

No. 2002-197

## AN ACT

SB 14

Relating to the satisfaction of residential and other mortgages; providing for certain forms; and making repeals.

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 Satisfaction 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:

“Mortgage.” Any instrument or document recorded or presented for recording in the office of the recorder of deeds, or other official in charge of recording mortgages, in any county of this Commonwealth which creates or purports to create a specific lien on any real property within such county.

“Mortgage servicer.” The last person to whom a mortgagor has been instructed by a mortgagee or prior servicer to send payments for the loan secured by a mortgage. A person lawfully transmitting a payoff statement is considered the mortgage servicer for the mortgage described in the payoff statement.

“Mortgagee.”

- (1) The current holder of record of the mortgage or the current holder of the mortgage or note;
- (2) a mortgage servicer; or
- (3) the personal representatives, agents, nominees, successors or assigns of the current holder of the mortgage or note.

“Payoff statement.” A statement issued by a mortgagee or agent of the mortgagee of the amount of the unpaid balance of a loan secured by a mortgage, including principal, interest and other charges properly assessed under the loan documentation of the mortgage and interest on a per diem basis for the unpaid balance.

“Real property.” Lands, tenements, buildings and parts thereof or any interest therein, condominiums and real estate cooperatives.

“Residential mortgage.” A mortgage creating a specific lien upon real estate within this Commonwealth containing four or fewer residential units, including residential condominium or cooperative units.

“Settlement officer.” A natural person:

- (1) who is:

- (i) licensed by the Insurance Department as a title insurance agent;
  - (ii) an employee of a title insurance company authorized to do business in this Commonwealth by the Insurance Department; or
  - (iii) an attorney-at-law licensed to practice in this Commonwealth;
- and

(2) who conducted a settlement or under whose direct supervision a settlement was conducted in which a mortgage was paid in full in accordance with the payoff statement provided by the mortgagee.

### Section 3. Satisfactions, methods and indexing.

#### (a) Methods of satisfying mortgages.—

(1) Mortgages shall be satisfied by satisfaction pieces and also in the case of residential mortgages by settlement officer satisfactions as described in sections 5 and 7 and not by entering satisfaction upon the margin of the record of such mortgage. A satisfaction piece or settlement officer satisfaction need not be accompanied by the original mortgage instrument or a copy thereof, certified or otherwise, when presented for recording. If required by the recording officer for the applicable county, a satisfaction piece or settlement officer satisfaction shall be accompanied by information sufficient to validate the original mortgage recording information in the public record, which shall be at the option of the mortgagee or settlement officer one of the following:

- (i) The original mortgage.
- (ii) A legible image of the first page of the mortgage.
- (iii) A validation fee as established by the recording officer.

(2) Any recording officer who shall elect the recording validation procedure described in paragraph (1) shall give notice of such election, which notice shall be entitled "Notice of Election by (recording officer) to Adopt Recording Information Validation Procedure under the Mortgage Satisfaction Act," shall state any additional fees to be charged and shall be advertised in the county recorder's yearly fee schedule or fee bill, whichever is applicable.

(b) Indexing.—The recording officer shall properly index all satisfaction pieces and settlement officer satisfactions against the name of the mortgagee or last assignee as each is indicated in the satisfaction piece or settlement officer satisfaction, and the recording officer shall indicate the recording of each satisfaction piece and settlement officer satisfaction in the mortgage record.

(c) Liability of recording officer.—Nothing contained in this act shall impose liability on any recording officer or any political subdivision for any mistake, error or inaccuracy found in any satisfaction piece or settlement officer satisfaction which was presented for recording by any person or entity and which was recorded by the recording officer or political subdivision.

**Section 4. Satisfaction piece required and effect of satisfaction piece.**

Every mortgagee shall, upon receipt of payment of the entire mortgage obligation and tender of all required satisfaction and recording costs, present for recording in the office where the mortgage is recorded a duly executed satisfaction piece in substantially the form set out in section 5 and acknowledged as provided by law. The satisfaction piece when recorded shall forever thereafter discharge, defeat and release the lien and debt of the mortgage.

**Section 5. Form of satisfaction piece.**

Mortgagees, whether individuals or legal entities other than individuals, shall satisfy mortgages by a satisfaction piece in substantially the following form:

**SATISFACTION PIECE**

Made this            day of

Name of Mortgagor:

Name of Mortgagee:

Name of Last Assignee:

Date of Mortgage:

Original Mortgage Debt:

Mortgage Recorded on            ,  
in the Office of the Recorder of Deeds of  
County, Pennsylvania,  
in Book    , Page    /instrument  
number    .

Brief Description or Statement of Location of  
Mortgaged Premises:

The undersigned hereby certifies that the debt secured by the above-mentioned mortgage has been fully paid or otherwise discharged and that upon the recording hereof said mortgage shall be and is hereby fully and forever satisfied and discharged.

The undersigned hereby authorizes and empowers the recorder of said county to enter this satisfaction piece and to cause said mortgage to be satisfied of record.

Witness the due execution hereof with the intent to be legally bound.  
(signature(s) of individual mortgagee(s) or representative(s) of legal  
entity)

(acknowledgment)

**Section 6. Notice to satisfy; damages for failure to satisfy.**

(a) Notice to satisfy.—After the entire mortgage obligation as well as all required satisfaction and recording costs have been paid to the mortgagee, the mortgagor may send a notice to the mortgagee to present for recording a satisfaction piece to avoid damages.

(b) Delivery.—The notice to satisfy shall be sent to the mortgagee by certified or registered mail, return receipt requested. The notice shall be sent to the mortgagee at the mortgagee's address designated in the payoff

statement unless the person issuing the notice has actually received from the mortgagee another name or address to which requests for satisfactions are to be sent. If no payoff statement is received by the mortgagor or no address is provided in the payoff statement and the person issuing the notice has received no address to send requests for satisfactions, the notice to satisfy shall be sent to the address to which the mortgagor has most recently made payment.

(c) Form.—The notice to satisfy shall be in substantially the following form:

**NOTICE TO RECORD MORTGAGE SATISFACTION  
PIECE TO AVOID PENALTY**

Date of notice:

To the mortgagee named below:

The party issuing this notice believes that the mortgagee of the mortgage described below has received full satisfaction and payment of all amounts secured by the mortgage, including any applicable satisfaction fee, and that, where applicable, the mortgagee has been instructed in writing, effective as of the date and time of receipt of the mortgage payoff figure, to close and decline any further advances on any open line of credit which was secured by the affected mortgage. The party issuing this notice hereby requests that the mortgagee issue and present for recording a satisfaction piece concerning the mortgage or provide a satisfactory reason why the mortgage should not be satisfied to the party issuing this notice. If you do not comply with this notice, you may be liable for penalties and costs in accordance with the act of December 9, 2002 (P.L.1530, No.197), known as the Mortgage Satisfaction Act, or the party issuing this notice may be able to satisfy the mortgage without your consent.

Name of mortgagor:

Name of mortgagee:

Name of last assignee:

Date of mortgage:

Amount of mortgage: \$

Recorded in \_\_\_\_\_ County, Pennsylvania, in Book \_\_\_\_\_,  
Page \_\_\_\_\_/instrument number.

Brief description of premises covered by mortgage:

Mortgagee loan number (if known):

Name of party presenting this notice:

Address of party presenting this notice:

Telephone number of party presenting this notice:

(d) Penalty for failure to satisfy.—

(1) If, within 60 days of the mortgagee's receipt of:

(i) payment of the entire mortgage obligation and all required satisfaction and recording costs; and

(ii) the first written request by the mortgagor for the satisfaction piece delivered and in substantially the form described in this section, the mortgagee fails to present for recording to the office where the mortgage was recorded a satisfaction piece as described in section 5 or the mortgage is not otherwise satisfied, the mortgagee shall forfeit and pay to the mortgagor a penalty in a sum not exceeding the original loan amount.

(2) In any successful action to recover penalties pursuant to this section, the mortgagee shall reimburse the mortgagor for costs of the action, including the mortgagor's reasonable attorney fees.

(3) Any action to enforce the provisions of this section, including any action to recover amounts due under this section, shall be brought and maintained in the individual names and shall be prosecuted by persons entitled to recover under the terms hereof and not in a representative capacity.

(4) An action under section 6 shall be the exclusive remedy for damages for failure of a mortgagee to issue and present for recording a satisfaction piece.

(5) The delivery of a second or subsequent written request by the mortgagor for a satisfaction piece shall not give rise to an additional cause of action under this section.

#### Section 7. Residential mortgages; settlement officer satisfaction.

(a) Notice of intent to record satisfaction.—Whether or not the mortgagor has sent notice to the mortgagee as provided in section 6, if a mortgagee of a residential mortgage has failed to present for recording to the office where the mortgage was recorded a satisfaction piece 90 days after the mortgagee has received payment of the entire mortgage obligation and all required satisfaction and recording costs in accordance with the payoff statement, a settlement officer may send a written notice to satisfy the mortgage using the means of delivery and in substantially the format described in section 6, except that the notice to satisfy shall be titled:

**NOTICE OF INTENT TO RECORD SETTLEMENT  
OFFICER SATISFACTION WITHIN SIXTY DAYS.**

(b) Recording and form.—

(1) If, within 60 days of the mortgagee's receipt of the notice of intent to record satisfaction issued by a settlement officer in accordance with this section, a satisfaction piece has not been recorded in the office where the mortgage was recorded and the mortgagee has not delivered to the settlement officer a response which details reasons why the mortgage should not be satisfied, a settlement officer may present for recording a settlement officer satisfaction. The settlement officer shall also send the mortgagee a copy of the settlement officer satisfaction by the same method and procedure described in section 6.

(2) The settlement officer satisfaction shall be in substantially the following form and shall be executed by the settlement officer and acknowledged as provided by law:

**SETTLEMENT OFFICER SATISFACTION**

Name of mortgagor                      Date of mortgage  
Name of mortgagee                      Principal amount  
Name of last assignee                      Recorded on premises

In \_\_\_\_\_,  
County, Pennsylvania, in Book \_\_\_\_\_,  
Page \_\_\_\_\_ /as instrument \_\_\_\_\_.

Brief description or Statement of Location of  
Mortgaged Premises.

**COMMONWEALTH OF PENNSYLVANIA:**

**COUNTY OF \_\_\_\_\_ : ss:**

Before me, the subscriber, a notary public in  
and for the Commonwealth of Pennsylvania,  
personally appeared \_\_\_\_\_, who, being duly sworn  
according to law, deposes and says:

(1) The settlement officer is licensed by the Insurance Department as a Title Insurance Agent with license no. \_\_\_\_\_ or is an employee of \_\_\_\_\_, a Title Insurance Company authorized to do business in Pennsylvania or is an attorney licensed to practice law in this Commonwealth.

(2) The settlement officer business address is:

(3) The settlement officer has conducted or supervised a settlement in which the above-captioned mortgage was paid in full in accordance with the payoff statement provided by the mortgagee.

(4) The above settlement was held on \_\_\_\_\_ at \_\_\_\_\_ in which the mortgagor sold the property, refinanced the mortgage, \_\_\_\_\_ other \_\_\_\_\_.

(5) The settlement officer has ascertained, if the mortgage secures an open-end line of credit account, that the mortgagee has been instructed in writing, effective no later than the date and time of the receipt of the mortgage payoff figure, to close and decline any further advances on the home equity or other open-end line of credit which was secured by the affected mortgage.

(6) The settlement officer has ascertained that the mortgagee has received payment of the loan secured by the mortgage in accordance with the payoff statement, as evidenced by a bank check, certified check, escrow account check from the settlement officer or an attorney trust account check that has been negotiated by the mortgagee, or any documentary evidence of the receipt of payment by the mortgagee.

(7) A satisfaction piece has not been recorded concerning the mortgage, nor has the settlement officer received a satisfaction piece.

(8) The settlement officer has delivered to the mortgagee notice of intent to present for recording a settlement officer satisfaction using the format and procedures described in the act of December 9, 2002

(P.L.1530, No.197), known as the Mortgage Satisfaction Act. Attached hereto is a copy of the written request notice of intent and a copy of the return receipt which indicates the written request and notice of intent were received by the mortgagee.

(9) The settlement officer has no actual knowledge of any objection by the mortgagee to the recording of a settlement officer satisfaction, nor has an objection been recorded in accordance with the act.

(10) Attached hereto is a copy of the canceled check, wire confirmation or other evidence of payment which paid the mortgage in full in accordance with the payoff statement.

(signature of settlement officer)

In witness whereof, I have hereunto set my hand and official seal, this     day of     , .

Notary Public.

(c) Effect and objection.—

(1) Except as otherwise provided in paragraph (2), a settlement officer satisfaction complying with the terms of this section shall be effective upon recording and, except as otherwise provided in section 8, when so recorded has the same effect as a satisfaction piece recorded by the mortgagee in accordance with section 4.

(2) If an objection complying with section 8 is issued by the mortgagee and recorded, the mortgage shall be considered unsatisfied in accordance with section 8.

(d) Construction.—The procedure authorized by this section for the satisfaction of a mortgage shall constitute an optional method of accomplishing a satisfaction of a residential mortgage. The nonuse of the procedure authorized by this section for the satisfaction of a mortgage shall not give rise to any liability or any cause of action whatsoever against a settlement agent or any title insurance company by any mortgagee, mortgagor or third party.

**Section 8. Residential mortgages; objection to settlement officer satisfaction.**

(a) Objection.—At any time within six years of the date of the recording of a settlement officer satisfaction, a mortgagee who objects to the satisfaction of a mortgage by a settlement officer satisfaction on the grounds that there are still outstanding obligations secured by the mortgage may prepare and present for recording an objection. The objection shall be acknowledged as provided by law, shall recite in particularity the reasons why the mortgage should not be marked satisfied and shall be recorded in the same manner as the settlement officer satisfaction.

(b) Effect of proper objection.—In a case where a settlement officer satisfaction is recorded concerning a mortgage and a proper objection to that settlement officer satisfaction is presented for recording by the mortgagee and recorded, the settlement officer satisfaction shall be considered void, and the mortgage shall be considered unsatisfied as a

matter of record, provided, however, such objection shall be void as against any bona fide purchaser, mortgagee or lien creditor for a valid consideration whose deed, mortgage, judgment or lien was recorded prior to the time the objection was recorded. The recording officer shall enter an appropriate record to indicate that the mortgage is unsatisfied and the settlement officer satisfaction is void. Recording of a settlement officer satisfaction which is rendered void due to the filing of a proper objection shall not relieve the mortgagor or the mortgagor's successors or assigns from any personal liability for the obligations secured by the mortgage, nor shall it discharge the lien of the mortgage.

**Section 9. Other rules or laws not affected.**

This act shall not affect or impair any other act, or any rule of civil procedure promulgated by the Pennsylvania Supreme Court, which provides for the satisfaction or discharge of a mortgage by order or decree of any court upon payment of the applicable fee. The recording officer shall accept for recording a copy of the order or decree certified by the prothonotary and shall index and indicate the same in the record as is provided in this act for a satisfaction piece. Except as provided in section 3(a), this act shall not affect or impair any other act providing for fees for the recording of the documents and instruments provided for in this act.

**Section 10. Prior instruments.**

No written satisfaction or intended satisfaction given prior to the date of this act with respect to any mortgage on real property situate in this Commonwealth shall be deemed, held or adjudged invalid, defective or insufficient in law if the same shall purport to satisfy or discharge the lien of any mortgage and shall have been duly executed and acknowledged by or on behalf of the mortgagee and recorded in the office of the recorder of deeds of a city of the first class or any county of this Commonwealth wherein the real property described or referred to in such satisfaction is situate, but all such satisfactions shall be good, valid and effective in law for the purposes therein recited.

**Section 11. Repeals.**

The following acts are repealed insofar as they are inconsistent with this act:

Act of May 28, 1715 (1 Sm.L. 94, Ch.208), entitled "An act for acknowledging and recording of deeds."

Act of March 15, 1956 (1955 P.L.1280, No.392), entitled "An act relating to the satisfaction of mortgages in cities and counties of the first class by the recording of a satisfaction piece, prescribing forms therefor, and fixing the fees thereof."

Act of July 26, 1961 (P.L.887, No.382), entitled, as amended, "An act relating to the satisfaction of mortgages in counties of the second, second A, third, fourth, fifth, sixth, seventh and eighth class by the recording of a satisfaction piece, prescribing forms therefor, and fixing fees for the recording thereof."



**Section 12. Applicability.**

This act shall apply to every mortgage on real property in this Commonwealth which has not been satisfied prior to the effective date of this act and regardless of whether such mortgage was executed before the effective date of this act.

**Section 13. Effective date.**

This act shall take effect in 60 days.

**APPROVED—**The 9th day of December, A.D. 2002.

**MARK S. SCHWEIKER**