

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1302 Session of
1985

INTRODUCED BY RICHARDSON AND COHEN, JUNE 3, 1985

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, JUNE 3, 1985

AN ACT

1 To prohibit discrimination in mortgage lending; and to require
2 depository institutions to report certain information
3 regarding mortgage loans to the Secretary of Banking and to
4 the public.

5 The General Assembly finds that depository institutions have
6 failed to provide adequate home financing on a nondiscriminatory
7 basis for all neighborhoods within the communities from which
8 they receive deposits. The purpose of this act is to provide the
9 citizens and public officials of the Commonwealth of
10 Pennsylvania with sufficient information to enable them to
11 determine which depository institutions are fulfilling their
12 obligations to serve the housing needs of the communities and
13 neighborhoods in which they are located.

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

16 Section 1. Short title.

17 This act shall be known and may be cited as the Mortgage
18 Lending Nondiscrimination Law.

1 Section 2. Definitions.

2 The following words and phrases when used in this act shall
3 have the meanings given to them in this section unless the
4 context clearly indicates otherwise:

5 "Applicant." A person who files with a depository
6 institution a written request containing such information as
7 required by the depository institution for a mortgage loan.

8 "Department." The Department of Banking of the Commonwealth.

9 "Depository institution." Any State chartered bank, savings
10 bank, savings and loan association or credit union.

11 "Mortgage loan." A loan which is secured by residential real
12 property or a home improvement loan.

13 "Secretary." The Secretary of Banking.

14 Section 3. Prohibition.

15 A depository institution shall not discriminate, on a basis
16 that is arbitrary or unsupported by a reasonable analysis of the
17 lending risks associated with the applicant for a given loan or
18 the condition of the property to secure it, in the granting,
19 withholding, extending, modifying or renewing or in the fixing
20 of the rates, terms, conditions or provisions of any mortgage
21 loan on real property located in the municipality in which a
22 depository institution has a home or branch office or in any
23 municipality contiguous to such municipality, merely because
24 such property is located in a specific neighborhood or
25 geographical area. It shall not be a violation of this section
26 if the mortgage loan is made pursuant to a specific public or
27 private program, the purpose of which is to increase the
28 availability of mortgage loans within a specific neighborhood or
29 geographical area.

30 Section 4. Information available.

1 Each depository institution which has a home office or branch
2 office located within a standard metropolitan statistical area
3 as defined by the department consistent with the definition used
4 by the Federal Office of Management and Budget, shall compile
5 and make available to the public for inspection and copying at
6 the home office and at least one branch office within each
7 standard metropolitan statistical area in which the depository
8 institution has an office, in accordance with regulations
9 promulgated by the department:

10 (1) The number and total dollar amount of mortgage loans
11 which were originated or purchased by that institution during
12 each fiscal year, beginning with the last full fiscal year of
13 that institution which immediately preceded the effective
14 date of this act.

15 (2) The number and dollar amount of each such loan by
16 census tract, where readily available at a reasonable cost,
17 as determined by the department, otherwise by ZIP code, for
18 mortgage loans secured by property located within that
19 standard metropolitan statistical area.

20 (3) The number and dollar amount of all such mortgage
21 loans secured by property located outside such standard
22 metropolitan statistical

23 (4) The number and dollar amount of loans which are
24 insured under Title II of the National Housing Act (48 Stat.
25 1247, 12 U.S.C. Chapter 13, II) or under Title V of the
26 Housing Act of 1949 (63 Stat. 432, 42 U.S.C, Chapter 8A, III)
27 or which are guaranteed under as much of Public Law 85-857 as
28 relates to homes, condominiums and mobile homes (72 Stat.
29 1203, 38 U.S.C. Chapter 37).

30 (5) The number and dollar amount of loans made to

1 mortgagors who did not, at the time of execution of the
2 mortgage, intend to reside in the property securing the
3 mortgage loan.

4 (6) The number and dollar amount of home improvement
5 loans.

6 (7) The number and dollar amount of all applications for
7 mortgage loans, by census tract or ZIP code as required by
8 paragraph (2).

9 (8) The regulations promulgated by the department shall
10 be consistent with the terms and provisions of, and
11 regulations promulgated pursuant to, the Federal Home
12 Mortgage Disclosure Act of 1975 (Public Law 94-200), and
13 compliance with section 304 thereof (89 Stat. 1125, 12 U.S.C.
14 § 2802) shall constitute compliance with this section.

15 Section 5. Additional requirement.

16 A depository institution which maintains offices in more than
17 one standard metropolitan statistical area shall make the
18 information required by section 4 available at any such office
19 only to the extent that such information relates to mortgage
20 loans which were originated or purchased by an office of that
21 depository institution located in the standard metropolitan
22 statistical area in which the office making such information
23 available is located.

24 Section 6. Preservation of information.

25 Information required to be compiled and made available under
26 this act shall be maintained and made available for a period of
27 five years after the close of the first year during which such
28 information is required to be maintained and made available. A
29 copy shall be filed annually with the department.

30 Section 7. Right of injured.

1 A person or applicant who has been discriminated against as a
2 result of a violation of section 3 may bring an action in
3 Pennsylvania in a court of competent jurisdiction. Upon finding
4 that a depository institution is in violation of this act, the
5 court may award actual damages, reasonable attorney' fees and
6 court costs.

7 Section 8. Subpoena power.

8 The department shall have the power to make such
9 investigations into any matter pertaining to this act as it
10 shall deem necessary, including the power to hold hearings,
11 issue subpoenas to compel the attendance of witnesses and the
12 production of documents, papers, books, records and other
13 evidence before it. In case of a failure of any person to comply
14 with any subpoena issued by the secretary or to testify to any
15 matter concerning which he may be lawfully interrogated, a court
16 of competent jurisdiction, on application of the secretary, may
17 issue an order requiring the attendance of such person and the
18 giving of testimony or production of evidence. A person who
19 fails to obey the order of the court may be punished for
20 contempt.

21 Section 9. Power of the department.

22 If the department finds that a depository institution is
23 violating the provisions of this act, it shall order the
24 institution to cease its unlawful practices. Such order shall be
25 subject to appellate review as provided in Title 2 of the
26 Pennsylvania Consolidated Statutes (relating to administrative
27 Law and procedure)

28 Section 10. Penalty.

29 A depository institution which continues to violate this act
30 after having been ordered by the department to cease such

1 practices shall be liable to a penalty of \$5,000 for each
2 offense to be recovered with costs by the Commonwealth in any
3 court of competent jurisdiction in a civil action prosecuted by
4 the Attorney General. The penalty provided by this section shall
5 be in addition to and not in lieu of any other provision of law
6 applicable upon a depository institution's failure to comply
7 with an order of the department.

8 Section 11. Promulgation of regulations.

9 The department may, in the manner provided by law, promulgate
10 those regulations as it may deem necessary, consistent with
11 sound banking practice, for the proper operation and enforcement
12 of this act.

13 Section 12. Effective date.

14 This act shall take effect in 60 days.