

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** House Bill 2370

**PRINTER'S NO.** 3763

**AMOUNT**

No Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

June 18, 2012

**PRIME SPONSOR**

Representative Metzgar

**HISTORY OF BILL**

Referred to COMMERCE, June 18, 2012

Reported as committed, June 25, 2012

First consideration, June 25, 2012

Re-committed to RULES, June 25, 2012

Re-reported as committed, June 27, 2012

Second consideration, June 27, 2012

Re-committed to APPROPRIATIONS, June 27, 2012

Re-reported as committed, June 28, 2012

Third consideration and final passage, June 28, 2012 (201-0)  
In the Senate

Referred to BANKING AND INSURANCE, June 29, 2012

Reported as committed, Oct. 2, 2012

First consideration, Oct. 2, 2012

Second consideration, Oct. 3, 2012

Re-referred to APPROPRIATIONS, Oct. 3, 2012

Re-reported as committed, Oct. 15, 2012

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 2370 amends the Loan Interest and Protection Law (Act 6 of 1974, or "Act"), which serves as Pennsylvania's usury statute with respect to residential mortgage loans. The legislation would repeal sections 301(e)(7) through 301(e)(11) of the Loan Interest and Protection Law in order to remove redundant disclosure provisions relating to adjustable rate mortgage loans.

Most of the sections of the Loan Interest and Protection Law that would be repealed had been preempted by federal laws and regulations. However, the rollback of the federal preemption in the Consumer Financial Protection Act of 2010 (i.e. Dodd-Frank) makes the adjustable rate mortgage disclosure provisions of the Loan Interest and Protection Law applicable once again. However, because section 401 of the Act causes the federal Truth in Lending Act disclosures to apply to all mortgages, the section 301 disclosures are considered duplicative and unnecessary by the Department of Banking.

# **SENATE APPROPRIATIONS COMMITTEE**

## **FISCAL NOTE**

House Bill 2370 also amends section 604 of the Act by further clarifying language concerning maximum interest rates, adding savings banks to the list of institutions subject to these provisions, and establishing that the maximum rate of interest is authorized by the Banking Code of 1965 or other applicable Federal or State Law.

The Act shall take effect in 60 days.

### **FISCAL IMPACT:**

The legislation will have no adverse fiscal impact on Commonwealth funds.