

No. 1977-34

## AN ACT

HB 616

Amending the act of January 30, 1974 (P.L. 13, No.6), entitled "An act regulating agreements for the loan or use of money; establishing a maximum lawful interest rate in the Commonwealth; providing for a legal rate of interest; detailing exceptions to the maximum lawful interest rate for residential mortgages and for any loans in the principal amount of more than fifty thousand dollars and Federally insured or guaranteed loans and unsecured, noncollateralized loans in excess of thirty-five thousand dollars and business loans in excess of ten thousand dollars; providing protections to debtors to whom loans are made including the provision for disclosure of facts relevant to the making of residential mortgages, providing for notice of intention to foreclose and establishment of a right to cure defaults on residential mortgage obligations, provision for the payment of attorney's fees with regard to residential mortgage obligations and providing for certain interest rates by banks and bank and trust companies; clarifying the substantive law on the filing of and execution on a confessed judgment; prohibiting waiver of provisions of this act, specifying powers and duties of the Secretary of Banking, and establishing remedies and providing penalties for violations of this act," modifying the legislative statement as to residential mortgage interest rates.

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

Section 1. Subsection (a) of section 301, act of January 30, 1974 (P.L.13, No.6), referred to as the Loan Interest and Protection Law, is amended to read:

Section 301. Residential Mortgage Interest Rates.—(a) The General Assembly hereby finds that it is necessary and appropriate to establish a flexible maximum lawful interest rate for residential mortgages, as defined in this act, and *further finds* that the Monthly Index of Long Term United States Government Bond Yields is the appropriate basis on which such a maximum rate of interest may be established [**and that the Monthly Index of such Long Term United States Government Bond Yields compiled by the Board of Governors of the Federal Reserve System and as published by said Board of Governors in the monthly Federal Reserve Bulletin accurately reflects this function**].

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Section 2. This act shall take effect immediately.

APPROVED—The 22nd day of July, A. D. 1977.

MILTON J. SHAPP