

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 555 Session of  
2001

INTRODUCED BY CALTAGIRONE, BELARDI, CLARK, CRUZ, DeWEESE,  
FAIRCHILD, GEORGE, HALUSKA, HORSEY, MICOZZIE, MUNDY,  
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STERN, STURLA, SURRA, TRELLO, WOJNAROSKI, YOUNGBLOOD,  
STEELMAN, JOSEPHS, COSTA AND CORRIGAN, FEBRUARY 7, 2001

REFERRED TO COMMITTEE ON COMMERCE AND ECONOMIC DEVELOPMENT,  
FEBRUARY 7, 2001

AN ACT

1 Relating to the satisfaction of mortgages; providing for certain  
2 forms; and making repeals.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Mortgage  
7 Satisfaction Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall  
10 have the meanings given to them in this section unless the  
11 context clearly indicates otherwise:

12 "Mortgage." Any instrument or document recorded or presented  
13 for recording in the office of the recorder of deeds, or other  
14 official in charge of recording mortgages, in any county of this  
15 Commonwealth which creates or purports to create a specific lien  
16 on any real property within such county.

1 "Mortgagee."

2 (1) The current holder of record of the mortgage or the  
3 current holder of the mortgage or note;

4 (2) a mortgage servicer; or

5 (3) the personal representatives, agents, nominees,  
6 successors or assigns of the current holder of the mortgage  
7 or note.

8 "Mortgage servicer." The last person to whom a mortgagor has  
9 been instructed by a mortgagee or prior servicer to send  
10 payments for the loan secured by a mortgage. A person lawfully  
11 transmitting a payoff statement is considered the mortgage  
12 servicer for the mortgage described in the payoff statement.

13 "Payoff statement." A statement issued by a mortgagee or  
14 agent of the mortgagee of the amount of the unpaid balance of a  
15 loan secured by a mortgage, including principal, interest and  
16 other charges properly assessed under the loan documentation of  
17 the mortgage and interest on a per diem basis for the unpaid  
18 balance.

19 "Real property." Lands, tenements, buildings and parts  
20 thereof or any interest therein.

21 "Settlement officer." A natural person:

22 (1) Who is:

23 (i) licensed by the Insurance Department as a title  
24 insurance agent;

25 (ii) an employee of a title insurance company  
26 authorized to do business in this Commonwealth by the  
27 Insurance Department; or

28 (iii) an attorney-at-law licensed to practice in  
29 this Commonwealth; and

30 (2) Who conducted a settlement or under whose direct

1 supervision a settlement was conducted in which:

2 (i) a mortgage was paid in full in accordance with  
3 the payoff statement provided by the mortgagee; and

4 (ii) a policy of title insurance was issued in  
5 connection therewith insuring that such mortgage was no  
6 longer an encumbrance against the real property described  
7 in the mortgage.

8 Section 3. Satisfactions, methods and indexing.

9 (a) Methods of satisfying mortgages.--Mortgages shall be  
10 satisfied by satisfaction pieces or settlement officer  
11 satisfactions, as described in sections 5 and 6 and not by  
12 entering satisfaction upon the margin of the record of such  
13 mortgage. A satisfaction piece or settlement officer  
14 satisfaction need not be accompanied by the original mortgage  
15 instrument or a copy thereof, certified or otherwise, when  
16 presented for recording.

17 (b) Indexing.--The recording officer shall properly index  
18 all satisfaction pieces and settlement officer satisfactions  
19 against the name of the mortgagee or last assignee, as each is  
20 indicated in the satisfaction piece or satisfaction settlement  
21 officer satisfaction, and the recording officer shall indicate  
22 the recording of each satisfaction piece and settlement agent  
23 satisfaction in the mortgage record.

24 (c) Liability of recording officer.--Nothing contained in  
25 this act shall impose liability on any recording officer or any  
26 political subdivision for any mistake, error or inaccuracy found  
27 in any satisfaction piece or settlement officer satisfaction  
28 presented for recording by any mortgagee which appeared complete  
29 and correct at the time of its recording.

30 Section 4. Satisfaction piece required and effect of

1 satisfaction piece.

2 Every mortgagee shall, upon receipt of payment of the entire  
3 mortgage obligation and tender of all required satisfaction and  
4 recording costs, present for recording in the office where the  
5 mortgage is recorded a duly executed satisfaction piece in  
6 substantially the form set out in section 5 and acknowledged as  
7 provided by law. The satisfaction piece when recorded shall  
8 forever thereafter discharge, defeat and release the lien and  
9 debt of the mortgage.

10 Section 5. Form of satisfaction piece.

11 Mortgagees, whether individuals or legal entities other than  
12 individuals, shall satisfy mortgages by a satisfaction piece in  
13 substantially the following form:

14 SATISFACTION PIECE

15 Made this day of ,

16 Name of Mortgagor:

17 Name of Mortgagee:

18 Name of Last Assignee:

19 Date of Mortgage:

20 Original Mortgage Debt

21 Mortgage Recorded on ,

22 in the Office of the Recorder of Deeds of

23 County, Pennsylvania, in Book , page .

24 Brief Description or Statement of Location of

25 Mortgaged Premises:

26 The undersigned hereby certifies that the debt secured by  
27 the above-mentioned mortgage has been fully paid or  
28 otherwise discharged and that upon the recording hereof  
29 said Mortgage shall be and is hereby fully and forever  
30 satisfied and discharged.

1 The undersigned hereby authorizes and empowers the  
2 recorder of said county to enter this satisfaction piece  
3 and to cause said mortgage to be satisfied of record.

4 Witness the due execution hereof with the intent to be  
5 legally bound. (signature(s) of individual mortgagee(s)  
6 or representative(s) of legal entity)  
7 (acknowledgment)

8 Section 6. Settlement officer satisfaction.

9 (a) Consumer mortgages.--The settlement officer satisfaction  
10 procedure described in this section shall apply only to consumer  
11 mortgages which have as their security a condominium or one-to-  
12 four family real property, which was occupied by the mortgagor,  
13 or the mortgagor's immediate family, as the mortgagor's  
14 residence at the time the loan was originated.

15 (b) Notice of intent to record satisfaction.--If a mortgagee  
16 has failed to present for recording to the office where the  
17 mortgage was recorded a satisfaction piece 90 days after the  
18 mortgagee has received payment of the entire mortgage obligation  
19 and all required satisfaction and recording costs in accordance  
20 with the payoff statement, a settlement officer may send a  
21 written notice to satisfy the mortgagee using the means of  
22 delivery and in substantially the following format:

23 NOTICE OF INTENT TO RECORD SETTLEMENT

24 OFFICER SATISFACTION WITHIN THIRTY DAYS.

25 Date of notice:

26 To the mortgagee named below:

27 The party issuing this notice believes that the mortgagee  
28 of the mortgage described below has received full  
29 satisfaction and payment of all amounts secured by the  
30 mortgage, including any applicable satisfaction fee and

that, where applicable, the mortgagee has been instructed in writing effective the date and time of receipt of the mortgage payoff figure, to close and decline any further advances on the home equity or other consumer open line of credit which was secured by the affected mortgage. The party issuing this notice hereby requests that the mortgagee issue and present for recording a satisfaction piece concerning the mortgage or provide a satisfactory reason why the mortgage should not be satisfied to the party issuing this notice. If you do not comply with this notice, you may be liable for damages and costs in accordance with the act of May 28, 1715 (1 Sm.L.94, Ch.208), entitled "An act for acknowledging and recording of deeds," or the party issuing this notice may be able to satisfy the mortgage without your consent.

Name of mortgagor:

Name of mortgagee:

Name of last assignee:

Date of mortgage:

Amount of mortgage: \$

Recorded in County, PA on

Brief description of premises covered by Mortgage:

Mortgagee loan number (if known):

Name of party presenting this notice:

Address of party presenting this notice:

Telephone number of party presenting this notice:

(c) Recording.--If within 30 days of the mortgagee's receipt of the notice of intent to record satisfaction issued by a settlement officer in accordance with this section, a satisfaction piece has not been recorded in the office where the

1 mortgage was recorded and the mortgagee has not delivered to the  
2 settlement officer a response which details reasons why the  
3 mortgage should not be satisfied, a settlement officer may  
4 present for recording a settlement officer satisfaction. The  
5 settlement officer shall also send the mortgagee a copy of the  
6 settlement officer satisfaction by certified or registered mail,  
7 return receipt requested.

8 (d) Form.--The settlement officer satisfaction shall be in  
9 substantially the following form and shall be executed by the  
10 settlement officer and acknowledged as provided by law:

11 SETTLEMENT OFFICER SATISFACTION

12 Name of mortgagor Date of mortgage  
13 Name of mortgagee Principal amount  
14 Name of last assignee Recorded on premises  
15 In ,  
16 County, Pennsylvania

17 COMMONWEALTH OF PENNSYLVANIA:

18 COUNTY OF : ss:

19 Before me, the subscriber, a notary public in  
20 and for the Commonwealth of Pennsylvania,  
21 personally appeared , who, being duly sworn  
22 according to law, deposes and says:

23 (1) The settlement officer is licensed by the Insurance  
24 Department as a Title Insurance Agent with license no.  
25 or is an employee of , a Title Insurance  
26 Company authorized to do business in Pennsylvania or is an  
27 attorney licensed to practice law in this Commonwealth.

28 (2) The settlement officer business address is:

29 (3) The settlement officer has conducted or supervised a  
30 settlement in which the above-captioned mortgage was paid in

1 full in accordance with the payoff statement provided by the  
2 mortgagee.

3 (4) The above settlement was held on at in which  
4 the mortgagor sold the property, refinanced the  
5 mortgage, other .

6 (5) The settlement officer has ascertained, if the  
7 mortgage secures an open end line of credit account, that the  
8 mortgagee has been instructed in writing, effective no later  
9 than the date and time of the receipt of the mortgage payoff  
10 figure, to close and decline any further advances on the home  
11 equity or other open end line of credit which was secured by  
12 the affected mortgage.

13 (6) The settlement officer has ascertained that the  
14 mortgagee has received payment of the loan secured by the  
15 mortgage in accordance with the payoff statement, as  
16 evidenced by a bank check, certified check, escrow account  
17 check from the settlement officer or an attorney trust  
18 account check that has been negotiated by the mortgagee, or  
19 any documentary evidence of the receipt of payment by the  
20 mortgagee.

21 (7) A satisfaction piece has not been recorded  
22 concerning the mortgage, nor has the settlement agent  
23 received a satisfaction piece.

24 (8) A title insurance policy (No. ) has  
25 been issued by , in connection with said  
26 settlement which insures that said mortgage is no longer an  
27 encumbrance against the real property described in the  
28 mortgage.

29 (9) The settlement officer has delivered to the  
30 mortgagee notice of intent to present for recording a



1 settlement officer satisfaction using the format and  
2 procedures described in the act of , 2000 (P.L. ,  
3 No. ), known as The Mortgage Satisfaction Act. Attached  
4 hereto is a copy of the written request notice of intent and  
5 a copy of the return receipt which indicates the written  
6 request and notice of intent were received by the mortgagee.

7 (10) The settlement officer has no actual knowledge of  
8 any objection by the mortgagee to the recording of a mortgage  
9 officer satisfaction, nor has an objection been recorded in  
10 accordance with the act.

11 (11) Attached hereto is a copy of the canceled check,  
12 wire confirmation or other evidence of payment which paid the  
13 mortgage in full in accordance with the payoff statement.

14 (signature of settlement officer)

15 In witness whereof, I have hereunto set my hand and  
16 official seal, this day of , .

17 Notary Public.

18 (e) Effect; objection.--A settlement officer satisfaction  
19 complying with the terms of this section shall be effective upon  
20 recording and when so recorded has the same effect as a  
21 satisfaction piece recorded by the mortgagee in accordance with  
22 section 4. Provided, however, that if an objection complying  
23 with section 7 is issued by the mortgagee and recorded, the  
24 mortgage shall be considered unsatisfied in accordance with  
25 section 7.

26 Section 7. Objection to settlement officer satisfaction.

27 (a) Objection.--A mortgagee who objects to the satisfaction  
28 of a mortgage by a settlement officer satisfaction on the  
29 grounds that there are still outstanding obligations secured by  
30 the mortgage may prepare and present for recording an objection.

1 The objection shall be acknowledged as provided by law, shall  
2 recite in particularity the reasons why the mortgage should not  
3 be marked satisfied, and shall be recorded in the same manner as  
4 the settlement agent satisfaction.

5 (b) Effect of proper objection.--In a case where a  
6 settlement officer satisfaction is recorded concerning a  
7 mortgage and a proper objection to that settlement officer  
8 satisfaction is presented for recording by the mortgagee and  
9 recorded, the settlement officer satisfaction shall be  
10 considered void, and the mortgage shall be considered  
11 unsatisfied as a matter of record as if a settlement officer  
12 satisfaction had never been recorded until an order of a court  
13 of competent jurisdiction to the contrary is entered or a  
14 satisfaction piece is recorded by the mortgagee. The recording  
15 officer shall enter an appropriate record to indicate that the  
16 mortgage is unsatisfied and the settlement officer satisfaction  
17 is void. Recording of a settlement agent satisfaction which is  
18 rendered void due to the filing of a proper objection shall not  
19 relieve the mortgagor, or the mortgagor's successors or assigns,  
20 from any personal liability for the obligations secured by the  
21 mortgage, nor shall it discharge the lien of the mortgage.

22 Section 8. Other rules or laws not affected.

23 This act shall not affect or impair any other act, or any  
24 rule of civil procedure promulgated by the Pennsylvania Supreme  
25 Court, which provides for the satisfaction or discharge of a  
26 mortgage by order or decree of any court upon payment of the  
27 applicable fee. The recording officer shall accept for recording  
28 a copy of the order or decree certified by the prothonotary and  
29 shall index and indicate the same in the record as is provided  
30 in this act for a satisfaction piece. This act shall not affect

1 or impair any other act providing for fees for the recording of  
2 mortgage satisfaction documents.

3 Section 9. Prior instruments.

4 No written satisfaction or intended satisfaction given prior  
5 to the date of this act with respect to any mortgage on real  
6 property, situate in this Commonwealth, shall be deemed, held or  
7 adjudged invalid, defective or insufficient in law if the same  
8 shall purport to satisfy or discharge the lien of any mortgage  
9 and shall have been duly executed and acknowledged by or on  
10 behalf of the mortgagee and recorded in the office of the  
11 recorder of deeds of a city of the first class or any county of  
12 this Commonwealth wherein the real property described or  
13 referred to in such satisfaction is situate, but all such  
14 satisfactions shall be good, valid and effective in law for the  
15 purposes therein recited.

16 Section 10. Repeals.

17 The following acts are repealed insofar as they are  
18 inconsistent with this act:

19 Act of March 15, 1956 (1955 P.L.1280, No.392), entitled "An  
20 act relating to the satisfaction of mortgages in cities and  
21 counties of the first class by the recording of a satisfaction  
22 piece, prescribing forms therefor, and fixing the fees thereof."

23 Act of July 26, 1961 (P.L.887, No.382), entitled, as amended,  
24 "An act relating to the satisfaction of mortgages in counties of  
25 the second, second A, third, fourth, fifth, sixth, seventh and  
26 eighth class by the recording of a satisfaction piece,  
27 prescribing forms therefor, and fixing fees for the recording  
28 thereof."

29 Section 11. Applicability.

30 This act shall apply to every mortgage on real property in

1 this Commonwealth whether executed before or after the effective  
2 date of this act.  
3 Section 12. Effective date.  
4 This act shall take effect in 60 days.