

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1931 Session of
1984

INTRODUCED BY RAPPAPORT AND SPENCER, FEBRUARY 14, 1984

REFERRED TO COMMITTEE ON JUDICIARY, FEBRUARY 14, 1984

AN ACT

1 Establishing the priority of advances made under mortgages.

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

4 Section 1. Except as otherwise provided in this act, all
5 advances made under and other sums secured by any mortgage which
6 states a maximum principal amount to be secured thereby and
7 which is recorded in this Commonwealth after the effective date
8 of this act shall have priority as of the time the mortgage is
9 left for record, whether the advances are voluntary or
10 obligatory. Any advance or portion thereof which, when added to
11 the unpaid principal balance of the mortgage, results in the
12 total unpaid principal balance in excess of the maximum
13 principal amount stated in the mortgage shall have priority only
14 from the time the advance was made. However, the following
15 advances made under or sums secured by the mortgage shall have
16 priority from the time the mortgage is left for record, whether
17 or not the result in a total unpaid principal amount in excess

1 of the maximum principal amount stated in the mortgage, accrued
2 interest, late, prepayment or service charges, advances made for
3 the payment of taxes, assessments, maintenance charges or
4 insurance premiums or for the reasonable protection of the
5 mortgaged property or the lien of the mortgage, expenses
6 incurred by the mortgagee by reason of default by the mortgagor
7 under the mortgage, and advances made under a construction loan
8 to enable completion of the improvement for which the
9 construction loan was originally made. The priority of advances
10 shall not be affected by the fact that no advance may have been
11 made at or before the date of recording of the mortgage, that
12 there may be no outstanding indebtedness at the time an advance
13 is made or that no provision for future advances may be
14 contained in the mortgage.

15 Section 2. Nothing contained in this act shall be construed
16 to affect the priority of advances made under any mortgage
17 recorded before the effective date of this act.

18 Section 3. This act shall take effect in 60 days.