services, whether earned or to be earned, shall, for the
12 purposes of regulation under this act, be deemed a loan secured
13 by such assignment, and the amount by which such assigned
14 compensation exceeds the amount of such consideration actually
15 paid shall for the purpose of regulation under this act, be
16 deemed interest or charges upon such loan from the date of such
17 payment to the date such compensation is payable. Such
18 transactions shall be governed by and subject to the provisions
19 of this act.

20 The payment of twenty-five thousand dollars (\$25,000) or
21 less, in money, credit, goods or things in action as
22 consideration for any sale of real or personal property which is
23 made on condition or agreement, expressed or implied, that such
24 property be sold back at a greater price shall, for the purpose
25 of this act, be deemed to be a loan secured by such property,
26 and the amount by which the repurchase price exceeds such
27 original purchase price actually paid shall be deemed interest
28 or charges upon such loan from the date such original payment is
29 made until the date such repurchase price is paid. Such
30 transaction shall be governed by and subject to the provisions

1 of this act.

2 When real or personal property is pledged as security on a
3 loan of twenty-five thousand dollars (\$25,000) or less, and the
4 lender requires the borrower to pay for insurance thereon, such
5 charge for insurance shall be construed as interest under this
6 act when the lender has failed to have such insurance written by
7 an insurance company legally authorized to conduct business in
8 Pennsylvania. When the amount charged for such insurance is in
9 excess of the standard cost of similar insurance in other
10 insurance companies legally authorized to conduct business in
11 Pennsylvania, the excess shall be construed as interest under
12 this act.

13 If a contract is made in good faith in conformity with an
14 interpretation of this act by the appellate courts of the
15 Commonwealth or in compliance with a rule or regulation
16 promulgated by the [Secretary of Banking] department, no
17 provision of this section imposing any penalty shall apply,
18 notwithstanding that after such contract is made, such
19 interpretation, rule or regulation is amended, rescinded or
20 determined by judicial or other authority to be invalid for any
21 reason.

22 Section 16. The amendment of the definition of "contract" in
23 section 2 of the act shall apply to contracts entered into or
24 renewed on or after the effective date of this section.

25 Section 17. This act shall take effect in 60 days.