

THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE BILL

## No. 1580

Session of  
1987

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INTRODUCED BY G. SNYDER, SWEET, PICCOLA, MORRIS, DORR, B. SMITH,  
BORTNER, FOSTER, CHADWICK, REBER, NAHILL, BARLEY, GODSHALL,  
FOX, TRELLO, CORNELL, JOHNSON, HECKLER, SEMMEL, ACOSTA,  
SAURMAN, PHILLIPS, HERSHEY, CLYMER, MICHLOVIC, VEON AND  
ITKIN, JUNE 22, 1987

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REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, JUNE 22, 1987

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AN ACT

1 Providing for the disbursement of certain loan proceeds related  
2 to real estate transactions; and providing a penalty.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Real Estate  
7 Loan Disbursement Act.

8 Section 2. General rule.

9 In a transaction involving a loan secured by a mortgage lien  
10 on real property situated in this Commonwealth, the lender shall  
11 disburse the loan proceeds to the settlement agent in accordance  
12 with section 3. Disbursement shall be made by the lender on or  
13 before the date of closing.

14 Section 3. Form of disbursement.

15 A lender shall disburse loan proceeds to the settlement agent  
16 in one of the following forms:

- 1           (1) Cash.
- 2           (2) Wired funds.
- 3           (3) A certified check.
- 4           (4) A check issued by the Treasury of the United States,
- 5           the Commonwealth or a political subdivision of the
- 6           Commonwealth.
- 7           (5) A cashier's check.
- 8           (6) A check drawn on a financial institution that is
- 9           insured by the Federal Deposit Insurance Corporation or the
- 10          Federal Savings and Loan Insurance Corporation, that
- 11          regularly conducts business and that maintains an office in
- 12          the county in which all or part of the real estate subject to
- 13          the transaction is located.

14 Section 4. Penalty.

15        A lender that does not disburse loan proceeds subject to the  
16        provisions of this act in accordance with its provisions shall  
17        pay to the Commonwealth an amount equal to all interest charged  
18        on the loan for the first 30 days following the date of closing.

19 Section 5. Effective date.

20        This act shall take effect in 60 days.