
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 466 Session of
2021

INTRODUCED BY MUTH, SAVAL, SANTARSIERO, KEARNEY, KANE AND
STREET, APRIL 13, 2021

REFERRED TO URBAN AFFAIRS AND HOUSING, APRIL 13, 2021

AN ACT

1 Providing for deferment program for mortgage payments, for
2 application criteria and procedures, for reduction of rent
3 for qualified tenants, for waivers during disaster
4 emergencies and for applicability.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Housing
9 Security Act.

10 Section 2. Definitions.

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

14 "Commercial mortgage loan." A loan for the acquisition,
15 construction or development of real property, or a loan secured
16 by collateral in the real property, that is owned or used by a
17 person, business or entity for the purpose of generating profit.
18 The term includes real property used for single-family housing,
19 multifamily housing, retail space, office space or commercial

1 space.

2 "Department." The Department of Banking and Securities of
3 the Commonwealth.

4 "First mortgage loan." A loan which is:

5 (1) made primarily for personal, family or household
6 use; and

7 (2) secured by any first lien mortgage, deed of trust or
8 equivalent consensual security interest on a dwelling or on
9 residential real estate.

10 "Lease-purchase agreement." As follows:

11 (1) A deferred purchase of residential real estate by
12 which:

13 (i) an individual makes installment payments to the
14 seller of the dwelling or residential real estate; and

15 (ii) the seller retains title to the residential
16 real estate until some or all of the installment payments
17 are completed.

18 (2) The term does not include an agreement by which:

19 (i) an individual is not obligated to purchase the
20 dwelling or residential real estate; and

21 (ii) the final payment approximates the fair value
22 of the dwelling or residential real estate or the
23 anticipated fair value of the dwelling or residential
24 real estate and is not a nominal amount.

25 "Mortgage loan." Any first or secondary mortgage loan,
26 commercial mortgage loan, lease-purchase agreement or mortgage
27 loan modification.

28 "Mortgage loan business." The business of:

29 (1) advertising, causing to be advertised, soliciting,
30 negotiating or arranging in the ordinary course of business

1 or offering to make or making mortgage loans; or

2 (2) servicing mortgage loans.

3 "Mortgage loan modification." An agreement that revises the
4 terms of an existing mortgage loan, including an agreement to
5 reduce mortgage loan payment amounts, balance or interest rate
6 or to waive any accrued or prospective mortgage loan charges.
7 The term does not include any agreement to refinance a mortgage
8 loan into a new mortgage loan.

9 "Mortgage servicer." A person who engages in the mortgage
10 loan business by directly or indirectly engaging in the service
11 of a mortgage loan.

12 "Qualified tenant." A commercial tenant of a property owned
13 or controlled by a person or entity receiving a mortgage loan
14 payment deferral under section 3 that has notified the landlord
15 of an inability to pay all or a portion of the rent due as a
16 result of a declaration by the Governor of disaster emergency
17 under 35 Pa.C.S. § 7301(c) (relating to general authority of
18 Governor).

19 "Secondary mortgage loan." A loan which is:

20 (1) made primarily for personal, family or household
21 use; and

22 (2) secured by any secondary lien mortgage, deed of
23 trust or equivalent consensual security interest on a
24 dwelling or on residential real estate.

25 "Secretary." The Secretary of Banking and Securities of the
26 Commonwealth.

27 "Service a mortgage loan." The collection or remittance of
28 payments for another or the right to collect or remit payments
29 for another of principal, interest, taxes, insurance and any
30 other payments pursuant to a mortgage loan.

1 Section 3. Deferment program for mortgage payments.

2 During a declaration by the Governor of disaster emergency
3 under 35 Pa.C.S. § 7301(c) (relating to general authority of
4 Governor) and for 180 days after the expiration or termination
5 of the declaration by executive order, proclamation
6 or operation of law, a mortgage servicer that services a
7 mortgage loan under the jurisdiction of the secretary shall
8 develop a deferment program for mortgage loan borrowers in
9 accordance with the department's criteria under section 4(a)
10 that, at a minimum, provides for all of the following:

11 (1) Grants at least a 90-day deferment period of
12 mortgage loan payments for borrowers for each month the
13 mortgage loan is in deferment under a deferment program.

14 (2) Waives any late fee, processing fee or any other
15 fees accrued during the pendency of the disaster emergency.
16 This paragraph shall not apply to taxes or insurance
17 collected in accordance with a mortgage loan.

18 (3) Does not report to a credit bureau any delinquency
19 or other derogatory information that occurs as a result of
20 the deferment.

21 (4) Does not require the borrower to pay past due
22 mortgage payments due during the deferment period until, at
23 the earliest, the first month following the last month of the
24 original term of the mortgage loan.

25 (5) Beginning in the first month following the end of
26 the last month of the original term of the mortgage loan and
27 unless the borrower voluntarily contributes a greater amount,
28 allows a mortgage servicer to collect a monthly amount of no
29 more than the lesser of the following:

30 (i) Thirty-three percent of the full monthly

1 mortgage rate due during the deferment period.

2 (ii) The total amount of past due mortgage payments
3 divided by the number of months of deferment granted to
4 the borrower under paragraph (1).

5 Section 4. Application criteria and procedures.

6 (a) Criteria.--No later than 45 days from the effective date
7 of this section, the department shall establish application
8 criteria and procedures and a standardized application form for
9 mortgage loan borrowers to apply for a deferment program under
10 section 3. The mortgage servicer shall make the application
11 available on a publicly accessible Internet website and via
12 telephone.

13 (b) Approvals.--A mortgage servicer shall approve an
14 application to participate in a deferment program under section
15 3 if the applicant:

16 (1) demonstrates to the mortgage servicer evidence of a
17 financial hardship resulting directly or indirectly from a
18 disaster emergency declared by the Governor under 35 Pa.C.S.
19 § 7301(c) (relating to general authority of Governor) by
20 executing an affidavit of financial hardship. The department
21 shall develop the affidavit of financial hardship for the
22 purpose specified under this paragraph no later than 45 days
23 from the effective date of this section; and

24 (2) agrees in writing to pay the deferred mortgage loan
25 payments in accordance with the terms provided in section
26 3(5).

27 (c) Agreements.--Upon approving an application under
28 subsection (b), the mortgage servicer shall agree in writing to
29 all of the following:

30 (1) Freezing mortgage loan amortization during the

1 deferment period.

2 (2) Extending the term of the mortgage loan by the same
3 number of days as the deferment period.

4 (3) Waiving principal and interest payments due to the
5 mortgage servicer during the deferment period without
6 financial penalty until the day following the last day of the
7 original term of the mortgage loan.

8 (4) Collecting tax and insurance payments during the
9 deferment period.

10 (d) Retention.--A mortgage servicer who receives an
11 application to participate in a deferment program under section
12 3 shall retain the application, whether approved or denied, for
13 at least three years after the final payment is made on the
14 mortgage loan or the mortgage loan is sold, whichever occurs
15 first. Upon request, the mortgage servicer shall make the
16 application available to the department.

17 (e) Prohibition.--A mortgage servicer may not require a
18 lump sum payment from any mortgage loan borrower making payments
19 under a deferment program under section 3.

20 (f) Denials.--A person or entity that submitted an
21 application to participate in a deferment program under section
22 3 and is denied participation may file a written complaint with
23 the department.

24 Section 5. Reduction of rent for qualified tenants.

25 A mortgage loan borrower that participates in a deferment
26 program under section 3(a) for a property occupied by a
27 qualified tenant shall agree in writing to reduce the rent
28 charged for the property to the qualified tenant during the
29 period of time when the mortgage payment deferral is in effect
30 in an amount proportional to the reduced mortgage amount paid by

1 the mortgage loan borrower to the mortgage servicer during the
2 deferment period.

3 Section 6. Waivers during disaster emergencies.

4 To the necessary to conform with the provisions of this act,
5 the exceptions specified under 7 Pa.C.S. § 6112 (relating to
6 exceptions to license requirements) and provisions of 68 Pa.C.S.
7 § 3315 (relating to lien for assessments) shall be waived for
8 the duration of a disaster emergency under 35 Pa.C.S. §
9 7301(c) (relating to general authority of Governor).

10 Section 7. Applicability.

11 This act shall not apply to a mortgage servicer that
12 initiated a foreclosure action or exercised the mortgage
13 servicer's right to accelerate the balance and maturity date of
14 the loan on or before March 11, 2020.

15 Section 8. Effective date.

16 This act shall take effect immediately.