
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1944

Session of
1985

INTRODUCED BY LINTON, F. E. TAYLOR, FATTAH, KOSINSKI, ACOSTA, RYBAK, WAMBACH, McHALE, FREEMAN, DAWIDA, MURPHY, SWEET, PRESTON, LEVDANSKY, CALTAGIRONE, OLIVER, PISTELLA, DeLUCA, COWELL, MARKOSEK, O'DONNELL, BLAUM, JOSEPHS, FOX, LEVIN, BOWLEY, COHEN, NAHILL, HAGARTY, DEAL, BATTISTO, IRVIS, ITKIN, BORTNER, CAPPABIANCA, R. C. WRIGHT, ROEBUCK, CARN, TRUMAN, LAUGHLIN, WESTON, DALEY, KUKOVICH AND PETRARCA, NOVEMBER 27, 1985

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE,
NOVEMBER 27, 1985

AN ACT

1 Providing for private mortgage insurance.

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

4 Section 1. Short title.

5 This act shall be known and may be cited as the Private
6 Mortgage Insurance Act.

7 Section 2. Definitions.

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

11 "Lending institution" or "lender." Any branch, savings and
12 loan association or other entity operating under the laws of
13 this Commonwealth and offering mortgage loans.

14 "PMI." Private mortgage insurance.

1 Section 3. Requirements.

2 A lending institution shall inform borrowers in writing of
3 their cancellation policies regarding private mortgage insurance
4 at the time the mortgage application is made if PMI is required
5 as a condition of the loan.

6 Section 4. Application of cancellation.

7 The cancellation policy of a lender may include procedures
8 that compensate for the risk of the loan, but no cancellation
9 policy may be applied against the low-down-payment borrower once
10 he reaches the 20% investment threshold that would not be
11 required of other lenders who make a 20% investment.

12 Section 5. Required cancellation.

13 (a) Loans seven years old or older.--A lender shall cancel
14 mortgage insurance at the request of a borrower whose loan is at
15 least seven years old if he has paid the loan down to 80% or
16 less of his home's current value.

17 (b) Loans less than seven years old.--If a mortgage is less
18 than seven years old, a lender shall cancel the mortgage
19 insurance at the borrower's request if he has paid the loan down
20 to 80% of the home's original purchase price or appraised value.

21 Section 6. Modification of interest rate.

22 Lenders who include PMI premiums in the stated interest rate
23 must modify the rate to include the change when the borrower
24 loan balance has reached 80% of the home's original purchase
25 price or appraised value.

26 Section 7. Notice.

27 (a) Requirement.--The lender must inform the borrower in
28 writing by certified mail when the loan balance is 80% or less
29 of the home's original purchase price and that he is eligible
30 for cancellation of PMI.

1 (b) Failure to notify.--Any lender who fails to notify the
2 borrower of eligibility for cancellation and continues to
3 collect premiums will be required to refund the premiums
4 collected plus interest charged at the same rate of the
5 prevailing interest of the mortgage loan.

6 Section 8. Application of act.

7 This act shall apply to mortgage loans executed on or after
8 the effective date hereof.

9 Section 9. Effective date.

10 This act shall take effect in 60 days.