
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2535 Session of
1998

INTRODUCED BY KIRKLAND, FICHTER, REINARD, PETRONE, CAWLEY,
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WOGAN, WALKO, HARHAI, ORIE, WOJNAROSKI, RAMOS AND MAHER,
APRIL 22, 1998

REFERRED TO COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT,
APRIL 22, 1998

AN ACT

1 Requiring certain mortgage lenders to be responsible for meeting
2 all municipal housing and building codes on mortgaged
3 property.

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

6 Section 1. Short title.

7 This act shall be known and may be cited as the Mortgage
8 Lenders Responsibility Act.

9 Section 2. Legislative intent.

10 It is the intent of this act to have all real properties meet
11 municipal housing and building code standards when the owner of
12 record has failed in this regard. This will be achieved by
13 requiring that the mortgagee in possession be treated as owner
14 and be held legally responsible and liable for all municipal
15 housing, building and property code maintenance requirements.

16 Section 3. Residential mortgages.

1 Entities that grant residential mortgages or participate in
2 related activities shall include, but not be limited to, the
3 following:

4 (1) A State-chartered bank, bank and trust company,
5 savings bank, private bank or national bank, a federally
6 chartered or State-chartered savings and loan association, a
7 federally chartered savings bank or a federally chartered or
8 State-chartered credit union.

9 (2) An attorney authorized to practice law in this
10 Commonwealth who acts as a mortgage broker in negotiating or
11 placing a mortgage loan in the normal course of legal
12 practice.

13 (3) A person licensed pursuant to the provisions of the
14 act of February 19, 1980 (P.L.15, No.9), known as the Real
15 Estate Licensing and Registration Act, who is principally
16 engaged in a third-party real estate brokerage business, but
17 only to the extent that he provides information, verbal or
18 written, to or negotiates or places a mortgage loan for a
19 buyer of real estate and is not compensated by the buyer or
20 any other person for providing such information or
21 negotiating or placing such mortgage loan. If he is
22 compensated for providing the information or negotiating or
23 placing such mortgage loan, he shall be subject to the
24 provisions of sections 8, 10, 11 and 14(b), excluding section
25 8(a)(1), of the act of December 22, 1989 (P.L.687, No.90),
26 known as the Mortgage Bankers and Brokers Act.

27 (4) A seller of a dwelling if he has resided in the
28 dwelling at least one year and as part of the purchase price
29 receives a first mortgage executed by the purchaser.

30 (5) A person who either originates or negotiates less

1 than 12 mortgage loans in a calendar year in this
2 Commonwealth.

3 (6) Builders, when obtaining mortgages for their own
4 construction or for the sale of their own construction.

5 (7) Any agency or instrumentality of the Federal
6 Government or a corporation otherwise created by an act of
7 the United States Congress, including, but not limited to,
8 the Federal National Mortgage Association, the Veterans'
9 Administration, the Federal Home Loan Mortgage Corporation
10 and the Federal Housing Administration.

11 (8) The Pennsylvania Housing Finance Agency.

12 (9) A licensee under the act of April 8, 1937 (P.L.262,
13 No.66), known as the Consumer Discount Company Act, except
14 that any such licensee who makes a mortgage loan other than
15 the provisions of that act shall be subject to the provisions
16 of sections 4(b)(2) and (3), 8, 10 and 14(b) of the Mortgage
17 Bankers and Brokers Act, excluding section 8(a)(1).

18 (10) Except for the licensees described in paragraph
19 (9), subsidiaries and affiliates of the following
20 institutions: State-chartered banks, bank and trust
21 companies, savings banks, private banks, savings and loan
22 associations and credit unions or national banks, federally
23 chartered savings and loan associations, federally chartered
24 savings banks and federally chartered credit unions, except
25 that such subsidiaries and affiliates of institutions
26 enumerated in this paragraph shall:

27 (i) be subject to the provisions of sections 8,
28 9(a)(3), 10 and 14(b) of the Mortgage Bankers and Brokers
29 Act, excluding section 8(a)(1); and

30 (ii) deliver to the Department of Banking annually

1 copies of financial reports made to all supervisory
2 agencies.

3 (11) Employees of a licensee or excepted persons acting
4 for their employers.

5 (12) An insurance company, association or exchange
6 authorized to transact business in this Commonwealth under
7 the act of May 17, 1921 (P.L.682, No.284), known as The
8 Insurance Company Law of 1921, and any subsidiaries and
9 affiliates thereof, except that such subsidiaries and
10 affiliates shall:

11 (i) be subject to the provisions of sections 8,
12 9(a)(3), 10 and 14(b) of the Mortgage Bankers and Brokers
13 Act, excluding section 8(a)(1); and

14 (ii) deliver to the Insurance Department annually
15 copies of financial reports made to all supervisory
16 agencies.

17 Section 4. Business or commercial mortgages.

18 This act shall also apply to mortgage loans made for business
19 or commercial purposes.

20 Section 5. Code compliance.

21 When the owner of record defaults on a mortgage loan, the
22 mortgage lender in possession shall assume legal responsibility
23 and liability as the owner of record for all municipal housing,
24 building and property maintenance code requirements.

25 Section 6. Severability.

26 The provisions of this act are severable. If any provision of
27 this act or its application to any person or circumstance is
28 held invalid, the invalidity shall not affect other provisions
29 or applications of this act which can be given effect without
30 the invalid provision or application.

1 Section 7. Effective date.

2 This act shall take effect in 90 days.