

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 932 Session of
1993

INTRODUCED BY REBER AND CORNELL, MARCH 24, 1993

REFERRED TO COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT,
MARCH 24, 1993

AN ACT

1 Amending the act of January 30, 1974 (P.L.13, No.6), entitled
2 "An act regulating agreements for the loan or use of money;
3 establishing a maximum lawful interest rate in the
4 Commonwealth; providing for a legal rate of interest;
5 detailing exceptions to the maximum lawful interest rate for
6 residential mortgages and for any loans in the principal
7 amount of more than fifty thousand dollars and Federally
8 insured or guaranteed loans and unsecured, noncollateralized
9 loans in excess of thirty-five thousand dollars and business
10 loans in excess of ten thousand dollars; providing
11 protections to debtors to whom loans are made including the
12 provision for disclosure of facts relevant to the making of
13 residential mortgages, providing for notice of intention to
14 foreclose and establishment of a right to cure defaults on
15 residential mortgage obligations, provision for the payment
16 of attorney's fees with regard to residential mortgage
17 obligations and providing for certain interest rates by banks
18 and bank and trust companies; clarifying the substantive law
19 on the filing of and execution on a confessed judgment;
20 prohibiting waiver of provisions of this act, specifying
21 powers and duties of the Secretary of Banking, and
22 establishing remedies and providing penalties for violations
23 of this act," further providing for a maximum lawful interest
24 rate.

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

27 Section 1. Sections 201 and 202 of the act of January 30,
28 1974 (P.L.13, No.6), referred to as the Loan Interest and

1 Protection Law, are amended to read:

2 Section 201. Maximum Lawful Interest Rate.--Except as
3 provided in Article III of this act, the maximum lawful rate of
4 interest for the loan or use of money in an amount of fifty
5 thousand dollars (\$50,000) or less in all cases where no express
6 contract shall have been made for a less rate shall be [six per
7 cent per annum.] that rate given by a notice in the Pennsylvania
8 Bulletin by the Department of State. This rate shall equal the
9 discount rate as listed in the first edition of the Wall Street
10 Journal, published for each calendar year, plus an additional
11 four per cent. The rate cited for each calendar year shall be in
12 effect from March 1 through the last day of February of the
13 following year.

14 Section 202. Legal Rate of Interest.--Reference in any law
15 or document enacted or executed heretofore or hereafter to
16 "legal rate of interest" and reference in any document to an
17 obligation to pay a sum of money "with interest" without
18 specification of the applicable rate shall be [construed to
19 refer to the rate of interest of six per cent per annum.] that
20 rate given by a notice in the Pennsylvania Bulletin by the
21 Department of State. This rate shall equal the discount rate as
22 listed in the first edition of the Wall Street Journal,
23 published for each calendar year, plus an additional four per
24 cent. The rate cited for each calendar year shall be in effect
25 from March 1 through the last day of February of the following
26 year.

27 Section 2. This act shall take effect immediately.