

Bill Summary

COMMITTEE: Banking and Insurance

DATE: 7/19/12

PRIME SPONSOR: Metzgar

BILL NO: HB2370

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A. Synopsis:

HB2370 repeals Section 301(e)(7) - (11) of the Loan Interest and Protection Law relating to variable rate mortgage loan disclosures. This is part of the Banking Law Modernization Package.

A. Summary:

The Loan Interest and Protection Law is Pennsylvania's general usury statute, containing provisions specifically related to residential mortgage loans.

HB2370 removes redundant disclosures in the Loan Interest and Protection Law relating to variable rate mortgage loans. Since Section 401 of the Act makes the federal Truth in Lending Act disclosures apply to all mortgages, the Section 301 disclosures are duplicative and unnecessary.

The bill also further clarifies the maximum interest rates by adding savings banks to the list of institutions subject to these provisions and establishing that the maximum interest rate is authorized by Federal or State Law.