

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL

## No. 2036

Session of  
1981

INTRODUCED BY BITTLE, RYAN, LASHINGER, BURD, GEIST, CESSAR,  
GLADECK, MORRIS, COLE, RAPPAPORT, LETTERMAN AND McCALL,  
OCTOBER 28, 1981

AS REPORTED FROM COMMITTEE ON BUSINESS AND COMMERCE, HOUSE OF  
REPRESENTATIVES, AS AMENDED, NOVEMBER 24, 1981

## AN ACT

1 Amending the act of December 12, 1980 (P.L.1179, No.219),  
2 entitled "An act to define and regulate secondary mortgage  
3 loans and providing penalties," ~~permitting licensees to~~ <—  
4 ~~charge any interest rate allowed for any regulated lender~~  
5 ~~under the laws of this Commonwealth.~~ CHANGING THE MAXIMUM <—  
6 RATE OF INTEREST PERMITTED TO BE CHARGED BY LICENSEES.

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

9 ~~Section 1. The act of December 12, 1980 (P.L.1179, No.219),~~ <—  
10 ~~known as the "Secondary Mortgage Loan Act," is amended by adding~~  
11 ~~a section to read:~~

12 ~~Section 9.1. Rate parity.~~

13 ~~Notwithstanding the provisions of paragraph (1) of section 9,~~  
14 ~~a loan authorized by this act may be made at an interest or~~  
15 ~~finance charge rate permitted any regulated lender under the~~  
16 ~~laws of this Commonwealth without regard to the maximum amount~~  
17 ~~of credit that may be extended at that rate or the maximum~~  
18 ~~duration for loans made by such lender. The maximum rate of~~  
19 ~~interest authorized by this section shall not exceed the maximum~~

1 ~~usury rate contained in 18 Pa.C.S. § 911(h)(1)(iv).~~

2 SECTION 1. PARAGRAPH (1) OF SECTION 9, ACT OF DECEMBER 12, <—  
3 1980 (P.L.1179, NO.219), KNOWN AS THE "SECONDARY MORTGAGE LOAN  
4 ACT," IS AMENDED TO READ:

5 SECTION 9. POWERS CONFERRED ON LICENSEES.

6 ALL SECONDARY MORTGAGE LOAN LICENSEES SHALL HAVE POWER AND  
7 AUTHORITY:

8 (1) TO MAKE A SECONDARY MORTGAGE LOAN REPAYABLE IN  
9 INSTALLMENTS, AND CHARGE, CONTRACT FOR AND RECEIVE THEREON  
10 INTEREST AT A PERCENTAGE RATE NOT EXCEEDING [1.45%] 1.85% PER  
11 MONTH. NO INTEREST SHALL BE PAID, DEDUCTED OR RECEIVED IN  
12 ADVANCE, EXCEPT THAT INTEREST FROM THE DATE OF DISBURSEMENT  
13 OF FUNDS TO THE BORROWER TO THE FIRST DAY OF THE FOLLOWING  
14 MONTH SHALL BE PERMITTED IN THE EVENT THE FIRST INSTALLMENT  
15 PAYMENT IS MORE THAN 30 DAYS AFTER THE DATE OF DISBURSEMENT.  
16 INTEREST SHALL NOT BE COMPOUNDED AND SHALL BE COMPUTED ONLY  
17 ON UNPAID PRINCIPAL BALANCES. HOWEVER, THE INCLUSION OF  
18 EARNED INTEREST IN A NEW NOTE SHALL NOT BE CONSIDERED  
19 COMPOUNDING. FOR THE PURPOSE OF COMPUTING INTEREST, A MONTH  
20 SHALL BE ANY PERIOD OF 30 CONSECUTIVE DAYS.

21 \* \* \*

22 Section 2. This act shall take effect immediately.