

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 83

Session of
1985

INTRODUCED BY BROUJOS, NAHILL, D. R. WRIGHT, TIGUE, COLAFELLA,
DALEY, OLIVER, SAURMAN, HALUSKA, CIVERA, ITKIN, MICHLOVIC,
CORDISCO, FARGO, MRKONIC, SIRIANNI, TRELLO, DUFFY, GRUITZA,
DeLUCA, GAMBLE, VAN HORNE, MURPHY, LIVENGOD AND SEVENTY,
JANUARY 23, 1985

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE,
JANUARY 23, 1985

AN ACT

1 Amending the act of December 3, 1959 (P.L.1688, No.621),
2 entitled, as amended, "An act to promote the health, safety
3 and welfare of the people of the Commonwealth by broadening
4 the market for housing for persons and families of low and
5 moderate income and alleviating shortages thereof, and by
6 assisting in the provision of housing for elderly persons
7 through the creation of the Pennsylvania Housing Finance
8 Agency as a public corporation and government
9 instrumentality; providing for the organization, membership
10 and administration of the agency, prescribing its general
11 powers and duties and the manner in which its funds are kept
12 and audited, empowering the agency to make housing loans to
13 qualified mortgagors upon the security of insured and
14 uninsured mortgages, defining qualified mortgagors and
15 providing for priorities among tenants in certain instances,
16 prescribing interest rates and other terms of housing loans,
17 permitting the agency to acquire real or personal property,
18 permitting the agency to make agreements with financial
19 institutions and Federal agencies, providing for the purchase
20 by persons of low and moderate income of housing units, and
21 approving the sale of housing units, permitting the agency to
22 sell housing loans, providing for the promulgation of
23 regulations and forms by the agency, prescribing penalties
24 for furnishing false information, empowering the agency to
25 borrow money upon its own credit by the issuance and sale of
26 bonds and notes and by giving security therefor, permitting
27 the refunding, redemption and purchase of such obligations by
28 the agency, prescribing remedies of holders of such bonds and
29 notes, exempting bonds and notes of the agency, the income
30 therefrom, and the income and revenues of the agency from

1 taxation, except transfer, death and gift taxes; making such
2 bonds and notes legal investments for certain purposes; and
3 indicating how the act shall become effective," further
4 providing for procedures for homeowner's emergency
5 assistance.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Section 401-C(d) of the act of December 3, 1959
9 (P.L.1688, No.621), known as the Housing Finance Agency Law,
10 added December 23, 1983 (P.L.385, No.91), is amended to read:

11 Section 401-C. General Authority.--* * *

12 (d) The agency shall designate and approve nonprofit
13 consumer credit counseling agencies in each county to be
14 available to assist the agency in implementing the provisions of
15 this article, including, but not limited to, mandated
16 counseling. A "consumer credit counseling agency" shall be
17 defined for the purpose of this article as a nonprofit consumer
18 credit counseling agency located in Pennsylvania which is
19 approved by the agency or a housing counseling agency certified
20 by the United States Department of Housing and Urban
21 Development. In any instance in which the financial institution
22 holding a mortgage obligation covered under this article and the
23 mortgagor so agree, such financial institution may perform all
24 the duties which would otherwise be performed by a consumer
25 credit counseling agency under this article.

26 Section 2. Section 403-C(b) and (c) of the act, amended May
27 31, 1984 (P.L.364, No.73), are amended to read:

28 Section 403-C. Notice Requirements.--* * *

29 (b) The agency shall prepare a uniform notice for purposes
30 of this section as follows: The notice shall list consumer
31 credit counseling agencies and shall advise the mortgagor of his
32 delinquency or other default under the mortgage and that such

1 mortgagor has thirty (30) days to have a face-to-face meeting
2 with the mortgagee who sent the notice or a consumer credit
3 counseling agency to attempt to resolve the delinquency or
4 default by restructuring the loan payment schedule or otherwise.
5 The notice shall be promulgated as part of the program
6 guidelines required by section 401-C(b). If the mortgagor meets
7 with a consumer credit counseling agency, the consumer credit
8 counseling agency shall promptly notify all of the mortgagees
9 secured by the mortgagor's real property, and no mortgagee so
10 notified shall commence any legal action against the mortgagor's
11 real property for a period not to exceed thirty (30) calendar
12 days from the date that the mortgagor first meets with the
13 consumer credit counseling agency. The notice shall include a
14 statement that, if the mortgagor is unable to resolve the
15 delinquency or default within thirty (30) calendar days of the
16 mortgagor's first contact with either the mortgagee or a
17 consumer credit counseling agency, the mortgagor may apply to
18 the agency or its duly authorized agent at the address and phone
19 number listed in the notice in order to obtain an application
20 and information regarding the Homeowner's Emergency Mortgage
21 Assistance Program. The agency shall make application forms for
22 mortgage assistance payments available to financial institutions
23 holding residential mortgages, and such financial institutions
24 may, on behalf of the agency, assist mortgagors in completing
25 the forms and forwarding them to the agency for a decision on
26 the approval of assistance. If the mortgagor applies for
27 mortgage assistance payments, the agency shall promptly notify
28 all of the mortgagees secured by the mortgagor's real property.
29 The agency shall make a determination of eligibility within
30 sixty (60) calendar days of receipt of the mortgagor's

1 application. During the time that the application is pending, no
2 mortgagee may commence legal action to foreclose upon its
3 mortgage with the mortgagor.

4 (c) If the mortgagor fails to meet with the mortgagee or
5 consumer credit counseling agency or meet any of the time
6 limitations specified in the notice or if the mortgagor's
7 application for mortgage assistance payments is denied, the
8 mortgagee may, at any time thereafter, take any legal action to
9 enforce the mortgage without any further restriction or
10 requirements under this article. Financial institutions [shall
11 not] may be the duly authorized agents of the agency for the
12 purpose of assisting mortgagors in the preparation and
13 submission of applications for assistance and for the purpose of
14 closing loans, but not for the purpose of making any decision on
15 the approval of assistance under this act.

16 Section 3. Section 405-C(a) of the act, added December 23,
17 1983 (P.L.385, No.91), is amended to read:

18 Section 405-C. Assistance Payments.--(a) If the agency
19 determines that a mortgagor is eligible for assistance under
20 this article, the agency shall pay directly to each mortgagee
21 secured by the mortgagor's real estate payments on behalf of the
22 mortgagor. The agency shall pay to each mortgagee the full
23 amount then due to that mortgagee pursuant to the terms of the
24 mortgage without regard to any acceleration under the mortgage,
25 or the full amount of any alternate mortgage payments agreed to
26 by the mortgagee and mortgagor. This amount shall include, but
27 not be limited to, the amount of principal, interest, taxes,
28 assessments, ground rents, hazard insurance, any mortgage
29 insurance or credit insurance premiums. The initial payment made
30 by the agency to each mortgagee shall be an amount which makes

1 each mortgage current and pays reasonable costs and reasonable
2 attorneys' fees already incurred by such mortgagee. In order to
3 expedite such payments the agency may authorize financial
4 institutions to act on its behalf in securing the documentation
5 evidencing the loan and making distribution of the proceeds.

6 * * *

7 Section 4. This act shall take effect immediately.