

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1211 Session of
1981

INTRODUCED BY A. C. FOSTER, JR., LEVI AND SIRIANNI,
APRIL 21, 1981

REFERRED TO COMMITTEE ON LOCAL GOVERNMENT, APRIL 21, 1981

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," increasing legal rate of interest permitted as
24 to collection of unpaid municipal liens.

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

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

1 amended to read:

2 Section 202. Legal Rate of Interest.--(a) Reference in any
3 law or document enacted or executed heretofore or hereafter to
4 "legal rate of interest" and reference in any document to an
5 obligation to pay a sum of money "with interest" without
6 specification of the applicable rate shall, except as provided
7 in subsection (b), be construed to refer to the rate of interest
8 of six per cent per annum.

9 (b) The maximum "legal rate of interest" or "with interest"
10 as used in statutes relating to collection of unpaid municipal
11 liens shall be twelve per cent per annum.

12 Section 2. This act shall take effect immediately.