

No. 1989-90

AN ACT

SB 31

Providing for the regulation and licensing of mortgage bankers and mortgage brokers; imposing additional powers and duties on the Department of Banking and the State Real Estate Commission; and providing penalties.

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

Section 1. Short title.

This act shall be known and may be cited as the Mortgage Bankers and Brokers Act.

Section 2. Definitions.

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

“Advance fee.” Any funds requested by or to be paid to a mortgage broker in advance of or during the processing of a mortgage loan application, excluding those fees paid by an applicant borrower directly to a credit agency reporting bureau, title company or real estate appraiser.

“Commission.” The State Real Estate Commission.

“Department.” The Department of Banking of the Commonwealth.

“Finder’s fee” or “referral fee.” Any payment of money or other consideration for the referral of a mortgage loan to a lender, but shall not include consideration paid for goods or facilities actually furnished or services actually performed.

“Licensee.” A person who is licensed under this act.

“Mortgage banker.” A person who directly or indirectly originates and closes mortgage loans with its own funds in the primary market for consideration.

“Mortgage broker.” A person who directly or indirectly negotiates or places mortgage loans for others in the primary market for consideration.

“Mortgage loan.” A loan which is secured by a first mortgage or other similar instrument or document which creates a first lien on real property, which real property is used as a one-family to four-family dwelling, a portion of which may be used for nonresidential purposes.

“Person.” An individual, association, joint venture or joint-stock company, partnership, limited partnership, limited partnership association, business corporation, nonprofit corporation, or any other group of individuals, however organized.

“Primary market.” The market wherein mortgage loans are originated between a lender and a borrower.

Section 3. License requirements and exemptions.

(a) License required.—On and after the effective date of this act, no person shall act as a mortgage banker or mortgage broker in this Commonwealth without a license as provided for in this act, provided, however, that any person licensed as a mortgage banker may also act as a mortgage broker without a separate license. A person licensed as a mortgage broker may only perform the services of a mortgage broker as defined in section 2.

(b) Exceptions.—The following persons shall not be required to be licensed under this act in order to conduct the activities of a mortgage banker or mortgage broker but shall be subject to those provisions of this act as specifically provided in this section:

(1) A State-chartered bank, bank and trust company, savings bank, private bank or national bank, a State or federally chartered savings and loan association, a federally chartered savings bank or a State or federally chartered credit union.

(2) An attorney authorized to practice law in this Commonwealth, who acts as a mortgage broker in negotiating or placing a mortgage loan in the normal course of legal practice.

(3) A person licensed pursuant to the provisions of the act of February 19, 1980 (P.L.15, No.9), known as the Real Estate Licensing and Registration Act, who is principally engaged in a third-party real estate brokerage business, but only to the extent that he provides information, verbal or written, to or negotiates or places a mortgage loan for a buyer of real estate and is not compensated by the buyer or any other person for providing such information or negotiating or placing such mortgage loan. If he is compensated for providing such information or negotiating or placing such mortgage loan, he shall be subject to the provisions of sections 8, 10, 11 and 14(b), excluding section 8(a)(1).

(4) A seller of a dwelling, if he has resided in the dwelling at least one year and as part of the purchase price receives a first mortgage executed by the purchaser.

(5) A person who either originates or negotiates less than 12 mortgage loans in a calendar year in this Commonwealth.

(6) Builders, when obtaining mortgages for their own construction or for the sale of their own construction.

(7) Any agency or instrumentality of the Federal Government or a corporation otherwise created by an act of the United States Congress, including, but not limited to, the Federal National Mortgage Association, the Government National Mortgage Association, the Veterans' Administration, the Federal Home Loan Mortgage Corporation and the Federal Housing Administration.

(8) The Pennsylvania Housing Finance Agency.

(9) A licensee under the act of April 8, 1937 (P.L.262, No.66), known as the Consumer Discount Company Act, except that any such licensee who makes a mortgage loan other than under the provisions of that act shall be subject to the provisions of sections 4(b)(2) and (3), 8, 10 and 14(b) of this act, excluding section 8(a)(1).

(10) Except for licensees described in paragraph (9), subsidiaries and affiliates of the following institutions: Pennsylvania State-chartered banks, bank and trust companies, savings banks, private banks, savings and loan associations and credit unions or national banks, federally chartered savings and loan associations, federally chartered savings banks and federally chartered credit unions, except that such subsidiaries and affiliates of institutions enumerated in this paragraph shall:

(i) be subject to the provisions of sections 8, 9(a)(3), 10 and 14(b), excluding section 8(a)(1); and

(ii) deliver to the department annually copies of financial reports made to all supervisory agencies.

(11) Employees of a licensee or excepted persons acting for their employers.

(12) An insurance company, association or exchange authorized to transact business in this Commonwealth under the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921, and any subsidiaries and affiliates thereof, except that such subsidiaries and affiliates shall:

(i) be subject to the provisions of sections 8, 9(a)(3), 10 and 14(b), excluding section 8(a)(1); and

(ii) deliver to the department annually copies of financial reports made to all supervisory agencies.

(c) Loans for business or commercial purposes.—This act shall not apply to mortgage loans made for business or commercial purposes.

Section 4. Application for license.

(a) Contents.—An application for a license to act as a mortgage banker or mortgage broker shall be on such forms as may be prescribed and provided by the department. Each application shall include the address or

addresses where business is to be conducted, the full name, official title and business address of each director and principal officer of the business and any other information that may be required by the department.

(b) Mortgage banker's license.—The department shall issue a mortgage banker's license applied for pursuant to this act if the applicant establishes that he has met the following conditions:

(1) That he is approved by or meets the current criteria for approval of at least one of the following:

- (i) Federal National Mortgage Association.
- (ii) Federal Home Loan Mortgage Corporation.
- (iii) Federal Housing Administration.

(2) That he maintains or is approved for, and will continue to maintain as a licensee, a line of credit or equivalent mortgage-funding capability of not less than \$1,000,000.

(3) That he has a minimum tangible net worth of \$250,000 at the time of application and will, at all times thereafter, maintain such minimum net worth, provided, however, that those applicants who were in business prior to January 1, 1987, may be licensed with a minimum tangible net worth of \$100,000 if, in the opinion of the department, the applicant has established that it has an otherwise adequate financial structure and operating history.

(4) That he will maintain fidelity bond coverage in accordance with the guidelines established by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

(c) Mortgage broker's license.—The department shall issue a mortgage broker's license applied for pursuant to this act if the applicant establishes that he has met the following conditions:

(1) That he is eligible to and will obtain a bond in the amount of \$100,000, in a form prescribed by the regulations of the department, prior to the issuance of the license, from a surety company authorized to do business in this Commonwealth, which bond shall run to the Commonwealth for the benefit of any person injured by the wrongful act, default or misrepresentation of the mortgage broker. No bond shall comply with the requirements of this section unless it contains a provision that it shall not be canceled for any cause unless notice of intention to cancel is given to the department at least 30 days before the day upon which cancellation shall take effect.

(2) In lieu of the bond required by paragraph (1), the applicant may deposit, with the department or with the State Treasurer, bonds, notes, debentures or other obligations of the United States or any agency or instrumentality thereof if guaranteed by the United States, or such bonds, notes, debentures or other obligations of the Commonwealth or of a political subdivision thereof having a market value of at least \$100,000; and it shall be the obligation of the licensee to see to it that the securities on deposit shall have a market value of at least \$100,000 at all times. The depositor shall be entitled to receive all interest and dividends thereon, and shall have the right, with the approval of the department, to substitute

other securities for those deposited. Should the securities on deposit at any time have a market value of less than \$100,000, the department may revoke the license as hereinafter provided. All securities deposited shall be held under the same conditions and subject to the same right of execution as the bond provided for in paragraph (1).

(3) Mortgage brokers who can demonstrate to the satisfaction of the department that they do not accept advance fees shall be exempt from the requirement of this subsection.

(d) Foreign corporation.—If the applicant is a foreign corporation, that corporation shall be authorized to do business in this Commonwealth in accordance with the law of this Commonwealth regulating corporations and shall maintain at least one office in this Commonwealth which is the office that shall be licensed as the principal place of business for the purposes of this act. The corporation shall file with the application an irrevocable consent, duly acknowledged, that suits and actions may be commenced against that licensee in the courts of this Commonwealth by the service of process of any pleading upon the department in the usual manner provided for service of process and pleadings by the statutes and court rules of this Commonwealth. The consent shall provide that this service shall be as valid and binding as if service had been made personally upon the licensee in this Commonwealth. In all cases where process or pleadings are served upon the department pursuant to the provisions of this section, such process or pleadings shall be served in triplicate; one copy shall be filed in the Office of the Secretary of Banking and the others shall be forwarded by the department, by certified or registered mail, return receipt requested, to the last known principal place of business in the Commonwealth and to the corporation's principal place of business.

Section 5. Annual license fee.

An applicant shall pay to the department at the time an application is filed an initial license fee of \$500 for the principal place of business and an additional license fee of \$50 for each branch office in this Commonwealth. On or before July 1 of each year and thereafter, a licensee shall pay a license renewal fee of \$200 for the principal place of business and an additional license renewal fee of \$25 for each branch office in this Commonwealth. No abatement of any license fee shall be made if the license is issued for a period of less than one year. The department shall be entitled to recover any cost of investigation in excess of license or renewal fees from the licensee or from any person who is not licensed under this act but who is presumed to be engaged in business contemplated by this act.

Section 6. Issuance of license.

(a) Time limit.—Within 60 days after an application is received, the department shall either issue a license or, for any reason for which the department may suspend, revoke or refuse to renew a license as provided for by section 13, refuse to issue a license.

(b) Appeal of denial.—If the department refuses to issue a license, it shall notify the applicant, in writing, of the denial and the reason therefor and of the applicant's right to appeal from such action to the Common-

wealth Court. An appeal from the department's refusal to approve an application for a license shall be filed by the applicant within 30 days of notice thereof.

(c) Contents of license.—Each license issued by the department shall specify:

(1) The name and address of the licensee, the address so specified to be that of the licensee's principal place of business within this Commonwealth.

(2) The licensee's reference number, which may remain the same from year to year despite variations in annual license numbers which may result from the renewal of licenses by mechanical techniques.

(3) Such other information as the department shall require to carry out the purposes of this act.

Section 7. License duration.

A license issued by the department shall:

(1) Be renewed on July 1 of each year upon payment of the annual renewal fee and after a determination that the licensee is conducting business in accordance with the provisions of this act is made by the department. No refund of any portion of the license fee shall be made if the license is voluntarily surrendered to the department or suspended or revoked by the department prior to its expiration date.

(2) Be invalid if the mortgage banker's corporate charter is voided in accordance with the provisions of any law of this Commonwealth or any other state.

(3) Not be assignable by operation of law or otherwise without the written consent of the department.

Section 8. Licensee requirements.

(a) Requirements on licensee.—A licensee shall:

(1) Conspicuously display its license at each licensed place of business.

(2) Maintain, at its principal place of business within this Commonwealth, or at such place within or outside this Commonwealth if agreed to by the Secretary of Banking or the commission, either the original or a copy of such books, accounts, records and documents, or electronic or other similar access thereto, of the business conducted under the license as may be prescribed by the department or commission to enable them to determine whether the business of the licensee is being conducted in accordance with the provisions of this act and the orders, rules and regulations issued under this act.

(3) Annually, before May 1, file a report with the department or commission which shall set forth such information as the department or commission shall require concerning the business conducted as a licensee during the preceding calendar year. The report shall be in writing, under oath, and on a form provided by the department.

(4) Be subject to examination by the department or commission at the discretion of the department or commission at which time the department or commission shall have free access, during regular business hours, to the licensee's place or places of business in this Commonwealth and to all

instruments, documents, accounts, books and records which pertain to a licensee's mortgage loan business. The department or commission may examine a licensee at any time if the department or commission deems such examination to be necessary or desirable. The cost of any such examination shall be borne by the licensee.

(5) Comply with all provisions of the act of January 30, 1974 (P.L.13, No.6), referred to as the Loan Interest and Protection Law, provided, however, that this shall not be deemed an override of section 501 of the Depository Institutions Deregulation and Monetary Control Act of 1980 (94 Stat. 161, 12 U.S.C. § 1735f-7 note).

(6) Comply with the provisions of the act of December 23, 1983 (P.L.385, No.91), entitled "An act amending the act of December 3, 1959 (P.L.1688, No.621), entitled, as amended, 'An act to promote the health, safety and welfare of the people of the Commonwealth by broadening the market for housing for persons and families of low and moderate income and alleviating shortages thereof, and by assisting in the provision of housing for elderly persons through the creation of the Pennsylvania Housing Finance Agency as a public corporation and government instrumentality; providing for the organization, membership and administration of the agency, prescribing its general powers and duties and the manner in which its funds are kept and audited, empowering the agency to make housing loans to qualified mortgagors upon the security of insured and uninsured mortgages, defining qualified mortgagors and providing for priorities among tenants in certain instances, prescribing interest rates and other terms of housing loans, permitting the agency to acquire real or personal property, permitting the agency to make agreements with financial institutions and Federal agencies, providing for the purchase by persons of low and moderate income of housing units, and approving the sale of housing units, permitting the agency to sell housing loans, providing for the promulgation of regulations and forms by the agency, prescribing penalties for furnishing false information, empowering the agency to borrow money upon its own credit by the issuance and sale of bonds and notes and by giving security therefor, permitting the refunding, redemption and purchase of such obligations by the agency, prescribing remedies of holders of such bonds and notes, exempting bonds and notes of the agency, the income therefrom, and the income and revenues of the agency from taxation, except transfer, death and gift taxes; making such bonds and notes legal investments for certain purposes; and indicating how the act shall become effective,' providing for homeowner's emergency assistance."

(7) Provide for periodic accounting of any escrow accounts held by the licensee to the borrowers not less than annually, showing the amounts received from the borrower and the amounts disbursed.

(8) Refund all fees, other than those fees paid by the licensee to a third party, paid by an applicant borrower when a mortgage loan is not produced within the time specified by the mortgage banker or mortgage broker at the rate, term and overall cost agreed to by the borrower, provided, however, that this provision shall not apply when the failure to

produce a loan is due solely to the borrower's negligence, his refusal to accept and close on a loan commitment or his refusal or inability to provide information necessary for processing, including, but not limited to, employment verifications and verifications of deposits. The licensee shall disclose to the borrower, in writing, at the time of a loan application which fees paid or to be paid are nonrefundable.

(b) Accounting records.—After the effective date of this act, the licensee's accounting records must be constructed and maintained in compliance with generally accepted accounting principles if the licensee is a mortgage banker or in such manner as may be provided by regulation for all other licensees, and all of the aforementioned instruments, documents, accounts, books and records shall be kept separate and apart from the records of any other business conducted by the licensee and shall be preserved and kept available for investigation or examination by the department or commission for at least two years after a mortgage loan has been paid in full. The provisions of this subsection shall not apply to any instrument, document, account, book or record that is assigned, sold or transferred to another person, nor shall the two-year requirement apply to an instrument or document which must be returned to a borrower at the time a mortgage loan is paid in full.

(c) Copies.—If copies of instruments, documents, accounts, books or records are maintained under subsection (a)(2), they may be photostatic, microfilm or electronic copies or copies provided in some other manner approved by the Secretary of Banking or the commission, as long as access to information required by the secretary or commission exists electronically at all times within this Commonwealth.

(d) Limited powers.—The powers conferred upon the commission by this section, excluding subsection (a)(1), shall only be exercised by the commission in relation to persons licensed pursuant to the provisions of the act of February 19, 1980 (P.L.15, No.9), known as the Real Estate Licensing and Registration Act, who are subject to this section under section 3(b)(3) and the exercise of such power by the commission in relation to such persons shall be exclusive.

Section 9. Licensee limitations.

(a) Prohibitions.—A licensee shall not:

(1) Transact any business subject to the provisions of this act under any other name except those designated in its license. A licensee that changes its name or place or places of business shall immediately notify the department, which shall issue a certificate, if appropriate, to the licensee which shall specify the licensee's new name or address.

(2) Conduct any business other than any business regulated by the department in any place of business licensed pursuant to this act without at least 90 days' prior written notification to the department.

(3) Disburse the proceeds of a mortgage loan in any form other than cash, electronic fund transfer, certified check or cashier's check.

(b) Authority to close loans in attorneys' and title insurance companies or agencies' offices.—Nothing contained in this act shall prohibit any

licensee or person exempt from licensure hereunder from closing any loans made under the provisions of this act in the offices of attorneys-at-law licensed by and located in this Commonwealth and title insurance companies or agencies licensed by and located in this Commonwealth.

Section 10. Authority of department or commission.

(a) Department regulations.—Except as provided in subsection (b), the department shall have the authority to issue rules and regulations and orders as may be necessary for the proper conduct of the business of a mortgage banker or a mortgage broker and for the enforcement of this act. Initial rules and regulations shall be issued by the department within 180 days after the effective date of this subsection.

(b) Joint regulations.—The department and the commission shall have the authority to jointly issue rules and regulations as may be necessary to carry out the purposes of sections 8, 10 and 14(b), excluding section 8(a)(1). Initial rules and regulations shall be jointly issued by the department and the commission within 180 days after the effective date of this subsection.

(c) Powers.—The department and the commission shall have the authority to:

(1) Examine any instrument, document, account, book, record or file of a licensee or any other person, or make such other investigation as may be necessary to administer the provisions of this act.

(2) Conduct administrative hearings on any matter pertaining to this act, issue subpoenas to compel the attendance of witnesses and the production of instruments, documents, accounts, books and records at any such hearing, which may be retained by the department or commission until the completion of all proceedings in connection with which they were produced, and administer oaths and affirmations to any person whose testimony is required. In the event a person fails to comply with a subpoena issued by the department or commission or to testify on any matter concerning which he may be lawfully interrogated, on application by the department or commission, the Commonwealth Court may issue an order requiring the attendance of such person, the production of instruments, documents, accounts, books or records or the giving of testimony.

(d) Limited powers.—The powers conferred upon the commission by subsection (c) shall only be exercised by the commission in relation to persons licensed pursuant to the provisions of the act of February 19, 1980 (P.L.15, No.9), known as the Real Estate Licensing and Registration Act, who are subject to subsection (c) under section 3(b)(3) and the exercise of such power by the commission in relation to such persons shall be exclusive.

Section 11. Fees.

(a) Certain fees prohibited.—No real estate broker or salesperson who has received a fee, commission or other valuable consideration in connection with the sale or transfer of real estate shall be paid or receive a fee or other compensation, directly or indirectly, for providing mortgage brokering services in connection with the origination of a mortgage loan relative to such sale or transfer of real estate, but such broker or salesperson may receive a fee in connection with such mortgage loan transaction which shall not exceed an amount as established by the commission pursuant to this section.

(b) Regulations.—The commission shall, within 180 days of the effective date of this subsection, promulgate rules and regulations establishing the maximum fees which a real estate broker or salesperson may charge for services rendered in connection with mortgage brokering services. Said fees shall:

(1) Be for actual services rendered in connection with the origination of a mortgage loan.

(2) Be expressed in terms of dollars or as a percentage of the mortgage loan being created.

(c) Formulation procedure.—Prior to the publication of any notice of proposed rulemaking under this section, the commission shall hold public hearings to afford any interested party, including the department, full opportunity to present testimony, comment thereon and make recommendations regarding the formulation of such rules and regulations. The department shall also have 30 days following the close of the hearings to submit further comments and recommendations to the commission. The procedure contained in this section shall be in addition to the requirements contained in the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act, and shall not affect any right the department may have to participate in the rulemaking process following the commission’s publication of proposed rules and regulations as permitted by that act. In establishing the maximum fees allowable, the commission shall consider the nature of the services performed by the real estate broker or salesperson and the time required for the performance thereof.

(d) Licensing option.—A real estate broker or salesperson who is also a bona fide mortgage broker who holds himself out publicly as such shall have the option of being licensed and regulated by the department, in which case he shall not be subject to the fee limitations provided for in this section or the rules and regulations promulgated by the commission hereunder.

(e) Disclosure.—No real estate broker or salesperson shall receive a fee, commission or other valuable consideration pursuant to this section and the regulations promulgated hereunder unless he makes the following written disclosure to the buyer in at least ten-point boldface capital letters.

The real estate broker in this transaction who has offered to assist me in obtaining a mortgage loan has advised me of the following:

(1) He does not represent any particular mortgage lender; or the name of the mortgage lender he represents is.....

(2) I am not required to obtain the mortgage for the purchase of the real estate from the mortgage banker whom the broker represents.

(3) The real estate broker has a fiduciary obligation to the seller, from whom he will receive a commission.

(4) Should the real estate broker violate any of the provisions of the Real Estate Licensing and Registration Act or the Mortgage Bankers and Brokers Act I may file a complaint with the Pennsylvania Real Estate Commission.

Section 12. Surrender of license.

Upon satisfying the department that all creditors have been paid or that other arrangements satisfactory to the creditors and the department have been made, a licensee shall surrender its license to the department by delivering its license to the department with written notice that the license is being voluntarily surrendered, but such an action by a licensee shall not affect the licensee's civil or criminal liability for acts committed.

Section 13. Suspension, revocation or refusal.

(a) Departmental action.—The department may suspend, revoke or refuse to renew any license issued pursuant to this act after giving 30 days' written notice forwarded to the licensee's principal place of business, by registered or certified mail, return receipt requested, stating the contemplated action and the reason therefor, if the department shall find, after the licensee has had an opportunity to be heard, that the licensee has:

(1) Made any material misstatement in his application.

(2) Failed to comply with or violated any provision of this act or any rule, regulation or order promulgated by the department pursuant to this act.

(3) If licensed under section 4(c)(3), accepted an advance fee.

The hearing and notice provisions of this section shall not apply if the licensee's corporate charter is voided in accordance with the provisions of any law of this or any other state, in which event the department may suspend or revoke the license.

(b) Reinstatement.—The department may subsequently reinstate a license which has been suspended or revoked or renew a license which had previously been refused for renewal if the condition which warranted the original action has been corrected and the department has reason to believe that such condition is not likely to occur again and the licensee satisfies the requirements of this act.

Section 14. Penalties.

(a) Nonlicensees.—Any person who is not licensed by the department or is not exempted from the licensing requirements in accordance with the provisions of this act and who engages in the business of a mortgage banker or mortgage broker commits a felony of the third degree.

(b) Nonlicensees subject to the provisions of this act.—Any person who is subject to the provisions of this act, even though not licensed hereunder, who violates any of the provisions to which it is subject shall be subject to a fine levied by the department or commission of up to \$2,000 for each offense. Any such nonlicensed person who commits three or more offenses may, at the discretion of the department or commission, be prohibited from engaging in the business of a mortgage broker or mortgage banker unless licensed under this act.

(c) Violations by licensees.—Any person licensed under the provisions of this act or any director, officer, employee or agent of a licensee who shall violate the provisions of this act or shall direct or consent to such violations shall be subject to a fine levied by the department of up to \$2,000 for each offense.

(d) *Limited powers.*—The powers conferred upon the commission by subsection (b) shall only be exercised by the commission in relation to persons licensed pursuant to the provisions of the act of February 19, 1980 (P.L.15, No.9), known as the Real Estate Licensing and Registration Act, who are subject to subsection (b) under section 3(b)(3) and the exercise of such power by the commission in relation to such persons shall be exclusive.

Section 15. Report.

At least annually, the department and the commission shall separately provide a written report to the General Assembly listing the complaints received concerning mortgage brokerage activities and advising as to the manner in which each complaint was disposed of. The department and commission shall also set forth all enforcement actions relating to mortgage brokerage activities under this act and the regulations promulgated thereunder.

Section 16. Referral fees.

Nothing in this act shall permit a real estate broker or salesperson, who receives a fee, commission or other valuable consideration relating to the sale of residential real property, to be paid or receive a finder's fee or a referral fee for the referral of a mortgage loan to a lender in connection with that sale, whether or not the real estate broker or salesperson is licensed and regulated by the department.

Section 17. Real Estate Recovery Fund.

Any person injured by the wrongful act, default or misrepresentation of a person engaged in the activities of a mortgage broker who is exempt from licensure under this act by virtue of being licensed pursuant to the act of February 19, 1980 (P.L.15, No.9), known as the Real Estate Licensing and Registration Act, shall be entitled to seek recovery from the Real Estate Recovery Fund established by the Real Estate Licensing and Registration Act notwithstanding the fact that such wrongful act, default or misrepresentation occurred in conjunction with mortgage-brokering activities subject, however, to all other terms and conditions of the Real Estate Licensing and Registration Act regarding recovery from that fund.

Section 18. Scope of act.

The provisions of this act shall apply to any mortgage loan which is:

- (1) negotiated, offered or otherwise transacted within this Commonwealth, in whole or in part, whether by the ultimate lender or any other person;
- (2) made or executed within this Commonwealth; or
- (3) notwithstanding the place of execution, secured by real property located in this Commonwealth.

Section 19. Effective date.

This act shall take effect as follows:

- (1) Sections 10(a) and (b), 11(b) and (c) shall take effect immediately.

(2) The remainder of this act shall take effect in 180 days.

APPROVED—The 22nd day of December, A. D. 1989.

ROBERT P. CASEY