

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 108 Session of  
1995

INTRODUCED BY D. R. WRIGHT, PESCI, TRELLO AND CIVERA,  
JANUARY 19, 1995

REFERRED TO COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT,  
JANUARY 19, 1995

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 defining "residential mortgage."

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

26 Section 1. The definition of "residential mortgage" in  
27 section 101 of the act of January 30, 1974 (P.L.13, No.6),  
28 referred to as the Loan Interest and Protection Law, amended

1 April 6, 1979 (P.L.15, No.4), is amended to read:

2 Section 101. Definitions.--As used in this act:

3 \* \* \*

4 "Residential mortgage" means an obligation to pay a sum of  
5 money in an original bona fide principal amount [of fifty  
6 thousand dollars (\$50,000) or less] set by the Department of  
7 Banking, evidenced by a security document and secured by a lien  
8 upon real property located within this Commonwealth containing  
9 two or fewer residential units or on which two or fewer  
10 residential units are to be constructed and shall include such  
11 an obligation on a residential condominium unit. In setting the  
12 principal amount under this definition, the following shall  
13 apply:

14 (a) For 1995, the amount shall be one hundred and twenty-  
15 five thousand dollars (\$125,000).

16 (b) For years after 1995, the amount shall be increased by  
17 the percentage increase in the Consumer Price Index for all  
18 urban consumers in housing published by the Bureau of Labor  
19 Statistics of the United States Department of Labor.

20 (c) The department shall publish notice of the amount in the  
21 Pennsylvania Bulletin in December of each year for the following  
22 year.

23 \* \* \*

24 Section 2. This act shall take effect in 60 days.