

No. 1977-97

AN ACT

SB 563

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," changing disclosure requirements for certain costs, charges and for mortgage payments.

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

Section 1. Section 401, act of January 30, 1974 (P.L.13, No.6), referred to as the Loan Interest and Protection Law, is amended to read:

Section 401. Disclosure Requirements.—**[(a) Any residential mortgage lender, simultaneous with the issuance of a mortgage commitment but in any event at least five business days prior to the loan settlement of a residential mortgage, shall disclose directly to the residential mortgage debtor, or send to the residential mortgage debtor under such circumstances that the disclosure would normally be received at least five business days prior to loan settlement of the residential mortgage, the finance charge, an estimated total of the actual settlement costs, as defined in this act, to be paid by the residential mortgage debtor at settlement, the anticipated actual settlement costs to be charged by the residential mortgage lender, plus the number, amount and due date or periods of payments scheduled to repay the entire indebtedness, and the sum of such payments using the term "total of payments," and the existence, identity and compensation, if any, paid directly or indirectly by the residential mortgage lender to a residential mortgage intermediary.**

(b) The disclosure provided for in this section shall be made in the manner provided by the Secretary of Banking by regulation. The disclosure shall clearly and conspicuously set forth all required disclosure information.] A residential mortgage lender shall provide to the residential mortgage debtor disclosures required by the "Truth in Lending Act," Title

I, Public Law 90-321, 82 Stat. 146, and the "Real Estate Settlement Procedures Act of 1974," Public Law 93-533, 88 Stat. 1724, and regulations adopted pursuant thereto.

Section 2. This act shall take effect in 60 days.

APPROVED—The 16th day of December, A. D. 1977.

MILTON J. SHAPP