AN ACT

Amending the act of December 22, 1989 (P.L.687, No.90), entitled "An act 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," further providing for license exemptions, for application for license, for licensee requirements, for authority of department or commission and for penalties; REGULATING THE TERMS AND CONDITIONS OF CERTAIN SUBPRIME MORTGAGE LOAN TRANSACTIONS; AND MAKING EDITORIAL CHANGES.

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

Section 1. Sections 3, 4(c)(1) and (e) and 8(a)(5) of the act of December 22, 1989 (P.L.687, No.90), known as the Mortgage Bankers and Brokers Act, amended December 21, 1998 (P.L.987, No.131), are amended to read:

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, loan correspondent, mortgage broker or limited 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 loan correspondent or mortgage broker and any person licensed as a loan correspondent 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 first mortgage loan business 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 three mortgage loans in a calendar year in this Commonwealth unless he is otherwise deemed to be engaged in the first mortgage loan business.

(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: 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);
(ii) deliver as required to the department annually
copies of financial reports made to all supervisory
agencies; and
(iii) be registered with the department.

(11) Employees of a mortgage banker, mortgage broker and
loan correspondent 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);
(ii) deliver as required to the department annually
copies of financial reports made to all supervisory
agencies; and
(iii) be registered with the department.

(13) Any person who makes a mortgage loan to an employee
of that person as an employment benefit, given that person
does not hold himself out to the public as a first mortgage
lender.
(14) Nonprofit corporations making mortgage loans to promote home ownership or improvements for the disadvantaged, given that the corporation does not hold itself out to the public as a first mortgage lender.

(15) A nonprofit corporation making not more than 12 mortgage loans a calendar year with its own funds, that shall not include funds borrowed through warehouse lines of credit or other sources for the purpose of making mortgage loans, which loans are retained in the corporation's own portfolios and not regularly sold to others and are made to promote and advance the cultural traditions and lifestyles of bona fide religious organizations provided that the corporation does not hold itself out to the public as a first mortgage lender.

(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.

(c) Mortgage broker's license.--

(1) The department shall issue a mortgage broker's license applied for pursuant to this act if the applicant establishes that he is eligible to and will obtain and maintain a bond in the amount of $100,000, in a form acceptable to the department, prior to the issuance of the license, from a surety company authorized to do business in this Commonwealth. The bond shall be a penal bond conditioned on compliance with this act and subject to forfeiture by the department and shall run to the Commonwealth of Pennsylvania and shall be for the use of the Commonwealth and for its use. The bond shall also be for the use of any person for
persons] against the mortgage broker for failure to carry out
the terms of any provision for which advance fees are paid.
If such person [or persons] shall be so aggrieved, he may
upon recovering judgment against such licensee issue
execution under such judgment and maintain an action upon the
bond of the licensee in any court having jurisdiction for the
amount claimed plus costs, provided the department assents
thereto. If the written assent of the department, recover
advance fees and costs from the bond by filing a claim with
the surety company or maintaining an action on the bond. In
the alternative, an aggrieved person may recover advance fees
and costs by filing a formal complaint against the mortgage
broker with the department which shall adjudicate the matter.
Such an adjudication shall be binding upon the surety company
and enforceable by the department in Commonwealth Court and
by an aggrieved person in any court. Any aggrieved person
seeking to recover advance fees and costs from a bond that
has already been forfeited by the department or which the
department in the process of forfeiting may recover
payment on such bond if, after filing a petition with the
department, the department assents to his requested payment
or portion thereof. The department may pay the aggrieved
person from the bond proceeds it recovered in such case.
Nothing in this section shall be construed as limiting the
ability of any court or district justice to award to any
aggrieved person other damages, court costs and attorney fees
as permitted by law, but those claims that are not advance
fees or related costs may not be recovered from the bond. The
department, in its discretion, may assent to or order pro
rata or other recovery on the bond for any aggrieved person
if claims against the bond may or do exceed its full monetary
amount. 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. Cancellation of
the bond shall not invalidate the bond regarding the period
of time it was in effect.

(e) Education.--To maintain a mortgage banker's, a loan
correspondent's or a mortgage broker's license, the applicant or
licensee shall demonstrate to the satisfaction of the secretary
that at least one [person] individual from each licensed office
has attended a minimum of six hours of such continuing education
each year. To maintain a limited mortgage broker's license, the
licensee shall demonstrate to the satisfaction of the secretary
that he has attended at least two hours of continuing education
each year. The secretary shall delineate the requirements for
such continuing education by regulation within three years of
the effective date of this act. The secretary may review and
approve continuing education programs and providers to satisfy
the continuing education requirement. The secretary may charge
providers of continuing education programs a fee, to be
determined by the secretary, for department review of continuing
education programs and providers.

Section 8. Licensee requirements.
(a) Requirements on licensee.--A licensee shall:

(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

Section 2. Section 10(c) of the act is amended to read:
Section 10. Authority of department or commission.

(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.

(3) Request and/or receive any information or records of
any kind, including a report of criminal history record
information, from any Federal, State, local or foreign
government entity, regarding any applicant for a license,
licensee or any person related in any way to the business of
such applicant or licensee, at a cost to be paid by the
applicant or licensee.

Section 3. Section 14(b) of the act, amended December 21,
1998 (P.L. 987, No. 131), is amended to read:

Section 14. Penalties.

(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, or any person who is not licensed by the
department or is not exempt from the licensing requirements, 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] the first
mortgage loan business unless licensed under this act.

Section 4. This act shall take effect in 60 days.

SECTION 1. THE ACT OF DECEMBER 22, 1989 (P.L. 687, NO. 90),
KNOWN AS THE MORTGAGE BANKERS AND BROKERS ACT, IS AMENDED BY
ADDING A CHAPTER AND A CHAPTER HEADING TO READ:

CHAPTER 1
PRELIMINARY PROVISIONS

SECTION 101. SHORT TITLE.
THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE MORTGAGE BANKERS AND BROKERS AND CONSUMER EQUITY PROTECTION ACT.

SECTION 102. 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:

"DEPARTMENT." THE DEPARTMENT OF BANKING OF THE COMMONWEALTH.

CHAPTER 3

LICENSE

SECTION 2. SECTION 1 OF THE ACT IS AMENDED TO READ:

SECTION 301. [SHORT TITLE] SCOPE.

THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE MORTGAGE BANKERS AND BROKERS ACT. CHAPTER DEALS WITH LICENSURE.

SECTION 3. SECTIONS 2, 3, 4, 5, 6, 7, 8, 9, 10 AND 11 OF THE ACT, AMENDED DECEMBER 21, 1998 (P.L.987, NO.131), ARE AMENDED TO READ:

SECTION 302. DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

"ADVANCE FEE." ANY FUNDS REQUESTED BY OR TO BE PAID TO A LOAN CORRESPONDENT, MORTGAGE BROKER OR LIMITED 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.

"BRANCH." AN OFFICE OR OTHER PLACE OF BUSINESS LOCATED IN THIS COMMONWEALTH OR ANY OTHER STATE, OTHER THAN THE PRINCIPAL PLACE OF BUSINESS, WHERE A PERSON ENGAGES IN THE FIRST MORTGAGE LOAN BUSINESS WHICH FALLS UNDER THE SCOPE OF THIS ACT.
"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.

"FIRST MORTGAGE LOAN BUSINESS." A PERSON IS DEEMED TO BE
ENGAGED IN THE FIRST MORTGAGE LOAN BUSINESS IN THIS COMMONWEALTH
IF THAT PERSON ADVERTISES, CAUSES TO BE ADVERTISED, SOLICITS,
NEGOTIATES OR ARRANGES IN THE ORDINARY COURSE OF BUSINESS,
OFFERS TO MAKE OR MAKES MORE THAN TWO FIRST MORTGAGE LOANS IN A
CALENDAR YEAR IN THIS COMMONWEALTH, WHETHER DIRECTLY OR BY ANY
PERSON ACTING FOR HIS BENEFIT.

"LICENSEE." A PERSON WHO IS LICENSED UNDER THIS [ACT]
CHAPTER.

"LIMITED MORTGAGE BROKER." AN INDIVIDUAL WHO DIRECTLY OR
INDIRECTLY NEGOTIATES OR PLACES NONPURCHASE MONEY MORTGAGE LOANS
FOR OTHERS IN THE PRIMARY MARKET FOR CONSIDERATION.

"LOAN CORRESPONDENT." A PERSON WHO, IN THE REGULAR COURSE OF
BUSINESS, DIRECTLY OR INDIRECTLY ORIGINATES AND CLOSES LOANS IN
HIS OWN NAME UTILIZING FUNDS PROVIDED BY A WHOLESALE TABLE
FUNDER AND SIMULTANEOUSLY ASSIGNS THE LOANS TO THE WHOLESALE
TABLE FUNDER. A LOAN CORRESPONDENT MAY CLOSE A MORTGAGE LOAN
UTILIZING OTHER FUNDING SOURCES BUT ONLY IN AN EMERGENCY
CIRCUMSTANCE WHERE WHOLESALE TABLE FUNDING IS NOT AVAILABLE.

"LOCK-IN AGREEMENT." AN AGREEMENT BETWEEN A MORTGAGE BANKER
OR LOAN CORRESPONDENT AND BORROWER WHEREBY THE LICENSEE
GUARANTEES UNTIL A SPECIFIED DATE THE AVAILABILITY OF A
SPECIFIED RATE OF INTEREST OR SPECIFIED FORMULA BY WHICH THE
RATE OF INTEREST AND/OR A SPECIFIC NUMBER OF DISCOUNT POINTS WILL BE DETERMINED, PROVIDED THE LOAN IS APPROVED AND CLOSED BY THE SPECIFIED DATE. IF A SPECIFIED DATE IS NOT DETERMINABLE, THE LICENSEE MAY FULFILL THE REQUIREMENT OF THIS PROVISION BY SETTING FORTH WITH SPECIFICITY THE METHOD BY WHICH THE DURATION OF THE LOCK-IN PERIOD WILL BE DETERMINED.

"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 CREATE 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.

"NONPURCHASE MONEY MORTGAGE LOAN." A MORTGAGE LOAN [AS DEFINED IN THIS ACT] THE PROCEEDS OF WHICH ARE NOT USED TO FINANCE THE PURCHASE OF THE REAL PROPERTY SECURING THE MORTGAGE LOAN.

"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.

"PRINCIPAL PLACE OF BUSINESS." THE PRIMARY OFFICE OF THE LICENSEE LOCATED IN THIS COMMONWEALTH WHICH IS STAFFED ON A
FULL-TIME BASIS AND AT WHICH BOOKS, RECORDS, ACCOUNTS AND DOCUMENTS ARE TO BE MAINTAINED. 
"SECRETARY." THE SECRETARY OF BANKING OF THE COMMONWEALTH OR HIS DESIGNEE. 
"SERVICE A MORTGAGE LOAN." THE COLLECTION OR REMITTANCE OF PAYMENTS FOR ANOTHER OR THE RIGHT TO COLLECT OR REMIT PAYMENTS FOR ANOTHER OF PRINCIPAL, INTEREST, TAXES, INSURANCE AND ANY OTHER PAYMENTS PURSUANT TO A MORTGAGE LOAN. 
"TANGIBLE NET WORTH." NET WORTH LESS THE FOLLOWING ASSETS: 
(1) THAT PORTION OF ANY ASSETS PLEDGED TO SECURE OBLIGATIONS OF ANY PERSON OR ENTITY OTHER THAN THAT OF THE APPLICANT. 
(2) ANY ASSET, EXCEPT CONSTRUCTION LOANS RECEIVABLES SECURED BY FIRST MORTGAGES FROM RELATED COMPANIES, DUE FROM OFFICERS OR STOCKHOLDERS OF THE APPLICANT OR RELATED COMPANIES IN WHICH THE APPLICANT'S OFFICERS OR STOCKHOLDERS HAVE AN INTEREST. 
(3) THAT PORTION OF THE VALUE OF ANY MARKETABLE SECURITY, LISTED OR UNLISTED, NOT SHOWN AT LOWER OF COST OR MARKET, EXCEPT FOR ANY SHARES OF FEDERAL NATIONAL MORTGAGE ASSOCIATION STOCK REQUIRED TO BE HELD UNDER A SERVICING AGREEMENT, WHICH SHOULD BE CARRIED AT COST. 
(4) ANY AMOUNT IN EXCESS OF THE LOWER OF THE COST OR MARKET VALUE OF MORTGAGES IN FORECLOSURES, CONSTRUCTION LOANS OR FORECLOSED PROPERTY ACQUIRED BY THE APPLICANT THROUGH FORECLOSURE. 
(5) ANY INVESTMENT SHOWN ON THE BALANCE SHEET IN THE APPLICANT'S JOINT VENTURES, SUBSIDIARIES, AFFILIATES OR RELATED COMPANIES WHICH IS GREATER THAN THE VALUE OF THE ASSETS AT EQUITY.
GOODWILL.
THE VALUE PLACED ON INSURANCE RENEWALS OR PROPERTY
MANAGEMENT CONTRACT RENEWALS OR OTHER SIMILAR INTANGIBLES OF
THE APPLICANT.
ORGANIZATION COSTS OF THE APPLICANT.
THE VALUE OF ANY SERVICING CONTRACTS HELD BY THE
APPLICANT NOT DETERMINED IN ACCORDANCE WITH AMERICAN
INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS STATEMENT OF
POSITION 76-2, DATED AUGUST 25, 1976, OR SUBSEQUENT REVISION
THERETO.
ANY REAL ESTATE HELD FOR INVESTMENT WHERE
DEVELOPMENT WILL NOT START WITHIN TWO YEARS FROM THE DATE OF
ITS INITIAL ACQUISITION.
ANY LEASEHOLD IMPROVEMENTS NOT BEING AMORTIZED OVER
THE LESSER OF THE EXPECTED LIFE OF THE ASSET OR THE REMAINING
TERM OF THE LEASE.
ANY COMMITMENT FEES PAID OR COLLECTED WHICH ARE NOT
RECOVERABLE THROUGH THE CLOSING OR SELLING OF LOANS.
"WHOLESALE TABLE FUNDER." A LICENSED MORTGAGE BANKER OR AN
ENTITY EXEMPT PURSUANT TO SECTION [3(B)(1), (10) OR (12)]
303(B)(1), (10) OR (12) WHO, IN THE REGULAR COURSE OF BUSINESS,
PROVIDES THE FUNDING FOR THE CLOSING OF MORTGAGE LOANS THROUGH
LOAN CORRESPONDENTS AND WHO BY ASSIGNMENT OBTAINS TITLE TO SUCH
MORTGAGE LOANS.
SECTION [3] 303. LICENSE REQUIREMENTS AND EXEMPTIONS.
LICENSE REQUIRED.--ON AND AFTER THE EFFECTIVE DATE OF
THIS ACT, NO PERSON SHALL ACT AS A MORTGAGE BANKER, LOAN
CORRESPONDENT, MORTGAGE BROKER OR LIMITED MORTGAGE BROKER IN
THIS COMMONWEALTH WITHOUT A LICENSE AS PROVIDED FOR IN THIS
[ACT] CHAPTER, PROVIDED, HOWEVER, THAT ANY PERSON LICENSED AS A
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MORTGAGE BANKER MAY ALSO ACT AS A LOAN CORRESPONDENT OR MORTGAGE BROKER AND ANY PERSON LICENSED AS A LOAN CORRESPONDENT 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] CHAPTER IN ORDER TO CONDUCT THE FIRST MORTGAGE LOAN BUSINESS BUT SHALL BE SUBJECT TO THOSE PROVISIONS OF THIS [ACT] CHAPTER 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)] 308, 310, 311 AND 314(B), EXCLUDING SECTION [8(A)(1)] 308(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 THREE MORTGAGE LOANS IN A CALENDAR YEAR IN THIS COMMONWEALTH UNLESS HE IS OTHERWISE DEEMED TO BE ENGAGED IN THE FIRST MORTGAGE LOAN BUSINESS.

(6) BUILDERS, WHEN OBTAINING MORTGAGES FOR THEIR OWN CONSTRUCTION OR FOR THE SALE OF THEIR OWN CONSTRUCTION.


(8) THE PENNSYLVANIA HOUSING FINANCE AGENCY.


(10) EXCEPT FOR LICENSEES DESCRIBED IN PARAGRAPH (9), SUBSIDIARIES AND AFFILIATES OF THE FOLLOWING INSTITUTIONS:

- 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)] 308, 309(A)(3), 310 AND 314(B),
EXCLUDING SECTION [8(A)(1)] 308(A)(1);

(II) DELIVER AS REQUIRED TO THE DEPARTMENT ANNUALLY
COPIES OF FINANCIAL REPORTS MADE TO ALL SUPERVISORY
AGENCIES; AND

(III) BE REGISTERED WITH THE DEPARTMENT.

(11) EMPLOYEES OF A MORTGAGE BANKER, MORTGAGE BROKER AND
LOAN CORRESPONDENT 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)] 308, 309(A)(3), 310 AND 314(B),
EXCLUDING SECTION [8(A)(1)] 308(A)(1);

(II) DELIVER AS REQUIRED TO THE DEPARTMENT ANNUALLY
COPIES OF FINANCIAL REPORTS MADE TO ALL SUPERVISORY
AGENCIES; AND

(III) BE REGISTERED WITH THE DEPARTMENT.

(13) ANY PERSON WHO MAKES A MORTGAGE LOAN TO AN EMPLOYEE
OF THAT PERSON AS AN EMPLOYMENT BENEFIT, GIVEN THAT PERSON
DOES NOT HOLD HIMSELF OUT TO THE PUBLIC AS A FIRST MORTGAGE LENDER.

(14) NONPROFIT CORPORATIONS MAKING MORTGAGE LOANS TO PROMOTE HOME OWNERSHIP OR IMPROVEMENTS FOR THE DISADVANTAGED, GIVEN THAT THE CORPORATION DOES NOT HOLD ITSELF OUT TO THE PUBLIC AS A FIRST MORTGAGE LENDER.

(15) A NONPROFIT CORPORATION MAKING NOT MORE THAN 12 MORTGAGE LOANS A CALENDAR YEAR WITH ITS OWN FUNDS, THAT SHALL NOT INCLUDE FUNDS BORROWED THROUGH WAREHOUSE LINES OF CREDIT OR OTHER SOURCES FOR THE PURPOSE OF MAKING MORTGAGE LOANS, WHICH LOANS ARE RETAINED IN THE CORPORATION'S OWN PORTFOLIOS AND NOT REGULARLY SOLD TO OTHERS AND ARE MADE TO PROMOTE AND ADVANCE THE CULTURAL TRADITIONS AND LIFESTYLES OF BONA FIDE RELIGIOUS ORGANIZATIONS PROVIDED THAT THE CORPORATION DOES NOT HOLD ITSELF OUT TO THE PUBLIC AS A FIRST MORTGAGE LENDER.

(C) LOANS FOR BUSINESS OR COMMERCIAL PURPOSES.--THIS ACT SHALL NOT APPLY TO MORTGAGE LOANS MADE FOR BUSINESS OR COMMERCIAL PURPOSES. THAT THE CORPORATION DOES NOT HOLD ITSELF OUT TO THE PUBLIC AS A FIRST MORTGAGE LENDER.

(C) LOANS FOR BUSINESS OR COMMERCIAL PURPOSES.--THIS ACT SHALL NOT APPLY TO MORTGAGE LOANS MADE FOR BUSINESS OR COMMERCIAL PURPOSES.

SECTION [4] 304. APPLICATION FOR LICENSE.
(A) CONTENTS.--AN APPLICATION FOR A LICENSE TO ACT AS A MORTGAGE BANKER, LOAN CORRESPONDENT, MORTGAGE BROKER OR LIMITED 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. AN APPLICANT SHALL
DEMONSTRATE TO THE DEPARTMENT THAT POLICIES AND PROCEDURES HAVE
BEEN DEVELOPED TO RECEIVE AND PROCESS CUSTOMER INQUIRIES AND
GRIEVANCES PROMPTLY AND FAIRLY.
(B) MORTGAGE BANKER'S LICENSE.--THE DEPARTMENT SHALL ISSUE A
MORTGAGE BANKER'S LICENSE APPLIED FOR PURSUANT TO THIS [ACT]
CHAPTER 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 JUNE 20, 1990,
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.
(B.1) LOAN CORRESPONDENT'S LICENSE.--
(1) THE DEPARTMENT SHALL ISSUE A LOAN CORRESPONDENT'S LICENSE APPLIED FOR PURSUANT TO THIS [ACT] CHAPTER IF THE APPLICANT ESTABLISHES THAT HE HAS MET THE FOLLOWING CONDITIONS:

(I) THAT HE IS ELIGIBLE TO AND WILL OBTAIN AND MAINTAIN A BOND IN THE AMOUNT OF $100,000, IN A FORM ACCEPTABLE TO THE DEPARTMENT, PRIOR TO THE ISSUANCE OF THE LICENSE, FROM A SURETY COMPANY AUTHORIZED TO DO BUSINESS IN THIS COMMONWEALTH. THE BOND SHALL RUN TO THE COMMONWEALTH OF PENNSYLVANIA AND SHALL BE FOR THE USE OF THE COMMONWEALTH AND ANY PERSON OR PERSONS WHO OBTAIN A JUDGMENT AGAINST THE LOAN CORRESPONDENT FOR FAILURE TO CARRY OUT THE TERMS OF ANY PROVISION FOR WHICH ADVANCE FEES ARE PAID. 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.

(II) THAT HE HAS A MINIMUM TANGIBLE NET WORTH OF $100,000 AT THE TIME OF APPLICATION AND WILL, AT ALL TIMES THEREAFTER, MAINTAIN SUCH MINIMUM NET WORTH.

(III) NOTWITHSTANDING SUBPARAGRAPH (II), AN APPLICANT WHO WAS IN THE BUSINESS AS A MORTGAGE BANKER, MORTGAGE BROKER OR OTHERWISE AUTHORIZED TO ENGAGE IN THE FIRST MORTGAGE LOAN BUSINESS BY THE DEPARTMENT PRIOR TO THE EFFECTIVE DATE OF THIS SECTION WHO FILES AN APPLICATION WITHIN 90 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION MAY BE LICENSED FOR ONE YEAR WITH A MINIMUM TANGIBLE NET WORTH OF $50,000. THEREAFTER, FOR A PERIOD
OF ONE YEAR, THE APPLICANT MAY CONTINUE TO BE LICENSED
WITH A MINIMUM TANGIBLE NET WORTH OF $75,000. FOLLOWING
THAT PERIOD, THE APPLICANT MAY CONTINUE TO BE LICENSED
WITH A MINIMUM TANGIBLE NET WORTH OF $100,000.

(C) MORTGAGE BROKER'S LICENSE.--

(1) THE DEPARTMENT SHALL ISSUE A MORTGAGE BROKER'S
LICENSE APPLIED FOR PURSUANT TO THIS [ACT] CHAPTER IF THE
APPLICANT ESTABLISHES THAT HE IS ELIGIBLE TO AND WILL OBTAIN
AND MAINTAIN A BOND IN THE AMOUNT OF $100,000, IN A FORM
ACCEPTABLE TO THE DEPARTMENT, PRIOR TO THE ISSUANCE OF THE
LICENSE, FROM A SURETY COMPANY AUTHORIZED TO DO BUSINESS IN
THIS COMMONWEALTH. THE BOND SHALL BE A PENAL BOND CONDITIONED
ON COMPLIANCE WITH THIS CHAPTER AND SUBJECT TO FORFEITURE BY
THE DEPARTMENT AND SHALL RUN TO THE COMMONWEALTH OF
PENNSYLVANIA [AND SHALL BE FOR THE USE OF THE COMMONWEALTH
AND] FOR ITS USE. THE BOND SHALL ALSO BE FOR THE USE OF ANY
PERSON [OR PERSONS] AGAINST THE MORTGAGE BROKER FOR FAILURE
TO CARRY OUT THE TERMS OF ANY PROVISION FOR WHICH ADVANCE
FEES ARE PAID. IF SUCH PERSON [OR PERSONS SHALL BE SO] IS
AGGRIEVED, HE MAY [UPON RECOVERING JUDGMENT AGAINST SUCH
LICENSEE ISSUE EXECUTION UNDER SUCH JUDGMENT AND MAINTAIN AN
ACTION UPON THE BOND OF THE LICENSEE IN ANY COURT HAVING
JURISDICTION FOR THE AMOUNT CLAIMED PLUS COSTS, PROVIDED THE
DEPARTMENT ASSENTS THERETO.] WITH THE WRITTEN ASSENT OF THE
DEPARTMENT, RECOVER ADVANCE FEES AND COSTS FROM THE BOND BY
FILING A CLAIM WITH THE SURETY COMPANY OR MAINTAINING AN
ACTION ON THE BOND. IN THE ALTERNATIVE, AN AGGRIEVED PERSON
MAY RECOVER ADVANCE FEES AND COSTS BY FILING A FORMAL
COMPLAINT AGAINST THE MORTGAGE BROKER WITH THE DEPARTMENT
WHICH SHALL ADJUDICATE THE MATTER. SUCH AN ADJUDICATION SHALL

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BE BINDING UPON THE SURETY COMPANY AND ENFORCEABLE BY THE
DEPARTMENT IN COMMONWEALTH COURT AND BY AN AGGRIEVED PERSON
IN ANY COURT. ANY AGGRIEVED PERSON SEEKING TO RECOVER ADVANCE
FEES AND COSTS FROM A BOND THAT HAS ALREADY BEEN FORFEITED BY
THE DEPARTMENT OR WHICH THE DEPARTMENT IS IN THE PROCESS OF
FORFEITING MAY RECOVER PAYMENT ON SUCH BOND IF, AFTER FILING
A PETITION WITH THE DEPARTMENT, THE DEPARTMENT ASSENTS TO HIS
REQUESTED PAYMENT OR PORTION THEREOF. THE DEPARTMENT MAY PAY
THE AGGRIEVED PERSON FROM THE BOND PROCEEDS IT RECOVERED IN
SUCH CASE. NOTHING IN THIS SECTION SHALL BE CONSTRUED AS
LIMITING THE ABILITY OF ANY COURT OR DISTRICT JUSTICE TO
AWARD TO ANY AGGRIEVED PERSON OTHER DAMAGES, COURT COSTS AND
ATTORNEY FEES AS PERMITTED BY LAW, BUT THOSE CLAIMS THAT ARE
NOT ADVANCE FEES ORRELATED COSTS MAY NOT BE RECOVERED FROM
THE BOND. THE DEPARTMENT, IN ITS DISCRETION, MAY ASSENT TO OR
ORDER PRO RATA OR OTHER RECOVERY ON THE BOND FOR ANY
AGGRIEVED PERSON IF CLAIMS AGAINST THE BOND MAY OR DO EXCEED
ITS FULL MONETARY AMOUNT. 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. CANCELLATION OF THE BOND SHALL NOT INVALIDATE THE
BOND REGARDING THE PERIOD OF TIME IT WAS IN EFFECT.

(2) MORTGAGE BROKERS WHO CAN DEMONSTRATE TO THE
SATISFACTION OF THE DEPARTMENT THAT THEY DO NOT ACCEPT
ADVANCE FEES SHALL BE EXEMPT FROM THE BOND REQUIREMENT OF
THIS SUBSECTION.

(C.1) LIMITED MORTGAGE BROKER'S LICENSE.--THE DEPARTMENT
SHALL ISSUE A LIMITED MORTGAGE BROKER'S LICENSE APPLIED FOR
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Pursuant to this [Act] Chapter if the applicant establishes that
he is an individual who operates from one location and maintains
no branch offices and can demonstrate to the satisfaction of the
department that he accepts or collects no advance fees.

(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] Chapter. A foreign corporation which will act only
in the capacity of a wholesale table funder shall be exempt from
the requirement that it maintain at least one office in this
Commonwealth. 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.
1 (E) EDUCATION.--TO MAINTAIN A MORTGAGE BANKER'S, A LOAN
2 CORRESPONDENT'S OR A MORTGAGE BROKER'S LICENSE, THE APPLICANT OR
3 LICENSEE SHALL DEMONSTRATE TO THE SATISFACTION OF THE SECRETARY
4 THAT AT LEAST ONE [PERSON] INDIVIDUAL FROM EACH LICENSED OFFICE
5 HAS ATTENDED A MINIMUM OF SIX HOURS OF SUCH CONTINUING EDUCATION
6 EACH YEAR. TO MAINTAIN A LIMITED MORTGAGE BROKER'S LICENSE, THE
7 LICENSEE SHALL DEMONSTRATE TO THE SATISFACTION OF THE SECRETARY
8 THAT HE HAS ATTENDED AT LEAST TWO HOURS OF CONTINUING EDUCATION
9 EACH YEAR. THE SECRETARY SHALL DELINEATE THE REQUIREMENTS FOR
10 SUCH CONTINUING EDUCATION BY REGULATION WITHIN THREE YEARS OF
11 THE EFFECTIVE DATE OF THIS ACT. THE SECRETARY MAY REVIEW AND
12 APPROVE CONTINUING EDUCATION PROGRAMS AND PROVIDERS TO SATISFY
13 THE CONTINUING EDUCATION REQUIREMENT. THE SECRETARY MAY CHARGE
14 PROVIDERS OF CONTINUING EDUCATION PROGRAMS A FEE, TO BE
15 DETERMINED BY THE SECRETARY, FOR DEPARTMENT REVIEW OF CONTINUING
16 EDUCATION PROGRAMS AND PROVIDERS.
17 SECTION [5] 305. ANNUAL LICENSE FEE.
18 (A) GENERAL RULE.--A MORTGAGE BANKER, MORTGAGE BROKER OR
19 APPLICANT SHALL PAY TO THE DEPARTMENT AT THE TIME AN APPLICATION
20 IS FILED AN INITIAL LICENSE FEE FOR THE PRINCIPAL PLACE OF
21 BUSINESS AND AN ADDITIONAL LICENSE FEE FOR EACH BRANCH OFFICE AS
22 PROVIDED FOR IN SECTION 603-A OF THE ACT OF APRIL 9, 1929
23 (P.L.177, NO.175), KNOWN AS THE ADMINISTRATIVE CODE OF 1929. ON
24 OR BEFORE JULY 1 OF EACH YEAR AND THEREAFTER, A LICENSEE SHALL
25 PAY A LICENSE RENEWAL FEE FOR THE PRINCIPAL PLACE OF BUSINESS
26 AND AN ADDITIONAL LICENSE RENEWAL FEE FOR EACH BRANCH OFFICE AS
27 PROVIDED FOR IN SECTION 603-A OF THE ADMINISTRATIVE CODE OF
28 1929. AN APPLICANT FOR A LICENSE TO OPERATE AS A LOAN
29 CORRESPONDENT SHALL PAY THE DEPARTMENT THE SAME FEE FOR THE
30 INITIAL LICENSE FOR PRINCIPAL PLACE OF BUSINESS, EACH BRANCH

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OFFICE AND ANNUAL LICENSE RENEWAL AS PROVIDED FOR MORTGAGE BANKERS LICENSED UNDER SECTION 603-A OF THE ADMINISTRATIVE CODE OF 1929. AN APPLICANT FOR A LICENSE TO OPERATE AS A LIMITED MORTGAGE BROKER SHALL PAY TO THE DEPARTMENT AT THE TIME AN APPLICATION IS FILED AN INITIAL LICENSE FEE OF $250. ON OR BEFORE JULY 1 OF EACH YEAR THEREAFTER, A LIMITED MORTGAGE BROKER LICENSEE SHALL PAY A RENEWAL FEE OF $200.

(B) RECOVERY OF COSTS.—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] CHAPTER BUT WHO IS PRESUMED TO BE ENGAGED IN BUSINESS CONTEMPLATED BY THIS [ACT] CHAPTER.


(A) TIME LIMIT.—WITHIN 60 DAYS AFTER A COMPLETE 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] 313, REFUSE TO ISSUE A LICENSE. UPON RECEIPT OF AN APPLICATION FOR LICENSE, THE DEPARTMENT SHALL CONDUCT SUCH INVESTIGATION AS IT DEEMS NECESSARY TO DETERMINE THAT THE APPLICANT AND ITS OFFICERS, DIRECTORS AND PRINCIPALS ARE OF GOOD CHARACTER AND ETHICAL REPUTATION.

(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 COMMONWEALTH 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 OR, FOR A LICENSEE ACTING ONLY IN THE CAPACITY OF A WHOLESALE TABLE FUNDER, EITHER IN OR OUTSIDE OF 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] CHAPTER.

(D) DENIAL OF LICENSE DUE TO CONVICTION.--THE DEPARTMENT MAY DENY A LICENSE IF IT FINDS THAT THE(APPLICANT OR ANY PERSON WHO IS A DIRECTOR, OFFICER, PARTNER, AGENT, EMPLOYEE OR ULTIMATE EQUITABLE OWNER OF 10% OR MORE OF THE APPLICANT HAS BEEN CONVICTED OF A MISDEMEANOR OR FELONY IN ANY JURISDICTION OR OF A CRIME WHICH, IF CONVICTED IN THIS COMMONWEALTH, WOULD CONSTITUTE A MISDEMEANOR OR FELONY UNDER THE LAWS OF THIS COMMONWEALTH. FOR THE PURPOSES OF THIS [ACT] CHAPTER, A PERSON SHALL BE DEEMED TO HAVE BEEN CONVICTED OF A CRIME IF THE PERSON SHALL HAVE PLEADED GUILTY OR NOLO CONTENDERE TO A CHARGE THEREOF BEFORE A COURT OR FEDERAL MAGISTRATE OR SHALL HAVE BEEN FOUND GUILTY THEREOF BY THE DECISION OR JUDGMENT OF A COURT OR FEDERAL MAGISTRATE OR BY THE VERDICT OF A JURY, IRRESPECTIVE OF THE PRONOUNCEMENT OF SENTENCE OR THE SUSPENSION THEREOF, UNLESS THE PLEAS OF GUILTY OR NOLO CONTENDERE OR THE DECISION, JUDGMENT OR VERDICT SHALL HAVE BEEN SET ASIDE, VACATED, REVERSED OR OTHERWISE ABROGATED BY
(E) DENIAL OF LICENSE FOR OTHER REASON.--THE DEPARTMENT MAY
DENY A LICENSE OR OTHERWISE RESTRICT A LICENSE IF IT FINDS THAT,
WITHIN TWO YEARS PRIOR TO OR FROM THE DATE OF THE APPLICATION,
THE APPLICANT OR ANY PERSON WHO IS A DIRECTOR, OFFICER, PARTNER,
AGENT, EMPLOYEE OR ULTIMATE EQUITABLE OWNER OF 10% OR MORE OF
THE APPLICANT:

(1) HAS HAD A LICENSE APPLICATION OR LICENSE ISSUED BY
THE DEPARTMENT DENIED, SUSPENDED OR REVOKED;

(2) IS THE SUBJECT OF AN ORDER OF THE DEPARTMENT
DENYING, SUSPENDING OR REVOKING A LICENSE AS A MORTGAGE
BANKER, LOAN CORRESPONDENT, MORTGAGE BROKER OR LIMITED
MORTGAGE BROKER; OR

(3) HAS VIOLATED OR FAILED TO COMPLY WITH ANY PROVISION
OF THIS [ACT] CHAPTER OR ANY RULE OR ORDER OF THE DEPARTMENT.

SECTION [7] 307. 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] CHAPTER 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 OR TRANSFERABLE BY OPERATION OF
LAW OR OTHERWISE WITHOUT THE WRITTEN CONSENT OF THE
DEPARTMENT.

SECTION [8] 308. 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] CHAPTER AND THE ORDERS, RULES AND REGULATIONS ISSUED UNDER THIS [ACT] CHAPTER. THE DEPARTMENT, AT ITS DETERMINATION, SHALL HAVE FREE ACCESS TO AND AUTHORIZATION TO EXAMINE RECORDS MAINTAINED OUTSIDE OF THIS COMMONWEALTH. THE COSTS OF THE EXAMINATION, INCLUDING TRAVEL COSTS, SHALL BE BORNE BY THE LICENSEE. THE SECRETARY MAY DENY OR REVOKE THE AUTHORITY TO MAINTAIN RECORDS OUTSIDE OF THIS COMMONWEALTH FOR GOOD CAUSE IN THE INTEREST OF CONSUMER PROTECTION FOR COMMONWEALTH BORROWERS.

(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, WHETHER
MAINTAINED IN OR OUTSIDE OF THIS COMMONWEALTH. 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

(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, LOAN CORRESPONDENT, MORTGAGE BROKER OR
LIMITED 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.

(9) ENSURE THAT ALL LOCK-IN AGREEMENTS SHALL BE IN
WRITING AND SHALL CONTAIN AT LEAST THE FOLLOWING PROVISIONS:
(I) THE EXPIRATION DATE OF THE LOCK-IN, IF ANY.
(II) THE INTEREST RATE LOCKED IN, IF ANY.
(III) THE DISCOUNT POINTS LOCKED IN, IF ANY.
(IV) THE COMMITMENT FEE LOCKED IN, IF ANY.
(V) THE LOCK-IN FEE, IF ANY.

(10) INCLUDE IN ALL ADVERTISEMENTS LANGUAGE INDICATING
THAT THE LICENSEE IS LICENSED BY THE DEPARTMENT.

(11) ALLOW FOR THE EVIDENCE OF ANY INSURANCE REQUIRED IN
CONNECTION WITH A LOAN BY A POLICY OR BINDER OR A COPY OF
EITHER.

(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
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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)] 303(B)(3) AND THE EXERCISE OF SUCH POWER BY THE COMMISSION IN RELATION TO SUCH PERSONS SHALL BE EXCLUSIVE.

(A) PROHIBITIONS.--A LICENSEE SHALL NOT:

(1) TRANSACT ANY BUSINESS SUBJECT TO THE PROVISIONS OF THIS [ACT] CHAPTER 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] CHAPTER 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 WHERE SUCH PROCEEDS ARE DISBURSED BY THE
LICENSEE TO A CLOSING AGENT. THIS PARAGRAPH SHALL NOT BE
CONSTRUED AS REQUIRING A LENDER TO UTILIZE A CLOSING AGENT
AND SHALL NOT APPLY TO DISBURSEMENTS BY CHECK DIRECTLY FROM
THE LICENSEE'S ACCOUNT PAYABLE TO THE BORROWER, BORROWER
DESIGNEES OR OTHER PARTIES DUE FUNDS FROM THE CLOSING.

(4) IN THE CASE OF A LOAN CORRESPONDENT, SERVICE
MORTGAGE LOANS.

(5) IN THE CASE OF A MORTGAGE BROKER OR LIMITED MORTGAGE
BROKER, COMMIT TO CLOSE OR CLOSE MORTGAGE LOANS IN ITS OWN
NAME, SERVICE MORTGAGE LOANS, ENTER INTO LOCK-IN AGREEMENTS
OR COLLECT LOCK-IN FEES, PROVIDED, HOWEVER, THAT A MORTGAGE
BROKER OR LIMITED MORTGAGE BROKER CAN PROVIDE A LENDER'S
LOCK-IN AGREEMENT TO A BORROWER ON BEHALF OF THAT LENDER AND
COLLECT LOCK-IN FEES ON THE LENDER'S BEHALF PAYABLE TO THAT
LENDER.

(B) AUTHORITY TO CLOSE LOANS IN ATTORNEYS' AND TITLE
INSURANCE COMPANIES OR AGENCIES' OFFICES.--NOTHING CONTAINED IN
THIS [ACT] CHAPTER SHALL PROHIBIT ANY LICENSEE OR PERSON EXEMPT
FROM LICENSURE HEREUNDER FROM CLOSING ANY LOANS MADE UNDER THE
PROVISIONS OF THIS [ACT] CHAPTER 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] 310. 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, LOAN CORRESPONDENT, A MORTGAGE BROKER OR LIMITED MORTGAGE BROKER AND FOR THE ENFORCEMENT OF THIS [ACT] CHAPTER, INCLUDING, BUT NOT LIMITED TO, CEASE AND DESIST ORDERS, NOTICES OF FINES AND SUCH OTHER ORDERS AS THE DEPARTMENT IN ITS DISCRETION MAY ISSUE.

(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)] 308, 310 AND 314(B), EXCLUDING SECTION [8(A)(1)] 308(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] CHAPTER.

(2) CONDUCT ADMINISTRATIVE HEARINGS ON ANY MATTER PERTAINING TO THIS [ACT] CHAPTER, 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.

(3) REQUEST AND RECEIVE ANY INFORMATION OR RECORDS OF ANY KIND, INCLUDING A REPORT OF CRIMINAL HISTORY RECORD INFORMATION, FROM ANY FEDERAL, STATE, LOCAL OR FOREIGN GOVERNMENT ENTITY, REGARDING ANY APPLICANT FOR A LICENSE, LICENSEE OR ANY PERSON RELATED IN ANY WAY TO THE BUSINESS OF SUCH APPLICANT OR LICENSEE, AT A COST TO BE PAID BY THE APPLICANT OR LICENSEE.

(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)] 303(B)(3) AND THE EXERCISE OF SUCH POWER BY THE COMMISSION IN RELATION TO SUCH PERSONS SHALL BE EXCLUSIVE. ACCOUNTS, BOOKS OR RECORDS OR THE GIVING OF TESTIMONY.


(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, MORTGAGE BANKER OR LOAN
CORRESPONDENT 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 4. SECTION 12 OF THE ACT IS AMENDED TO READ:
SECTION [12] 312. 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 5. SECTIONS 13 AND 14 OF THE ACT, AMENDED DECEMBER
21, 1998 (P.L.987, NO.131), ARE AMENDED TO READ:
SECTION [13] 313. SUSPENSION, REVOCATION OR REFUSAL.
(A) DEPARTMENTAL ACTION.--THE DEPARTMENT MAY SUSPEND, REVOKE
OR REFUSE TO RENEW ANY LICENSE ISSUED PURSUANT TO THIS [ACT]
CHAPTER 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] CHAPTER OR ANY RULE, REGULATION OR ORDER
PROMULGATED BY THE DEPARTMENT PURSUANT TO THIS [ACT] CHAPTER.
(3) IF LICENSED UNDER SECTION [4(C)(3)] 304(C)(3),
ACCEPTED AN ADVANCE FEE.

(4) BECOME INSOLVENT, MEANING THAT THE LIABILITIES OF
THE APPLICANT OR LICENSEE EXCEED THE ASSETS OF THE APPLICANT
OR LICENSEE OR THAT THE APPLICANT OR LICENSEE CANNOT MEET THE
OBLIGATIONS OF THE APPLICANT OR LICENSEE AS THEY MATURE, OR
IS IN SUCH FINANCIAL CONDITION THAT THE APPLICANT OR LICENSEE
CANNOT CONTINUE IN BUSINESS WITH SAFETY TO THE CUSTOMERS OF
THE APPLICANT OR LICENSEE.

(5) ENGAGED IN DISHONEST, FRAUDULENT OR ILLEGAL
PRACTICES OR CONDUCT IN ANY BUSINESS OR UNFAIR OR UNETHICAL
PRACTICES OR CONDUCT IN CONNECTION WITH THE MORTGAGE
BUSINESS.

(6) BEEN CONVICTED OF A MISDEMEANOR OR OF A FELONY.

(7) FILED AN APPLICATION FOR A LICENSE WHICH, AS OF THE
DATE THE LICENSE WAS IssUED OR AS OF THE DATE OF AN ORDER
DENYING, SUSPENDING OR REVOKING A LICENSE, WAS INCOMPLETE IN
ANY MATERIAL RESPECT OR CONTAINED ANY STATEMENT THAT WAS, IN
LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT WAS MADE, FALSE OR
MISLEADING WITH RESPECT TO ANY MATERIAL FACT.

(8) PERMANENTLY OR TEMPORARILY BEEN ENJOINED BY A COURT
OF COMPETENT JURISDICTION FROM ENGAGING IN OR CONTINUING ANY
CONDUCT OR PRACTICE INVOLVING ANY ASPECT OF THE MORTGAGE
BUSINESS.

(9) BECOME THE SUBJECT OF AN ORDER OF THE DEPARTMENT
DENYING, SUSPENDING OR REVOKING A LICENSE AS A MORTGAGE
BANKER, MORTGAGE BROKER, LIMITED MORTGAGE BROKER OR LOAN
CORRESPONDENT.

(10) BECOME THE SUBJECT OF A UNITED STATES POSTAL
SERVICE FRAUD ORDER THAT IS CURRENTLY EFFECTIVE AND WAS
ISSUED WITHIN THE LAST FIVE YEARS.
(11) FAILED TO COMPLY WITH THE REQUIREMENTS OF THIS [ACT] CHAPTER TO MAKE AND KEEP RECORDS PRESCRIBED BY RULE OR ORDER OF THE DEPARTMENT, TO PRODUCE SUCH RECORDS REQUIRED BY THE DEPARTMENT OR TO FILE ANY FINANCIAL REPORTS OR OTHER INFORMATION THE DEPARTMENT BY RULE OR ORDER MAY REQUIRE.

(12) BECOME THE SUBJECT OF AN ORDER OF THE DEPARTMENT DENYING, SUSPENDING OR REVOKING A LICENSE UNDER THE PROVISIONS OF ANY OTHER LAW ADMINISTERED BY THE DEPARTMENT.

(13) FAILED TO COMPLY WITH A CEASE AND DESIST ORDER ENTERED AFTER NOTICE AND OPPORTUNITY FOR HEARING AND ISSUED BY THE DEPARTMENT WITHIN THE LAST FIVE YEARS.

(14) DEMONSTRATED NEGLIGENCE OR INCOMPETENCE IN PERFORMING ANY ACT FOR WHICH THE LICENSEE IS REQUIRED TO HOLD A LICENSE UNDER THIS [ACT] CHAPTER.

(15) IN THE CASE OF A LIMITED MORTGAGE BROKER, NEGOTIATED OR PLACED, EITHER DIRECTLY OR INDIRECTLY, A MORTGAGE LOAN OTHER THAN A NONPURCHASE MONEY MORTGAGE LOAN AS DEFINED IN THIS [ACT] CHAPTER.

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] CHAPTER.
SECTION [14] 314. 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] CHAPTER AND WHO ENGAGES IN THE BUSINESS OF A MORTGAGE BANKER, LOAN CORRESPONDENT, MORTGAGE BROKER OR LIMITED MORTGAGE BROKER COMMITS A FELONY OF THE THIRD DEGREE.

(B) NONLICENSEES SUBJECT TO THE PROVISIONS OF THIS [ACT] CHAPTER.--ANY PERSON WHO IS SUBJECT TO THE PROVISIONS OF THIS [ACT] CHAPTER, EVEN THOUGH NOT LICENSED HEREUNDER, OR ANY PERSON WHO IS NOT LICENSED BY THE DEPARTMENT OR IS NOT EXEMPT FROM THE LICENSING REQUIREMENTS, 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] THE FIRST MORTGAGE LOAN BUSINESS UNLESS LICENSED UNDER THIS [ACT] CHAPTER.

(C) VIOLATIONS BY LICENSEES.--ANY PERSON LICENSED UNDER THE PROVISIONS OF THIS [ACT] CHAPTER OR ANY DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF A LICENSEE WHO SHALL VIOLATE THE PROVISIONS OF THIS [ACT] CHAPTER 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)] 303(B)(3) AND
THE EXERCISE OF SUCH POWER BY THE COMMISSION IN RELATION TO SUCH
PERSONS SHALL BE EXCLUSIVE.

SECTION 6. SECTIONS 16 AND 17 OF THE ACT ARE AMENDED TO
READ:

SECTION [16] 316. REFERRAL FEES.

NOTHING IN THIS [ACT] CHAPTER 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] 317. 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]
CHAPTER 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 7. SECTION 18 OF THE ACT, AMENDED DECEMBER 21, 1988
(P.L.987, NO.131), IS AMENDED TO READ:

SECTION [18] 318. [SCOPE OF ACT] APPLICABILITY.
THE PROVISIONS OF THIS [ACT] CHAPTER SHALL APPLY TO:

(1) ANY MORTGAGE LOAN WHICH IS:

(I) NEGOTIATED, OFFERED OR OTHERWISE TRANSACTED

WITHIN THIS COMMONWEALTH, IN WHOLE OR IN PART, WHETHER BY

THE ULTIMATE LENDER OR ANY OTHER PERSON;

(II) MADE OR EXECUTED WITHIN THIS COMMONWEALTH; OR

(III) NOTWITHSTANDING THE PLACE OF EXECUTION,

SECURED BY REAL PROPERTY LOCATED IN THIS COMMONWEALTH.

(2) ANY PERSON WHO ENGAGES IN THE FIRST MORTGAGE LOAN

BUSINESS IN THIS COMMONWEALTH.

SECTION 8. THE ACT IS AMENDED BY ADDING A CHAPTER AND A

CHAPTER HEADING TO READ:

CHAPTER 5

CONSUMER EQUITY PROTECTION

SUBCHAPTER A

GENERAL PROVISIONS

SECTION 501. SCOPE.

THIS CHAPTER DEALS WITH CONSUMER EQUITY PROTECTION.

SECTION 502. LEGISLATIVE FINDINGS.

THE GENERAL ASSEMBLY FINDS AND DECLARES AS FOLLOWS:

(1) ALL CITIZENS ARE ENTITLED TO FAIR ACCESS TO CREDIT

AND THE ABILITY TO SHARE IN THE AMERICAN DREAM OF

HOMEOWNERSHIP, INCLUDING THOSE WHOSE FINANCIAL OR OTHER

PERSONAL CIRCUMSTANCES MAKE THEM VULNERABLE TO PREDATORY

LENDERS WHO COULD TAKE ADVANTAGE OF THEM BY MAKING OR

ARRANGING HIGH-COST LOANS THAT BORROWERS MAY NOT BE ABLE TO

REPAY AND BY REFINANCING MORTGAGE LOANS WITH ADDED FEES THAT

RESULT IN THE BORROWER'S EQUITY BEING STRIPPED.

(2) THE SUBPRIME LENDING MARKET PROVIDES LOANS TO MANY

BORROWERS WHO HAVE IMPAIRED CREDIT, AND THIS LENDING MARKET
PERFORMS A SIGNIFICANT SERVICE TO CITIZENS OF THIS
COMMONWEALTH, PARTICULARLY THOSE IN DISTRESSED URBAN AREAS.

(3) LEGISLATION AFFECTING THE SUBPRIME MARKET SHOULD NOT
BE OVERLY BROAD AND SHOULD RESTRICT ONLY THOSE RELATIVELY FEW
LENDERS WHO ARE PURPOSEFULLY ENGAGED IN PATTERNS AND
PRACTICES OF UNFAIR TREATMENT TO VULNERABLE CONSUMERS
COMMONLY REFERRED TO AS PREDATORY LENDING.

(4) THE LEGITIMATE CONVENTIONAL AND SUBPRIME MARKETS
SHOULD NOT BE SUBJECT TO THE SAME RESTRICTIONS, PROHIBITIONS,
REMEDIES AND PENALTIES AS THE HIGH-COST LOANS WHICH MEET
THRESHOLDS THAT DISTINGUISH THEM FROM LOANS IN OTHER MARKETS.

SECTION 503. DEFINITIONS.
THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
CONTEXT CLEARLY INDICATES OTHERWISE:

"AFFILIATE." ANY ENTITY THAT CONTROLS, IS CONTROLLED BY OR
IS UNDER COMMON CONTROL WITH ANOTHER ENTITY, AS DETERMINED UNDER
THE BANK HOLDING COMPANY ACT OF 1956 (70 STAT. 133, 12 U.S.C. §
1841 ET SEQ.).

"BRIDGE LOAN." A LOAN WITH A MATURITY OF LESS THAN 18 MONTHS
WHICH ONLY REQUIRES PAYMENTS OF INTEREST UNTIL SUCH TIME AS THE
ENTIRE UNPAID BALANCE IS DUE AND PAYABLE.

"COVERED LOAN." A CONSUMER CREDIT MORTGAGE LOAN TRANSACTION
INVOLVING PROPERTY LOCATED WITHIN THIS COMMONWEALTH, THAT IS
CONSIDERED A MORTGAGE UNDER SECTION 103(AA) OF THE TRUTH IN
REGULATIONS ADOPTED PURSUANT THERETO BY THE FEDERAL RESERVE
BOARD, INCLUDING 12 CFR § 226.32 (RELATING TO REQUIREMENTS FOR
CERTAIN CLOSED-END HOME MORTGAGES), FOR WHICH THE ORIGINAL
PRINCIPAL BALANCE OF THE LOAN IS LESS THAN $100,000.
"CREDITOR." A PERSON CONSIDERED A CREDITOR PURSUANT TO 12 CFR § 226.2(A)(17) (RELATING TO DEFINITIONS AND RULES OF CONSTRUCTION).

"GROSS INCOME." AN OBLIGOR'S GROSS INCOME AS SET FORTH ON A CREDIT APPLICATION, THE OBLIGOR'S FINANCIAL STATEMENT, A CREDIT REPORT, FINANCIAL INFORMATION PROVIDED TO THE LENDER BY OR ON BEHALF OF THE OBLIGOR OR AS DETERMINED BY ANY OTHER REASONABLE MEANS BY A LENDER.

"LENDER." ANY CREDITOR THAT IN ANY 12-MONTH PERIOD ORIGINATES AT LEAST ONE COVERED LOAN. THE CREDITOR TO WHOM THE COVERED LOAN IS INITIALLY PAYABLE, EITHER ON THE FACE OF THE NOTE OR CONTRACT OR BY AGREEMENT WHEN THERE IS NO NOTE OR CONTRACT, SHALL BE DEEMED TO BE THE LENDER.

"MEDIAN FAMILY INCOME." MEDIAN FAMILY INCOME FOR THE METROPOLITAN STATISTICAL AREA (MSA) AS DEFINED BY THE DIRECTOR OF THE UNITED STATES OFFICE OF MANAGEMENT AND BUDGET IN WHICH PROPERTY WHICH SECURES A COVERED LOAN IS LOCATED, OR FOR LOANS SECURED BY PROPERTY NOT LOCATED WITHIN AN MSA, THE NONMETROPOLITAN MEDIAN FAMILY INCOME FOR THE COMMONWEALTH, AS REPORTED IN THE MOST RECENT ESTIMATES MADE AVAILABLE BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AT THE TIME A LOAN APPLICATION IS RECEIVED OR THE LATEST SUCH ESTIMATES MADE AVAILABLE IN THE PRECEDING CALENDAR YEAR, WHICHEREVER AMOUNT IS LOWER. TO THE EXTENT SUCH INFORMATION IS NOT READILY AVAILABLE FROM THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, THE DEPARTMENT OF BANKING SHALL PERIODICALLY PUBLISH OR OTHERWISE MAKE AVAILABLE TO LENDERS MEDIAN FAMILY INCOME INFORMATION FOR MSAS AND NONMETROPOLITAN AREAS THAT MAY BE RELIED UPON BY LENDERS FOR PURPOSES OF THIS CHAPTER.
"MORTGAGE BROKER." A PERSON REQUIRED TO BE LICENSED AS A MORTGAGE BROKER, LIMITED MORTGAGE BROKER OR LOAN CORRESPONDENT PURSUANT TO THE ACT OF DECEMBER 22, 1989 (P.L. 687, NO. 90), KNOWN AS THE MORTGAGE BANKERS AND BROKERS ACT, OR AS A SECONDARY MORTGAGE LOAN BROKER PURSUANT TO THE ACT OF DECEMBER 12, 1980 (P.L. 1179, NO. 219), KNOWN AS THE SECONDARY MORTGAGE LOAN ACT.

"MUNICIPALITY." A COUNTY, CITY, BOROUGH, INCORPORATED TOWN OR TOWNSHIP.

"OBLIGOR." EACH OBLIGOR, CO-OBLIGOR, COSIGNER OR GUARANTOR OBLIGATED TO REPAY A COVERED LOAN.

"PERSON." A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, BUSINESS TRUST OR ANY OTHER COMMON ENTERPRISE OR UNDERTAKING INVOLVING TWO OR MORE PERSONS, ASSOCIATION OF TWO OR MORE PERSONS, ESTATE, TRUST, FOUNDATION OR NATURAL PERSON.

"POLITICAL SUBDIVISION." A MUNICIPALITY, SCHOOL DISTRICT, VOCATIONAL SCHOOL DISTRICT OR MUNICIPAL AUTHORITY.

"PRINCIPAL BALANCE." THE AMOUNT OF A PROMISSORY NOTE SECURED BY A MORTGAGE IN A CONSUMER CREDIT MORTGAGE TRANSACTION.


SECTION 504. RELATIONSHIP TO OTHER LAWS.

(A) GENERAL RULE.--ALL POLITICAL SUBDIVISIONS OF THIS COMMONWEALTH, INCLUDING HOME RULE MUNICIPALITIES, SHALL BE PROHIBITED FROM ENACTING AND ENFORCING ORDINANCES, RESOLUTIONS AND REGULATIONS PERTAINING TO THE FINANCIAL OR LENDING ACTIVITIES OF PERSONS WHO:

(1) ARE SUBJECT TO THE JURISDICTION OF THE DEPARTMENT, INCLUDING ACTIVITIES SUBJECT TO THIS CHAPTER;

(2) ARE SUBJECT TO THE JURISDICTION OR REGULATORY

(3) THAT ORIGINATE, PURCHASE, SELL, ASSIGN, SECURITIZE OR SERVICE PROPERTY INTERESTS OR OBLIGATIONS CREATED BY FINANCIAL TRANSACTIONS OR LOANS MADE, EXECUTED OR ORIGINATED BY PERSONS REFERRED TO IN PARAGRAPH (1) OR (2) OR ASSIST OR FACILITATE SUCH TRANSACTIONS.

THE REQUIREMENTS OF THIS SUBSECTION SHALL APPLY TO ALL ORDINANCES, RESOLUTIONS AND REGULATIONS PERTAINING TO FINANCIAL OR LENDING ACTIVITIES, INCLUDING ANY ORDINANCES, RESOLUTIONS OR REGULATIONS DISQUALIFYING PERSONS FROM DOING BUSINESS WITH A POLITICAL SUBDIVISION BASED UPON FINANCIAL OR LENDING ACTIVITIES OR IMPOSING REPORTING REQUIREMENTS OR ANY OTHER OBLIGATIONS UPON PERSONS REGARDING FINANCIAL OR LENDING ACTIVITIES.

(B) CORPORATE POWERS.--NOTHING IN THIS CHAPTER SHALL BE DEEMED TO LIMIT THE CORPORATE POWERS OF INCORPORATED INSTITUTIONS OR THEIR SUBSIDIARIES SUBJECT TO THE ACT OF NOVEMBER 30, 1965 (P.L.847, NO.356), KNOWN AS THE BANKING CODE OF 1965, OR TO IMPOSE CONDITIONS, LIMITATIONS OR RESTRICTIONS UPON THE EXERCISE OF SUCH POWERS CONTRARY TO THE PROVISIONS OF SECTION 201 OF THE BANKING CODE OF 1965.

(C) PREEMPTION.--ANY PROVISION OF THIS CHAPTER PREEMPTED BY FEDERAL LAW WITH RESPECT TO A NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION SHALL NOT APPLY TO THE SAME EXTENT TO AN OPERATING SUBSIDIARY OF A NATIONAL BANK OR FEDERAL SAVINGS ASSOCIATION WHICH SATISFIES THE REQUIREMENTS FOR OPERATING SUBSIDIARIES.
(D) **INTERPRETATION.**--The provisions of this chapter shall be interpreted and applied to the fullest extent practical in a manner consistent with applicable federal laws and regulations, policies and orders of federal regulatory agencies and shall not be deemed to constitute an attempt to override federal law.

**SUBCHAPTER B**

**PROTECTION OF OBLIGORS**

**SECTION 511. LIMITATIONS ON COVERED LOAN TERMS.**

(A) **LIMITATION OF BALLOON PAYMENT.**--No covered loan may contract for a scheduled payment that is more than twice as large as the average of earlier scheduled monthly payments unless such balloon payment becomes due and payable not less than 120 months after the date of the loan. This prohibition does not apply when the payment scheduled is adjusted to account for the seasonal or irregular income of the obligor or if the purpose of the loan is a bridge loan connected with or related to the acquisition or construction of a dwelling intended to become the obligor's principal dwelling.

(B) **NO CALL PROVISION.**--No covered loan may contain a call provision that permits the lender, in its sole discretion, to accelerate the indebtedness. This prohibition does not apply when repayment of the loan has been accelerated:

(1) by default;

(2) pursuant to a due-on-sale provision;

(3) where there is fraud or material misrepresentation by an obligor in connection with the loan; or
(4) WHERE THERE IS ANY ACTION OR INACTION BY THE OBLIGOR THAT ADVERSELY AFFECTS THE LENDER'S SECURITY FOR THE LOAN OR ANY RIGHTS OF THE LENDER IN SUCH SECURITY.

(C) NO NEGATIVE AMORTIZATION.--EXCEPT FOR LOANS TO OBLIGORS WITH GROSS INCOME IN EXCESS OF 150% OF MEDIAN FAMILY INCOME, NO COVERED LOAN MAY CONTRACT FOR A PAYMENT SCHEDULE WITH REGULAR PERIODIC PAYMENTS THAT CAUSE THE PRINCIPAL BALANCE TO INCREASE. THIS SUBSECTION SHALL NOT PROHIBIT NEGATIVE AMORTIZATION AS A CONSEQUENCE OF A TEMPORARY FORBEARANCE OR RESTRUCTURE CONSENTED TO BY THE OBLIGOR.

(D) NO INCREASED INTEREST RATE UPON DEFAULT.--NO COVERED LOAN MAY CONTRACT FOR ANY INCREASE IN THE INTEREST RATE AS A RESULT OF A DEFAULT. THIS PROVISION SHALL NOT APPLY TO PERIODIC INTEREST RATE CHANGES IN A VARIABLE RATE LOAN OTHERWISE CONSISTENT WITH THE PROVISIONS OF THE LOAN AGREEMENT, PROVIDED THE CHANGE IN THE INTEREST RATE IS NOT OCCASIONED BY THE EVENT OF DEFAULT OR PERMISSIBLE ACCELERATION OF THE INDEBTEDNESS.

(E) NO ADVANCE PAYMENTS.--NO COVERED LOAN MAY INCLUDE TERMS UNDER WHICH ANY PERIODIC PAYMENTS REQUIRED UNDER THE LOAN ARE PAID IN ADVANCE FROM THE LOAN PROCEEDS.

(F) LIMITATIONS ON PREPAYMENT FEES.--THE FOLLOWING LIMITATION ON PREPAYMENT FEES SHALL BE OBSERVED:

1. A PREPAYMENT FEE OR PENALTY SHALL BE PERMITTED ONLY DURING THE FIRST 60 MONTHS AFTER THE DATE OF EXECUTION OF A COVERED LOAN.

2. A LENDER SHALL NOT INCLUDE A PREPAYMENT FEE IN A COVERED LOAN UNLESS IT ALSO MAKES AVAILABLE A LOAN PRODUCT WITHOUT A PREPAYMENT FEE.

3. NO PREPAYMENT FEE OR PENALTY MAY BE CHARGED ON A REFINANCING OF A COVERED LOAN WITH A COVERED LOAN IF THE
COVERED LOAN BEING REFINANCED IS OWNED BY THE REFINANCING LENDER AT THE TIME OF SUCH REFINANCING.

SECTION 512. RESTRICTED ACTS AND PRACTICES.

(A) NO LENDING WITHOUT CAUTIONARY NOTICE.--A LENDER MAY NOT MAKE A COVERED LOAN UNLESS THE LENDER OR A MORTGAGE BROKER HAS GIVEN THE FOLLOWING NOTICE, OR SUBSTANTIALLY SIMILAR NOTICE, IN WRITING, TO THE OBLIGOR NOT LATER THAN THE TIME THE NOTICE IS REQUIRED UNDER THE NOTICE PROVISION CONTAINED IN 12 CFR 226.31(C) (RELATING TO GENERAL PROVISIONS) AS AMENDED FROM TIME TO TIME.

NOTICE TO BORROWER

IF YOU OBTAIN THIS LOAN, THE LENDER WILL HAVE A MORTGAGE ON YOUR HOME. YOU COULD LOSE YOUR HOME AND ANY MONEY YOU PUT INTO IT IF YOU DO NOT MEET YOUR OBLIGATIONS UNDER THE LOAN.

MORTGAGE LOAN RATES AND CLOSING COSTS AND FEES VARY BASED ON MANY FACTORS, INCLUDING YOUR PARTICULAR CREDIT AND FINANCIAL CIRCUMSTANCES, YOUR EMPLOYMENT HISTORY, THE LOAN-TO-VALUE REQUESTED AND THE TYPE OF PROPERTY THAT WILL SECURE YOUR LOAN. THE LOAN RATE AND FEES COULD ALSO VARY BASED ON WHICH LENDER OR BROKER YOU SELECT. AS AN OBLIGOR, YOU SHOULD SHOP AROUND AND COMPARE LOAN RATES AND FEES.

YOU SHOULD ALSO CONSIDER CONSULTING A QUALIFIED INDEPENDENT CREDIT COUNSELOR OR OTHER EXPERIENCE

FINANCIAL ADVISOR REGARDING THE RATE, FEES AND PROVISIONS OF THIS MORTGAGE LOAN BEFORE YOU PROCEED. A LIST OF QUALIFIED COUNSELORS IS AVAILABLE BY CONTACTING THE PENNSYLVANIA HOUSING FINANCE AGENCY.

YOU ARE NOT REQUIRED TO COMPLETE THIS LOAN AGREEMENT
MERELY BECAUSE YOU HAVE RECEIVED THESE DISCLOSURES OR
HAVE SIGNED A LOAN APPLICATION.
REMEMBER, PROPERTY TAXES AND HOMEOWNER'S INSURANCE ARE
YOUR RESPONSIBILITY. NOT ALL LENDERS PROVIDE ESCROW
SERVICES FOR THESE PAYMENTS. YOU SHOULD ASK YOUR LENDER
ABOUT THESE SERVICES.
ALSO, YOUR PAYMENTS ON EXISTING DEBTS CONTRIBUTE TO YOUR
CREDIT RATINGS. YOU SHOULD NOT ACCEPT ANY ADVICE TO
IGNORE YOUR REGULAR PAYMENTS TO YOUR EXISTING CREDITORS.

PROVISION OF A CONSUMER INFORMATION PAMPHLET OR OTHER
PUBLICATION PREPARED BY THE OFFICE OF CONSUMER PROTECTION OF THE
OFFICE OF ATTORNEY GENERAL REGARDING COVERED LOANS SHALL BE
DEEMED TO CONSTITUTE A SUBSTANTIALLY SIMILAR NOTICE.

(B) NO LENDING WITHOUT DUE REGARD TO REPAYMENT ABILITY.--A
LENDER SHALL NOT ENGAGE IN A PATTERN OR PRACTICE OF MAKING
COVERED LOANS BASED ON THE CONSUMER’S COLLATERAL WITHOUT REGARD
TO THE CONSUMER’S REPAYMENT ABILITY, INCLUDING, BUT NOT LIMITED
TO, THE CONSUMER’S CURRENT AND EXPECTED INCOME, CURRENT
OBLIGATIONS AS DISCLOSED TO THE LENDER BY THE LOAN APPLICATION
AND THE CONSUMER’S CREDIT REPORT, EMPLOYMENT STATUS AND OTHER
FINANCIAL RESOURCES OTHER THAN THE OBLIGOR'S EQUITY IN THE
DWELLING WHICH SECURES REPAYMENT OF THE LOAN. AN OBLIGOR SHALL
BE PRESUMED TO BE ABLE TO MAKE THE SCHEDULED PAYMENTS TO REPAY
THE OBLIGATION IF, AT THE TIME THE LOAN IS CONSUMMATED, THE
OBLIGOR’S SCHEDULED MONTHLY PAYMENTS AS DISCLOSED TO THE LENDER
BY THE LOAN APPLICATION AND THE CONSUMER’S CREDIT REPORT, DO NOT
EXCEED 50% OF THE OBLIGOR'S MONTHLY GROSS INCOME. FOR PURPOSES
OF DETERMINING MEDIAN INCOME, THE INCOME OF ALL OBLIGORS SHALL
BE CONSIDERED. THE REQUIREMENTS OF THIS SUBSECTION SHALL APPLY
ONLY TO OBLIGORS WHOSE INCOME, AS REPORTED ON THE LOAN
APPLICATION, IS NO GREATER THAN 120% OF THE MEDIAN FAMILY
INCOME. NO PRESUMPTION SHALL ARISE THAT AN OBLIGOR IS NOT ABLE
TO MAKE THE SCHEDULED PAYMENTS IF THE OBLIGOR'S SCHEDULED
MONTHLY PAYMENTS EXCEED 50% OF THE OBLIGOR'S MONTHLY GROSS
INCOME AS DETERMINED PURSUANT TO THIS SUBSECTION.

(C) REFINANCING OF EXISTING COVERED LOAN WITH A NEW COVERED
LOAN.—A LENDER MAY NOT CHARGE ANY POINTS IN CONNECTION WITH A
COVERED LOAN IF THE PROCEEDS OF THE COVERED LOAN ARE USED TO
REFINANCE AN EXISTING COVERED LOAN HELD BY THE LENDER AND THE
LAST FINANCING WAS WITHIN ONE YEAR OF THE CURRENT REFINANCING;
PROVIDED, HOWEVER, THIS PROVISION SHALL NOT PROHIBIT A LENDER
FROM CHARGING POINTS IN CONNECTION WITH ANY ADDITIONAL PROCEEDS
PAID TO OR FOR THE ACCOUNT OF THE OBLIGOR, OTHER THAN CHARGES OR
COSTS ATTRIBUTABLE TO THE COVERED LOAN, IN CONNECTION WITH THE
REFINANCING. FOR PURPOSES OF THIS SUBSECTION, ADDITIONAL
PROCEEDS SHALL BE DEFINED AS THE AMOUNT OVER AND ABOVE THE
CURRENT PRINCIPAL BALANCE OF THE EXISTING COVERED LOAN;
PROVIDED, HOWEVER, IN THE EVENT THE LENDER REFUNDS ALL THE
POINTS ON THE COVERED LOAN BEING REFINANCED, THE ADDITIONAL
PROCEEDS SHALL BE THE PRINCIPAL BALANCE OF THE NEW COVERED LOAN.

(D) NO REFINANCING OF CERTAIN LOW-RATE LOANS.—A LENDER
SHALL NOT REPLACE OR CONSOLIDATE A ZERO INTEREST RATE OR LOW-
RATE LOAN MADE BY A GOVERNMENTAL OR NONPROFIT LENDER WITH A
COVERED LOAN WITHIN THE FIRST TEN YEARS OF THE ZERO INTEREST OR
LOW-RATE LOAN UNLESS THE CURRENT HOLDER OF THE LOAN CONSENTS IN
WRITING TO THE FINANCING. FOR PURPOSES OF THIS SUBSECTION, A
LOW-RATE LOAN SHALL BE DEFINED AS A LOAN THAT CARRIES A CURRENT
INTEREST RATE TWO PERCENTAGE POINTS OR MORE BELOW THE CURRENT
YIELD ON UNITED STATES TREASURY SECURITIES WITH A COMPARABLE
MATURITY.
(E) RESTRICTIONS ON COVERED LOAN PROCEEDS TO PAY HOME

IMPROVEMENT CONTRACTS.--A LENDER SHALL NOT PAY A CONTRACTOR
UNDER A HOME IMPROVEMENT CONTRACT FROM THE PROCEEDS OF A COVERED
LOAN OTHER THAN BY AN INSTRUMENT PAYABLE TO THE OBLIGOR OR
JOINTLY TO THE OBLIGOR AND THE CONTRACTOR OR, AT THE ELECTION OF
THE OBLIGOR, THROUGH A THIRD-PARTY ESCROW AGENT IN ACCORDANCE
WITH TERMS ESTABLISHED IN A WRITTEN AGREEMENT SIGNED BY THE
OBLIGOR, THE LENDER AND THE CONTRACTOR PRIOR TO THE DISBURSEMENT
OF FUNDS TO THE CONTRACTOR.

(F) RESTRICTIONS ON SINGLE PREMIUM CREDIT INSURANCE.--A
LENDER SHALL NOT SELL ANY INDIVIDUAL OR GROUP CREDIT LIFE,
ACCIDENT AND HEALTH OR UNEMPLOYMENT INSURANCE PRODUCT ON A
PREPAID SINGLE PREMIUM BASIS IN CONJUNCTION WITH A COVERED LOAN
UNLESS THE FOLLOWING CONDITIONS ARE MET:

1. AFTER THE EXPIRATION OF 18 MONTHS FROM THE DATE OF
   ENACTMENT OF THIS CHAPTER AND FOR AN ADDITIONAL SIX-MONTH
   PERIOD THAT MAY BE NECESSARY IN ORDER TO SECURE ANY NECESSARY
   APPROVALS FOR A MONTHLY PREMIUM CREDIT INSURANCE PRODUCT BY
   THE INSURANCE DEPARTMENT, IF A LENDER OFFERS ANY INDIVIDUAL
   OR GROUP CREDIT LIFE, ACCIDENT AND HEALTH AND UNEMPLOYMENT
   INSURANCE PRODUCTS PURCHASED ON A PREPAID SINGLE PREMIUM
   BASIS IN CONJUNCTION WITH A COVERED LOAN, THE LENDER SHALL
   OFFER THE OBLIGOR THE OPTION OF PURCHASING ALL SUCH INSURANCE
   ON A MONTHLY PREMIUM BASIS.

2. A LENDER SHALL NOT SELL CREDIT LIFE, ACCIDENT AND
   HEALTH OR UNEMPLOYMENT INSURANCE PRODUCTS IN CONJUNCTION WITH
   A COVERED LOAN OTHER THAN WHERE THE INSURANCE PREMIUMS ARE
   CALCULATED, EARNED AND PAID ON A MONTHLY OR OTHER REGULAR,
   PERIODIC BASIS WITHOUT PROVIDING A SEPARATE DISCLOSURE WITH A
   COPY ACKNOWLEDGED BY THE INSURED NO LATER THAN THE TIME OF
CLOSING IN A FORM SUBSTANTIALLY SIMILAR TO THE FOLLOWING:

INSURANCE NOTICE TO BORROWER(S)

YOU HAVE ELECTED TO PURCHASE CREDIT LIFE, ACCIDENT AND
HEALTH AND/OR UNEMPLOYMENT INSURANCE IN CONJUNCTION WITH
THIS MORTGAGE LOAN. THE COST OF THIS INSURANCE IS BEING
PREPAID AND FINANCED AT THE INTEREST RATE PROVIDED FOR IN
THE LOAN.

THIS INSURANCE IS NOT REQUIRED AS A CONDITION OF CLOSING
THIS LOAN AND HAS BEEN INCLUDED WITH THE LOAN AT YOUR
REQUEST.

AT ANY TIME YOU HAVE THE RIGHT TO CANCEL ANY OR ALL SUCH
POLICIES PURCHASED IN CONJUNCTION WITH THIS LOAN. YOU MAY
CANCEL YOUR POLICY OR POLICIES BY SIGNING AND RETURNING A
COPY OF THIS NOTICE TO YOUR LENDER OR YOU MAY CONTACT
YOUR LENDER DIRECTLY.

IF YOU CANCEL YOUR INSURANCE WITHIN 30 DAYS OF THE DATE
OF YOUR LOAN, THEN YOU WILL RECEIVE EITHER A FULL REFUND
OR A CREDIT AGAINST YOUR LOAN ACCOUNT. IF YOU CANCEL YOUR
INSURANCE AT ANY OTHER TIME, YOU WILL RECEIVE EITHER A
REFUND OR CREDIT AGAINST YOUR LOAN ACCOUNT OF ANY
UNEARNED PREMIUM.

YOU MUST CANCEL WITHIN 30 DAYS OF THE DATE OF THE LOAN TO
RECEIVE A FULL REFUND.

CREDIT INSURANCE CANCELLATION

I (WE) REQUEST THAT THE LENDER CANCEL THE __________
INSURANCE THAT I (WE) PURCHASED IN CONJUNCTION WITH MY (OUR)
MORTGAGE LOAN DATED __________.

__________________________________________ DATE
__________________________________________ BORROWER

ACKNOWLEDGMENT OF RECEIPT
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I (WE) ACKNOWLEDGE RECEIPT OF THE ABOVE NOTICE.

_______________________________________________ DATE

_______________________________________________ BORROWER

(3) IF AN OBLIGOR ELECTS TO CANCEL, WITHIN 30 DAYS OF THE DATE OF THE COVERED LOAN, ANY INDIVIDUAL OR GROUP CREDIT
LIFE, ACCIDENT AND HEALTH OR UNEMPLOYMENT INSURANCE PRODUCT PURCHASED ON PREPAID SINGLE PREMIUM BASIS IN CONJUNCTION WITH A COVERED LOAN, THE LENDER OR THE INSURANCE COMPANY WHO SOLD THE INSURANCE OR THE INSURANCE COMPANY PROVIDING THE PRODUCT SHALL GIVE THE OBLIGOR EITHER A FULL PREMIUM REFUND OR A FULL PREMIUM CREDIT AGAINST THE UNPAID LOAN BALANCE. IF THE OBLIGOR ELECTS TO CANCEL ANY INDIVIDUAL OR GROUP CREDIT INSURANCE PURCHASED IN CONJUNCTION WITH A COVERED LOAN AT ANY OTHER TIME, THE REFUND OR CREDIT SHALL BE COMPUTED AS PROVIDED OR PERMITTED BY STATE LAW. THE LENDER OR INSURANCE COMPANY SHALL DECIDE WHETHER THE RETURN OF PREMIUM SHALL BE BY MEANS OF CREDIT TO THE ACCOUNT OR BY REFUND TO THE OBLIGOR.

THIS SUBSECTION SHALL NOT APPLY TO CREDIT LIFE, ACCIDENT, HEALTH AND UNEMPLOYMENT INSURANCE SOLD BY THE LENDER FOR WHICH THE OBLIGOR CHOOSES THE PRIMARY BENEFICIARY.

SECTION 513. ADDITIONAL REQUIREMENTS.

(A) REPORTING TO CREDIT BUREAUS.--A LENDER OR ITS SERVICER SHALL REPORT AT LEAST QUARTERLY BOTH THE FAVORABLE AND UNFAVORABLE PAYMENT HISTORY INFORMATION OF THE OBLIGOR ON PAYMENTS DUE TO THE LENDER ON A COVERED LOAN TO A NATIONALLY RECOGNIZED CONSUMER CREDIT REPORTING AGENCY. THIS SUBSECTION SHALL NOT PREVENT A LENDER OR ITS SERVICER FROMAGREETING WITH THE OBLIGOR NOT TO REPORT PAYMENT HISTORY INFORMATION IN THE EVENT OF A RESOLVED OR UNRESOLVED DISPUTE WITH AN OBLIGOR AND
SHALL NOT APPLY TO COVERED LOANS HELD OR SERVICED BY A LENDER FOR LESS THAN 90 DAYS.

(B) VERIFICATION OF BROKER LICENSURE.—A LENDER SHALL VERIFY THAT EACH MORTGAGE BROKER WITH WHOM IT DOES BUSINESS IN CONNECTION WITH COVERED LOANS HOLDS A LICENSE OR OTHER AUTHORIZATION CURRENTLY IN EFFECT TO DO BUSINESS WITHIN THIS COMMONWEALTH.

CHAPTER C
ENFORCEMENT AND CIVIL LIABILITY

SECTION 521. ENFORCEMENT.

(A) ENFORCEMENT.—THE DEPARTMENT MAY CONDUCT EXAMINATIONS AND INVESTIGATIONS AND ISSUE SUBPOENAS AND ORDERS TO ENFORCE THE PROVISIONS OF THIS CHAPTER AS PROVIDED BY THE ACT OF MAY 15, 1933 (P.L.565, NO.111), KNOWN AS THE DEPARTMENT OF BANKING CODE AND WITH RESPECT TO A PERSON LICENSED OR SUBJECT TO THE FOLLOWING ACTS:

(1) ACT OF APRIL 8, 1937 (P.L.262, NO.66), KNOWN AS THE CONSUMER DISCOUNT COMPANY ACT.


(3) ACT OF DECEMBER 14, 1967 (P.L.746, NO.345), KNOWN AS THE SAVINGS ASSOCIATION CODE OF 1967,

(4) ACT OF DECEMBER 12, 1980 (P.L.1179, NO.219), KNOWN AS THE SECONDARY MORTGAGE LOAN ACT.

(5) ACT OF DECEMBER 22, 1989 (P.L.687, NO.90), KNOWN AS THE MORTGAGE BANKERS AND BROKERS ACT.

(6) 17 PA.C.S. (RELATING TO CREDIT UNIONS).

(B) EXAMINATIONS AND REPORTS.—THE DEPARTMENT MAY EXAMINE ANY INSTRUMENT, DOCUMENT, ACCOUNT, BOOK, RECORD OR FILE OF A PERSON ORIGINATING OR BROKERING A COVERED LOAN UNDER THIS 20010S0377B1240
CHAPTER. THE DEPARTMENT MAY RECOVER THE COST OF SUCH
EXAMINATIONS FROM THE PERSON. A PERSON ORIGINATING OR BROKERING
COVERED LOANS SHALL MAINTAIN ITS RECORDS IN A MANNER THAT WILL
FACILITATE THE DEPARTMENT DETERMINING WHETHER THE PERSON IS
COMPLYING WITH THE PROVISIONS OF THIS CHAPTER AND THE
REGULATIONS PROMULGATED UNDER THIS CHAPTER. THE DEPARTMENT MAY
REQUIRE THE SUBMISSION OF REPORTS BY PERSONS ORIGINATING OR
BROKERING COVERED LOANS WHICH SHALL SET FORTH SUCH INFORMATION
AS THE DEPARTMENT MAY REQUIRE.

(C) SUBPOENA.--IN THE EVENT THAT A PERSON FAILS TO COMPLY
WITH A SUBPOENA FOR DOCUMENTS OR TESTIMONY ISSUED BY THE
DEPARTMENT, THE DEPARTMENT MAY REQUEST AN ORDER FROM THE
COMMONWEALTH COURT REQUIRING THE PERSON TO PRODUCE THE REQUESTED
INFORMATION.

(D) ADMINISTRATIVE PENALTIES.--IF THE DEPARTMENT DETERMINES
THAT A PERSON HAS VIOLATED THE PROVISIONS OF THIS CHAPTER, THE
DEPARTMENT MAY DO ANY COMBINATION OF THE FOLLOWING THAT IT DEEMS
APPROPRIATE:

(1) IMPOSE A CIVIL PENALTY OF UP TO $2,000 FOR EACH
OFFENSE. THE DEPARTMENT MAY REQUIRE THE PERSON TO PAY
INVESTIGATIVE COSTS, IF ANY.

(2) SUSPEND, REVOKE OR REFUSE TO RENEW ANY LICENSE
ISSUED BY THE DEPARTMENT.

(3) PROHIBIT OR PERMANENTLY REMOVE AN INDIVIDUAL
RESPONSIBLE FOR A VIOLATION OF THIS CHAPTER FROM WORKING IN
HIS OR HER PRESENT CAPACITY OR IN ANY OTHER CAPACITY RELATED
TO ACTIVITIES REGULATED BY THE DEPARTMENT.

(4) ORDER A PERSON TO CEASE AND DESIST ANY VIOLATION OF
THIS CHAPTER AND TO MAKE RESTITUTION FOR ACTUAL DAMAGES TO
OBLIGORS.
(5) IMPOSE SUCH OTHER CONDITIONS AS THE DEPARTMENT DEEMS
    APPROPRIATE.

(E) HEARINGS.--ANY PERSON AGGRIEVED BY A DECISION OF THE
    DEPARTMENT AND WHICH HAS A DIRECT INTEREST IN THE DECISION MAY
    APPEAL THE DECISION OF THE DEPARTMENT TO THE SECRETARY OF
    BANKING. THE APPEAL SHALL BE CONDUCTED IN ACCORDANCE WITH 2
    PA.C.S. CH. 5 SUBCH. A (RELATING TO PRACTICE AND PROCEDURE OF
    COMMONWEALTH AGENCIES).

(F) INJUNCTIONS.--THE DEPARTMENT MAY MAINTAIN AN ACTION FOR
    AN INJUNCTION OR OTHER PROCESS AGAINST ANY PERSON TO RESTRAIN
    AND PREVENT THE PERSON FROM ENGAGING IN ANY ACTIVITY VIOLATING
    THIS CHAPTER.

(G) FINAL ORDERS.--A DECISION OF THE SECRETARY OF BANKING
    SHALL BE A FINAL ORDER OF THE DEPARTMENT AND SHALL BE
    ENFORCEABLE IN A COURT OF COMPETENT JURISDICTION. THE DEPARTMENT
    SHALL PUBLISH THE FINAL ADJUDICATION ISSUED IN ACCORDANCE WITH
    THIS SECTION, SUBJECT TO REDACTION OR MODIFICATION TO PRESERVE
    CONFIDENTIALITY.

(H) APPEALS.--ANY PERSON AGGRIEVED BY A DECISION OF THE
    SECRETARY OF BANKING AND WHICH HAS A DIRECT INTEREST IN THE
    DECISION MAY APPEAL THE DECISION IN ACCORDANCE WITH 2 PA.C.S.
    CH. 7 SUBCH. A (RELATING TO JUDICIAL REVIEW OF COMMONWEALTH
    AGENCY ACTION).

SECTION 522. CIVIL LIABILITY.

(A) DAMAGES FOR MATERIAL VIOLATIONS.--IF A LENDER
    PURPOSEFULLY ENGAGES IN A PATTERN OR PRACTICE OF MATERIAL
    VIOLATIONS OF THIS CHAPTER, AN OBLIGOR ON A COVERED LOAN MAY
    INITIATE A CIVIL ACTION TO RECOVER DAMAGES.

(B) EXCLUSIVE REMEDIES.--THE REMEDIES PROVIDED IN THIS
    SUBCHAPTER SHALL BE THE SOLE AND EXCLUSIVE REMEDIES FOR ANY

VIOLATION OF ANY PROVISION OF THIS CHAPTER. PERSONS ENGAGED IN
THE PURCHASE, SALE, ASSIGNMENT, SECURITIZATION OR SERVICING OF
COVERED LOANS SHALL NOT BE HELD LIABLE FOR THE ACTION OR
INACCTIONS OF PERSONS ORIGINATING SUCH LOANS.

SECTION 523. INFORMATION SHARING.

THE DEPARTMENT MAY DIVULGE DOCUMENTARY OR OTHER INFORMATION
PERTAINING TO ENFORCEMENT OF THIS CHAPTER TO FEDERAL OR STATE
BANKING REGULATORY AGENCIES OR COMMONWEALTH AGENCIES AS MAY BE
NECESSARY OR APPROPRIATE FOR THE ENFORCEMENT OF THIS CHAPTER, AS
DETERMINED BY THE DISCRETION OF THE SECRETARY OF BANKING. THE
DEPARTMENT MAY ENTER INTO SUCH INFORMATION SHARING AGREEMENTS OR
OTHER TYPES OF REGULATORY AGREEMENTS WITH OTHER FEDERAL AND
STATE BANKING REGULATORY AGENCIES AS MAY BE REASONABLY NECESSARY
OR APPROPRIATE FOR THE ENFORCEMENT OF THIS CHAPTER, AS
DETERMINED BY THE DISCRETION OF THE SECRETARY OF BANKING.

SECTION 524. REGULATIONS.

THE DEPARTMENT MAY PROMULGATE REGULATIONS AND STATEMENTS OF
POLICY FOR THE ENFORCEMENT OF THIS CHAPTER, INCLUDING
REGULATIONS ESTABLISHING RULES OF PROCEDURE FOR THE CONDUCT OF
HEARINGS PURSUANT TO THIS SUBCHAPTER AND STANDARDS TO GOVERN THE
IMPOSITION OF CIVIL PENALTIES.

CHAPTER 31
MISCELLANEOUS PROVISIONS

SECTION 9. SECTION 19 OF THE ACT IS AMENDED TO READ:

SECTION [19] 3101. EFFECTIVE DATE.
THIS ACT SHALL TAKE EFFECT AS FOLLOWS:
(1) SECTIONS [10(A) AND (B), 11(B) AND (C)] 310(A) AND
(B) AND 311(B) AND (C) SHALL TAKE EFFECT IMMEDIATELY.
(2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT IN 180
DAYS.

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SECTION 10. THE ADDITION OF SECTION 504(A) OF THE ACT IS INTENDED TO RESTATE AND CONFIRM THE EXISTING LAW OF THIS COMMONWEALTH, NAMELY THAT THE LAWS OF THIS COMMONWEALTH RELATING TO THE FINANCIAL AND LENDING ACTIVITIES ARE TO BE APPLIED ON A UNIFORM STATEWIDE BASIS. TO EFFECTUATE THIS INTENT, THE ADDITION OF SECTION 504(A) OF THE ACT SHALL APPLY BOTH PROSPECTIVELY AND RETROACTIVELY. THE REMAINDER OF CHAPTER 5 OF THE ACT SHALL APPLY TO LOANS ORIGINATED AFTER THE EFFECTIVE DATE OF THIS SECTION.

SECTION 11. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

(1) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT IMMEDIATELY:

   (i) THE ADDITION OF SECTION 504(A) OF THE ACT.
   (ii) SECTION 10 OF THIS ACT.
   (iii) THIS SECTION.

(2) EXCEPT AS PROVIDED IN PARAGRAPH (1)(i), THE ADDITION OF CHAPTER 5 OF THE ACT SHALL TAKE EFFECT IN ONE YEAR.

(3) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT IN 60 DAYS.