

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2547 Session of 2010

INTRODUCED BY DALEY, HESS, BELFANTI, BOYD, CALTAGIRONE,  
FAIRCHILD, GEIST, GODSHALL, HARRIS, KORTZ, LONGIETTI,  
MAHONEY, MOUL, OBERLANDER, PETRARCA, SCAVELLO, SIPTROTH,  
SOLOBAY, SWANGER, KULA AND METZGAR, MAY 27, 2010

REFERRED TO COMMITTEE ON COMMERCE, MAY 27, 2010

AN ACT

1 Amending Title 7 (Banks and Banking) of the Pennsylvania  
2 Consolidated Statutes, further providing for definitions and  
3 for exceptions to license requirements.

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

6 Section 1. Section 6102 of Title 7 of the Pennsylvania  
7 Consolidated Statutes is amended by adding definitions to read:  
8 § 6102. Definitions.

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

12 \* \* \*

13 "Holder." As defined in section 3 of the act of June 28,  
14 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales  
15 Finance Act.

16 \* \* \*

17 "Installment seller." As defined in section 3 of the act of

1 June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle  
2 Sales Finance Act.

3 \* \* \*

4 "Manufactured home." Both of the following:

5 (1) A manufactured home as defined in section 603(6) of  
6 the National Manufactured Housing Construction and Safety  
7 Standards Act of 1974 (Public Law 93-383, 42 U.S.C. §  
8 5402(6)).

9 (2) A mobile home as defined in 75 Pa.C.S. § 102  
10 (relating to definitions).

11 \* \* \*

12 "Purchase-money mortgage loan." A mortgage loan that is a  
13 residential mortgage transaction as defined in 12 CFR 226.2(a)  
14 (24) (relating to definitions and rules of construction).

15 \* \* \*

16 Section 2. Section 6112(4), (5), (7), (11) and (12) of Title  
17 7 are amended and the section is amended by adding a paragraph  
18 to read:

19 § 6112. Exceptions to license requirements.

20 The following persons shall not be required to be licensed  
21 under this chapter in order to conduct the mortgage loan  
22 business:

23 \* \* \*

24 (4) Any agency or instrumentality of the Federal  
25 Government or a corporation otherwise created by an act of  
26 the United States Congress, including the Federal National  
27 Mortgage Association, the Government National Mortgage  
28 Association, the Veterans' Administration, the Federal Home  
29 Loan Mortgage Corporation and the Federal Housing  
30 Administration. To qualify for the exception under this

1 paragraph, the agency or instrumentality must ensure  
2 employees required to be licensed as mortgage originators  
3 have completed the requirements under section 6131.1  
4 (relating to prelicensing and continuing education), have  
5 obtained the required mortgage originator license and:

6 (i) in the same manner as a mortgage lender, obtain  
7 and maintain bond coverage for mortgage originators  
8 consistent with section 6131(c)(5) (relating to  
9 application for license) and file an annual report  
10 consistent with section 6135(a)(3) (relating to licensee  
11 requirements); or

12 (ii) annually, in a form acceptable to the  
13 department, demonstrate to the department that all of the  
14 mortgage originators employed by the agency or  
15 instrumentality have obtained and maintained the bond  
16 coverage required by section 6131(f)(4).

17 (5) Any agency or instrumentality of a state or local  
18 government, the District of Columbia or any territory of the  
19 United States, including the Pennsylvania Housing Finance  
20 Agency and other government housing finance agencies. To  
21 qualify for the exception under this paragraph, the agency or  
22 instrumentality must ensure employees required to be licensed  
23 as mortgage originators have completed the requirements under  
24 section 6131.1, have obtained the required mortgage  
25 originator license and:

26 (i) in the same manner as a mortgage lender, obtain  
27 and maintain bond coverage for mortgage originators  
28 consistent with section 6131(c)(5) and file an annual  
29 report consistent with section 6135(a)(3); or

30 (ii) annually, in a form acceptable to the

department, demonstrate to the department that all of the mortgage originators employed by the agency or instrumentality have obtained and maintained the bond coverage required by section 6131(f)(4).

\* \* \*

(7) Affiliates of banking institutions and subsidiaries and affiliates of federally chartered or State-chartered credit unions. The exception under this paragraph does not apply to consumer discount companies. Notwithstanding the exception under this paragraph, subsidiaries and affiliates of federally chartered or State-chartered credit unions and affiliates of banking institutions shall:

(i) be subject to the provisions of Subchapter C and sections 6135(a)(2), (3) and (4), (b) and (c), 6138 and 6140(b);

(ii) deliver as required to the department annually copies of financial reports made to all supervisory agencies;

(iii) be registered with the department; [and]

(iv) [with the exception of subsidiaries of federally chartered or State-chartered credit unions,] in the same manner as a mortgage lender, obtain and maintain bond coverage for mortgage originators consistent with section 6131(c)(5)[.]; and

(v) ensure employees required to be licensed as mortgage originators have completed the requirements under section 6131.1 and have obtained the required mortgage originator license.

\* \* \*

(11) Nonprofit corporations not otherwise engaged in or

1 holding themselves out to the public as being engaged in the  
2 mortgage loan business making mortgage loans to promote home  
3 ownership or improvements for the disadvantaged. To qualify  
4 for the exception under this paragraph, the nonprofit  
5 corporation must ensure employees required to be licensed as  
6 mortgage originators have completed the requirements under  
7 section 6131.1, have obtained the required mortgage  
8 originator license and:

9 (i) in the same manner as a mortgage lender, obtain  
10 and maintain bond coverage for mortgage originators  
11 consistent with section 6131(c)(5) and file an annual  
12 report consistent with section 6135(a)(3); or

13 (ii) annually, in a form acceptable to the  
14 department, demonstrate to the department that all of the  
15 mortgage originators employed by the nonprofit  
16 corporation have obtained and maintained the bond  
17 coverage required by section 6131(f)(4).

18 (12) A nonprofit corporation not otherwise engaged in or  
19 holding itself out to the public as being engaged in the  
20 mortgage loan business which meets all of the following  
21 subparagraphs:

22 (i) Does not make more than 12 mortgage loans in a  
23 calendar year with its own funds, not including funds  
24 borrowed through warehouse lines of credit or other  
25 sources for the purpose of making mortgage loans.

26 (ii) Makes mortgage loans which are retained in the  
27 corporation's own portfolios and not regularly sold to  
28 others and are made to promote and advance the cultural  
29 traditions and lifestyles of bona fide religious  
30 organizations.

(iii) Does either of the following:

(A) In the same manner as a mortgage lender, obtains and maintains bond coverage for mortgage originators consistent with section 6131(c)(5) and files an annual report consistent with section 6135(a)(3).

(B) Annually, in a form acceptable to the department, demonstrates to the department that all of the mortgage originators employed by the nonprofit corporation have obtained and maintained the bond coverage required by section 6131(f)(4).

(iv) Ensures employees required to be licensed as mortgage originators have completed the requirements under section 6131.1 and have obtained the required mortgage originator license.

(13) An installment seller of, or holder of installment sales contracts secured by, manufactured homes who is licensed under the act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act, provided the installment seller or holder only engages in the mortgage loan business regarding installment sales contracts secured by manufactured homes that are purchase-money mortgage loans. To qualify for the exception under this paragraph, the installment seller or holder must:

(i) Obtain a license as a mortgage originator, if licensed as an individual under the Motor Vehicle Sales Finance Act.

(ii) Be registered with the department.

(iii) Do either of the following:

(A) In the same manner as a mortgage lender or

1 mortgage broker, as applicable depending upon whether  
2 the installment seller or holder makes or brokers  
3 installment sales contracts secured by manufactured  
4 homes that are purchase-money mortgage loans, obtain  
5 and maintain bond coverage for mortgage originators  
6 consistent with section 6131(c)(5) or (e)(3) and file  
7 an annual report consistent with section 6135(a)(3);  
8 or

9 (B) Annually demonstrate to the department that  
10 the mortgage originators employed by the installment  
11 seller or holder have obtained and maintained the  
12 bond coverage required by section 6131(f)(4) in a  
13 form acceptable to the department.

14 (iv) Ensure employees required to be licensed as  
15 mortgage originators have completed the requirements  
16 under section 6131.1 and have obtained the required  
17 mortgage originator license.

18 Section 3. This act shall take effect immediately.