

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 616

Session of  
1977

INTRODUCED BY BENNETT, PRATT, L. E. SMITH AND SPENCER,  
MARCH 15, 1977

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, MARCH 15, 1977

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," modifying the legislative statement as to  
24 residential mortgage interest rates.

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

27 Section 1. Subsection (a) of section 301, act of January 30,  
28 1974 (P.L.13, No.6), referred to as the Loan Interest and  
29 Protection Law, is amended to read:

1       Section 301. Residential Mortgage Interest Rates.--(a) The  
2 General Assembly hereby finds that it is necessary and  
3 appropriate to establish a flexible maximum lawful interest rate  
4 for residential mortgages, as defined in this act, and further  
5 finds that the Monthly Index of Long Term United States  
6 Government Bond Yields is the appropriate basis on which such a  
7 maximum rate of interest may be established[, and that the  
8 Monthly Index of such Long Term United States Government Bond  
9 Yields compiled by the Board of Governors of the Federal Reserve  
10 System and as published by said Board of Governors in the  
11 monthly Federal Reserve Bulletin accurately reflects this  
12 function].

13       \* \* \*

14       Section 2. This act shall take effect immediately.