

No. 1982-83

AN ACT

HB 2036

Amending the act of December 12, 1980 (P.L.1179, No.219), entitled "An act to define and regulate secondary mortgage loans and providing penalties," changing the maximum rate of interest permitted to be charged by licensees.

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

Section 1. Paragraph (1) of section 9, act of December 12, 1980 (P.L.1179, No.219), known as the "Secondary Mortgage Loan Act," is amended to read:

Section 9. Powers conferred on licensees.

All secondary mortgage loan licensees shall have power and authority:

(1) To make a secondary mortgage loan repayable in installments, and charge, contract for and receive thereon interest at a percentage rate not exceeding [1.45%] 1.85% per month. No interest shall be paid, deducted or received in advance, except that interest from the date of disbursement of funds to the borrower to the first day of the following month shall be permitted in the event the first installment payment is more than 30 days after the date of disbursement. Interest shall not be compounded and shall be computed only on unpaid principal balances. However, the inclusion of earned interest in a new note shall not be considered compounding. For the purpose of computing interest, a month shall be any period of 30 consecutive days.

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Section 2. This act shall take effect immediately.

APPROVED—The 8th day of April, A. D. 1982.

DICK THORNBURGH