

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2525 Session of 2012

INTRODUCED BY PETRARCA, JUNE 28, 2012

REFERRED TO COMMITTEE ON COMMERCE, JUNE 28, 2012

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," eliminating a mortgage prepayment penalty for
 24 all residential mortgages, regardless of amount.

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

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

1 July 8, 2008 (P.L.824, No.57), 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 the base
6 figure or less] of any amount, evidenced by a security document
7 and secured by a lien upon real property located within this
8 Commonwealth containing two or fewer residential units or on
9 which two or fewer residential units are to be constructed and
10 shall include such an obligation on a residential condominium
11 unit.

12 * * *

13 Section 2. Section 405 of the act is amended to read:

14 Section 405. Prepayment Penalty Prohibited.--Residential
15 mortgage obligations of any amount contracted for on or after
16 the effective date of this act may be prepaid without any
17 penalty or other charge for such prepayment at any time before
18 the end of the period of the loan.

19 Section 3. This act shall take effect in 60 days.