

## No. 55

## AN ACT

## SB 262

Amending the act of May 28, 1858 (P.L.622, No.557), entitled "An act regulating the Rate of Interest," further regulating the rate of interest.

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

Section 1. Section 1, act of May 28, 1858 (P.L.622, No.557), entitled "An act regulating the Rate of Interest," amended June 9, 1972 (No.106), is amended to read:

Section 1. Be it enacted, &c., That the lawful rate of interest for the loan or use of money **[in an amount of less than fifty thousand dollars (\$50,000),]** in all cases where no express contract shall have been made for a less rate, shall be six per cent per annum, except *(1)* with respect to loans secured by a *ground rent or a* mortgage or contract of sale on **[residential]** real property, **[in which case such lawful rate of interest shall not exceed nine per cent per annum or eight per cent per annum after July 24, 1972: Provided, however, That such rate of nine per cent per annum shall not apply to any such loan existing on July 24, 1970 or to a renewal or extension thereof or loan granted in substitution thereof secured by the same residential real property, nor to any such loan contracted for after a period of two years from July 24, 1970 except that such rate of interest contracted for during such two year period may continue to be collected thereafter: And provided further, That loans contracted subsequent to July 24, 1970 may be repayed without any penalty for such repayment before the end of the loan period: And provided further, That such interest rate shall include the total amortized cost of such loan, including any points, premiums, finder's fees or other charges levied directly or indirectly against the person obtaining the loan or against the seller, lender, mortgagee or any other party to the transaction but not including premiums for insurance, fees for title and legal work, conveyancing, surveying, engineering, credit reports, appraisals, inspections, notary and recording services: Provided, however, That such rate of eight per cent per annum shall not apply to any such loan existing on July 24, 1972 or to a renewal or extension thereof or loan granted in substitution thereof secured by the same residential real property, nor to any such loan contracted for after a period of one year from July 24, 1972, except that such rate of interest contracted for during such one-year period may continue to be collected thereafter: And provided further, That loans contracted subsequent to July 24, 1972 may be repayed without any penalty for such repayment before the end of the loan period: And provided further, That such interest rate shall include the total amortized cost of such loan, including any points, premiums, finder's fees or other charges levied directly or indirectly against the person obtaining the loan or against the seller, lender, mortgagee or any other party to the transaction but not including premiums for insurance, fees for title and legal**

work, conveyancing, surveying, engineering, credit reports, appraisals, inspections, notary and recording services: Provided, however, That any loan insured by the Federal Housing Administration, pursuant to the provisions of the National Housing Act, approved the twenty-seventh day of June, one thousand nine hundred thirty-four, its amendments and supplements, may bear such rate of interest or be discounted at such rate as is permitted under the National Housing Act and the regulations promulgated from time to time by the Federal Housing Administration: And provided further, That any loan guaranteed or insured by the Veterans Administration pursuant to the provisions of the Veterans' Benefits Code approved September 2, 1958, its amendments and supplements may bear such rate of interest or be discounted at such rate as is permitted under the Veterans' Benefits Code and the regulations promulgated from time to time by the Veterans Administration. The first and second sections of the act passed second March, one thousand seven hundred and twenty-three, entitled "An Act to reduce the interest of money from eight to six per cent, per annum," be and the same is hereby repealed.] *contracted for prior to December 31, 1975 in which case the lawful rate of interest shall not exceed eight per cent per annum which may be collected during the period of such contract and any extension or renewal thereof, and in which case such loans secured by residential real property on which the interest rate is in excess of six per cent per annum shall be payable prior to maturity without any penalty for such prepayment; except (2) with respect to loans of thirty-five thousand dollars (\$35,000) or more; except (3) with respect to business loans the principal amount of which is in excess of ten thousand dollars (\$10,000); except (4) with respect to loans insured pursuant to Federal housing legislation or guaranteed pursuant to the Veterans' Benefits Code; and except (5) as otherwise provided by law: Provided, That such interest rate in the case of a loan secured by residential real property shall include the total amortized cost of such loan, including any points, premiums, finders fees or other charges levied directly or indirectly against the person obtaining the loan or against the seller, lender, mortgagee or any other party to the transaction but not including premiums for insurance, fees for title and legal work conveyancing, surveying, engineering, credit reports, appraisals, inspections, notary and recording services.*

Section 2. This act shall take effect immediately.

APPROVED—The 26th day of July, A. D. 1973.

MILTON J. SHAPP

The foregoing is a true and correct copy of Act of the General Assembly  
No. 55.

A handwritten signature in black ink, reading "C. McLaughlin Tucker". The signature is written in a cursive style with a large initial "C" and a prominent "T" at the end.

*Secretary of the Commonwealth.*