

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2120 Session of 2026

INTRODUCED BY VENKAT, TWARDZIK, POWELL, WAXMAN, HILL-EVANS, SANCHEZ, MADDEN, CEPEDA-FREYITZ, PROBST, WEBSTER, TAKAC, SMITH-WADE-EL, MALAGARI, INGLIS, BRENNAN AND CURRY, JANUARY 7, 2026

AS REPORTED FROM COMMITTEE ON COMMERCE, HOUSE OF REPRESENTATIVES, AS AMENDED, APRIL 27, 2026

AN ACT

1 Amending the act of January 30, 1974 (P.L.13, No.6), entitled <--
2 "An act regulating agreements for the loan or use of money;
3 establishing a maximum lawful interest rate in the
4 Commonwealth; providing for a legal rate of interest;
5 detailing exceptions to the maximum lawful interest rate for
6 residential mortgages and for any loans in the principal
7 amount of more than fifty thousand dollars and Federally
8 insured or guaranteed loans and unsecured, noncollateralized
9 loans in excess of thirty five thousand dollars and business
10 loans in excess of ten thousand dollars; providing
11 protections to debtors to whom loans are made including the
12 provision for disclosure of facts relevant to the making of
13 residential mortgages, providing for notice of intention to
14 foreclose and establishment of a right to cure defaults on
15 residential mortgage obligations, provision for the payment
16 of attorney's fees with regard to residential mortgage
17 obligations and providing for certain interest rates by banks
18 and bank and trust companies; clarifying the substantive law
19 on the filing of and execution on a confessed judgment;
20 prohibiting waiver of provisions of this act, specifying
21 powers and duties of the Secretary of Banking, and
22 establishing remedies and providing penalties for violations
23 of this act," in preliminary provisions, further providing
24 for definitions.

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

27 Section 1. The definition of "residential mortgage" in

1 ~~section 101 of the act of January 30, 1974 (P.L.13, No.6),~~
2 ~~referred to as the Loan Interest and Protection Law, is amended~~
3 ~~and the section is amended by adding a definition to read:~~

4 ~~Section 101. Definitions. As used in this act:~~

5 ~~* * *~~

6 ~~"Residential mortgage" means an obligation to pay a sum of~~
7 ~~money in an original bona fide principal amount of the base~~
8 ~~figure or less, evidenced by a security document and secured by~~
9 ~~a lien upon real property located within this Commonwealth~~
10 ~~containing two or fewer residential units or on which two or~~
11 ~~fewer residential units are to be constructed and shall include~~
12 ~~such an obligation on a residential condominium unit. The term~~
13 ~~includes a shared appreciation agreement.~~

14 ~~* * *~~

15 ~~"Shared appreciation agreement" means as follows:~~

16 ~~(a) A writing evidencing a transaction or any option,~~
17 ~~future, or any other derivative between a person and an~~
18 ~~individual under which the individual receives money or another~~
19 ~~item of value in exchange for either of the following:~~

20 ~~(1) An interest, contingent interest or future interest in a~~
21 ~~dwelling or residential real property located within this~~
22 ~~Commonwealth that is secured by a lien upon the dwelling or~~
23 ~~residential real property located within this Commonwealth.~~

24 ~~(2) Another future obligation, secured by a lien upon a~~
25 ~~dwelling or residential real property located within this~~
26 ~~Commonwealth, to make a payment calculated in whole or in part~~
27 ~~by reference to the value, equity or proceeds of the dwelling or~~
28 ~~residential real property located within this Commonwealth upon~~
29 ~~the occurrence of any of the following events:~~

30 ~~(i) The transfer of ownership.~~

1 ~~(ii) A repayment maturity date.~~
2 ~~(iii) The death of the individual.~~
3 ~~(iv) Another event contemplated by the writing.~~
4 ~~(b) The term shall not include a home secured loan~~
5 ~~guaranteed, insured or otherwise offered by a government agency~~
6 ~~or government sponsored enterprise.~~

7 ~~Section 2. This act shall take effect immediately.~~
8 AMENDING TITLE 7 (BANKS AND BANKING) OF THE PENNSYLVANIA <--
9 CONSOLIDATED STATUTES, PROVIDING FOR LICENSING AND REGULATION
10 OF SHARED EQUITY PROVIDERS AND SHARED EQUITY AGREEMENTS AND
11 FOR DUTIES OF DEPARTMENT OF BANKING AND SECURITIES; AND
12 IMPOSING PENALTIES.

13 THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA
14 HEREBY ENACTS AS FOLLOWS:

15 SECTION 1. TITLE 7 OF THE PENNSYLVANIA CONSOLIDATED STATUTES
16 IS AMENDED BY ADDING A CHAPTER TO READ:

17 CHAPTER 63
18 SHARED EQUITY AGREEMENTS

19 SUBCHAPTER

20 A. PRELIMINARY PROVISIONS
21 B. LICENSING AND ADMINISTRATION
22 C. SHARED EQUITY AGREEMENTS
23 D. ENFORCEMENT
24 E. MISCELLANEOUS PROVISIONS

25 SUBCHAPTER A
26 PRELIMINARY PROVISIONS

27 SEC.

28 6301. SCOPE OF CHAPTER.

29 6302. DEFINITIONS.

30 § 6301. SCOPE OF CHAPTER.

31 THIS CHAPTER RELATES TO THE LICENSING AND REGULATION OF
32 SHARED EQUITY PROVIDERS AND SHARED EQUITY AGREEMENTS.

1 § 6302. DEFINITIONS.

2 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
3 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
4 CONTEXT CLEARLY INDICATES OTHERWISE:

5 "COMMISSION." THE BANKING AND SECURITIES COMMISSION OF THE
6 COMMONWEALTH.

7 "CONTROL PERSON." A MEMBER, DIRECTOR, PRINCIPAL OFFICER,
8 OFFICE MANAGER OR CONTROLLING SHAREHOLDER THAT OWNS, DIRECTLY OR
9 INDIRECTLY, 25% OF A LEGAL ENTITY AND ANY OTHER PERSON THAT HAS
10 AUTHORITY TO DIRECT THE MANAGEMENT OF THE LEGAL ENTITY.

11 "DEPARTMENT." THE DEPARTMENT OF BANKING AND SECURITIES OF
12 THE COMMONWEALTH.

13 "ENDING HOME VALUE." THE VALUE OF RESIDENTIAL PROPERTY
14 SUBJECT TO A SHARED EQUITY AGREEMENT AT THE TIME OF SETTLEMENT.

15 "HOMEOWNER." THE OWNER OF RESIDENTIAL PROPERTY THAT IS
16 SUBJECT TO A SHARED EQUITY AGREEMENT.

17 "INSTRUMENTALITY CREATED BY THE UNITED STATES OR ANY STATE."
18 ANY OF THE FOLLOWING:

19 (1) A FEDERAL, STATE OR MUNICIPAL GOVERNMENT, QUASI-
20 GOVERNMENTAL ENTITY OR NONPROFIT AGENCY OR CORPORATION
21 INCORPORATED UNDER THE LAWS OF THIS COMMONWEALTH THAT HAS
22 TAX-EXEMPT STATUS UNDER 26 U.S.C. § 501(C)(3) (RELATING TO
23 EXEMPTION FROM TAX ON CORPORATIONS, CERTAIN TRUSTS, ETC.) AND
24 THAT EXCLUSIVELY ENGAGES IN:

25 (I) MAKING SHARED EQUITY AGREEMENTS ON RESIDENTIAL
26 PROPERTY FINANCED WITH PUBLIC MONEY; OR

27 (II) NEGOTIATING, PLACING, ASSISTING IN THE
28 PLACEMENT OF, FINDING OR OFFERING TO NEGOTIATE, PLACE,
29 ASSIST IN THE PLACEMENT OF OR FIND SHARED EQUITY
30 AGREEMENTS ON RESIDENTIAL PROPERTY FINANCED WITH PUBLIC

1 MONEY ONLY UNDER A CONTRACT WITH THE FEDERAL GOVERNMENT,
2 A STATE OR MUNICIPAL GOVERNMENT, AN INSTRUMENTALITY OF
3 THE GOVERNMENT OR A QUASI-GOVERNMENTAL ENTITY, AS
4 DETERMINED BY THE DEPARTMENT.

5 (2) A PERSON NAMED AS THE INVESTOR IN THE LEGAL
6 DOCUMENTS FOR A SHARED EQUITY AGREEMENT, IF THE PERSON
7 OTHERWISE MEETS THE REQUIREMENTS OF PARAGRAPH (1).

8 "MULTISTATE LICENSING SYSTEM." A LICENSING SYSTEM DEVELOPED
9 AND MAINTAINED BY THE CONFERENCE OF STATE BANK SUPERVISORS.

10 "RESIDENTIAL PROPERTY." REAL PROPERTY LOCATED IN THIS
11 COMMONWEALTH CONTAINING A DWELLING HOUSE WITH ACCOMMODATIONS FOR
12 FOUR OR FEWER SEPARATE HOUSEHOLDS AND OCCUPIED IN WHOLE OR IN
13 PART BY EITHER OF THE FOLLOWING:

14 (1) THE HOMEOWNER WHO OBTAINED THE SHARED EQUITY
15 AGREEMENT OR, IF THE HOMEOWNER IS DECEASED, THE HOMEOWNER'S
16 HEIRS.

17 (2) A TENANT WHO PAYS RENT DIRECTLY TO THE HOMEOWNER.

18 "SENIOR SECURED DEBT." AN OBLIGATION SECURED BY A LIEN ON
19 RESIDENTIAL PROPERTY THAT WOULD BE SENIOR TO THE LIEN SECURING
20 OBLIGATIONS UNDER A SHARED EQUITY AGREEMENT AFTER APPLICATION OF
21 PROCEEDS FROM THE SHARED EQUITY AGREEMENT AT CLOSING TO REDUCE
22 THE AMOUNT OF THE OBLIGATION.

23 "SETTLE" OR "SETTLEMENT." THE PROCESS BY WHICH A HOMEOWNER
24 TERMINATES A SHARED EQUITY AGREEMENT IN ACCORDANCE WITH THE
25 TERMS OF THE SHARED EQUITY AGREEMENT.

26 "SETTLEMENT PAYMENT." THE DOLLAR AMOUNT THAT A HOMEOWNER IS
27 REQUIRED TO PAY TO SETTLE A SHARED EQUITY AGREEMENT.

28 "SHARED EQUITY AGREEMENT." AS FOLLOWS:

29 (1) A NONRECOURSE TRANSACTION UNDER WHICH A SHARED
30 EQUITY PROVIDER ADVANCES A SUM OF MONEY TO A HOMEOWNER AND,

1 IN EXCHANGE, OBTAINS A MORTGAGE ON THE RESIDENTIAL PROPERTY
2 AND EITHER:

3 (I) AN EQUITY INTEREST IN THE RESIDENTIAL PROPERTY;

4 OR

5 (II) A FUTURE OBLIGATION TO PAY A SUM THAT MAY VARY
6 BASED ON FUTURE HOME VALUE UPON THE OCCURRENCE OF ONE OR
7 MORE SUBSEQUENT CONDITIONS.

8 (2) THE TERM DOES NOT INCLUDE A REVERSE MORTGAGE
9 TRANSACTION AS DEFINED IN 12 CFR 1026.33(A) (RELATING TO
10 REQUIREMENTS FOR REVERSE MORTGAGES).

11 "SHARED EQUITY PROVIDER." A PERSON ENGAGED IN THE BUSINESS
12 OF MAKING, HOLDING OR SERVICING SHARED EQUITY AGREEMENTS.

13 "STARTING HOME EQUITY." THE HOMEOWNER'S EQUITY IN
14 RESIDENTIAL PROPERTY AS OF THE EFFECTIVE DATE OF THE SHARED
15 EQUITY AGREEMENT, EXPRESSED AS A PERCENTAGE, DETERMINED BY:

16 (1) ADDING THE SENIOR SECURED DEBT AND THE TRANSACTION
17 AMOUNT;

18 (2) DIVIDING THE SUM UNDER PARAGRAPH (1) BY THE STARTING
19 HOME VALUE; AND

20 (3) SUBTRACTING THE QUOTIENT UNDER PARAGRAPH (2) FROM
21 ONE.

22 "STARTING HOME VALUE." THE VALUE OF RESIDENTIAL PROPERTY
23 SUBJECT TO A SHARED EQUITY AGREEMENT AT THE TIME OF ORIGINATION,
24 AS AGREED TO BY THE HOMEOWNER AND THE SHARED EQUITY PROVIDER.

25 "TERM DAYS." THE EXACT NUMBER OF DAYS BETWEEN THE EFFECTIVE
26 DATE AND THE SETTLEMENT DATE OF A SHARED EQUITY AGREEMENT.

27 "TRANSACTION AMOUNT." THE GROSS AMOUNT PROVIDED BY THE
28 SHARED EQUITY PROVIDER IN RESIDENTIAL PROPERTY SUBJECT TO A
29 SHARED EQUITY AGREEMENT BEFORE DEDUCTION OF THIRD-PARTY FEES OR
30 AMOUNTS CHARGED BY THE SHARED EQUITY PROVIDER.

1 AND LOAN ASSOCIATION, CREDIT UNION OR INSURANCE COMPANY
2 ORGANIZED UNDER THE LAWS OF ANOTHER STATE.

3 (VII) A SUBSIDIARY OR AFFILIATE OF AN ENTITY UNDER
4 SUBPARAGRAPH (I), (II), (III), (IV), (V) OR (VI), AS
5 DETERMINED BY THE DEPARTMENT.

6 (VIII) A BANK HOLDING COMPANY ESTABLISHED UNDER
7 FEDERAL OR STATE LAW.

8 (3) AN INSTRUMENTALITY CREATED BY THE UNITED STATES OR
9 ANY STATE.

10 § 6312. APPLICATION FOR LICENSE.

11 (A) CONTENTS.--AN APPLICATION FOR A LICENSE UNDER THIS
12 CHAPTER SHALL BE SUBMITTED TO THE DEPARTMENT IN A FORM AND
13 MANNER DETERMINED BY THE DEPARTMENT AND SHALL INCLUDE ALL OF THE
14 FOLLOWING:

15 (1) THE NAME OF THE APPLICANT.

16 (2) THE ADDRESS OF THE PRINCIPAL PLACE OF BUSINESS OF
17 THE APPLICANT.

18 (3) THE ADDRESS OF EACH ADDITIONAL LOCATION AT WHICH THE
19 APPLICANT CONDUCTS OR PROPOSES TO CONDUCT BUSINESS UNDER THIS
20 CHAPTER.

21 (4) IF THE APPLICANT IS NOT AN INDIVIDUAL, THE NAME AND
22 ADDRESS OF EACH CONTROL PERSON.

23 (5) ANY OTHER INFORMATION REQUIRED BY THE DEPARTMENT.

24 (B) INVESTIGATION.--THE DEPARTMENT MAY INVESTIGATE AN
25 APPLICANT AND EACH CONTROL PERSON OF AN APPLICANT TO DETERMINE
26 WHETHER THE APPLICANT SATISFIES THE REQUIREMENTS FOR LICENSURE
27 UNDER THIS CHAPTER.

28 (C) CRIMINAL HISTORY RECORD INFORMATION.--AS PART OF AN
29 INVESTIGATION UNDER SUBSECTION (B), THE DEPARTMENT MAY REQUIRE
30 AN APPLICANT AND EACH CONTROL PERSON OF AN APPLICANT TO SUBMIT

1 FINGERPRINTS AND MAY OBTAIN STATE CRIMINAL HISTORY RECORD
2 INFORMATION AND NATIONAL CRIMINAL HISTORY RECORD INFORMATION IN
3 ACCORDANCE WITH SECTION 405 OF THE ACT OF MAY 15, 1933 (P.L.565,
4 NO.111), KNOWN AS THE DEPARTMENT OF BANKING AND SECURITIES CODE.
5 A PRIVATE ENTITY MAY NOT RECEIVE CRIMINAL HISTORY RECORD
6 INFORMATION UNDER THIS SUBSECTION.

7 (D) FEES.--AN APPLICATION UNDER THIS SECTION SHALL BE
8 ACCOMPANIED BY AN INVESTIGATION FEE AND AN INITIAL APPLICATION
9 FEE OF \$5,000. THE DEPARTMENT SHALL DETERMINE THE AMOUNT OF THE
10 INVESTIGATION FEE.

11 (E) MULTISTATE LICENSING SYSTEM.--THE DEPARTMENT MAY
12 PARTICIPATE IN A MULTISTATE LICENSING SYSTEM FOR SHARED EQUITY
13 PROVIDERS AND MAY ESTABLISH REQUIREMENTS FOR PARTICIPATION IN
14 THE SYSTEM. THE REQUIREMENTS MAY VARY FROM OTHER PROVISIONS OF
15 THIS CHAPTER TO THE EXTENT NECESSARY TO FACILITATE PARTICIPATION
16 IN THE SYSTEM. AN APPLICANT SHALL PAY DIRECTLY TO THE MULTISTATE
17 LICENSING SYSTEM ANY FEE REQUIRED FOR PARTICIPATION IN THE
18 SYSTEM.

19 (F) PRIVACY AND SECURITY.--IF THE DEPARTMENT PARTICIPATES IN
20 A MULTISTATE LICENSING SYSTEM UNDER SUBSECTION (E), THE
21 DEPARTMENT SHALL ENSURE THAT THE SYSTEM MAINTAINS APPROPRIATE
22 PRIVACY, DATA SECURITY AND SECURITY BREACH NOTIFICATION
23 POLICIES.

24 § 6313. ISSUANCE, DENIAL AND APPEAL.

25 (A) ISSUANCE.--THE DEPARTMENT SHALL ISSUE A LICENSE TO AN
26 APPLICANT UNDER THIS CHAPTER IF THE DEPARTMENT FINDS THAT ALL OF
27 THE FOLLOWING APPLY:

- 28 (1) THE APPLICANT HAS COMPLIED WITH THIS CHAPTER.
29 (2) THE FINANCIAL RESPONSIBILITY, CHARACTER, REPUTATION,
30 INTEGRITY AND GENERAL FITNESS OF THE APPLICANT WARRANT THE

1 BELIEF THAT THE BUSINESS WILL BE OPERATED HONESTLY, FAIRLY,
2 SOUNDLY AND EFFICIENTLY IN THE PUBLIC INTEREST AND IN A
3 MANNER CONSISTENT WITH THE PURPOSES OF THIS CHAPTER.

4 (3) IF THE APPLICANT IS A PARTNERSHIP OR ASSOCIATION,
5 THE FINANCIAL RESPONSIBILITY, CHARACTER, REPUTATION,
6 INTEGRITY AND GENERAL FITNESS OF EACH PARTNER OR MEMBER
7 SATISFY THE STANDARD UNDER PARAGRAPH (2).

8 (4) IF THE APPLICANT IS A CORPORATION OR OTHER LEGAL
9 ENTITY, THE FINANCIAL RESPONSIBILITY, CHARACTER, REPUTATION,
10 INTEGRITY AND GENERAL FITNESS OF EACH OFFICER, DIRECTOR AND
11 CONTROL PERSON SATISFY THE STANDARD UNDER PARAGRAPH (2).

12 (B) DENIAL.--IF THE DEPARTMENT DOES NOT MAKE THE FINDINGS
13 REQUIRED UNDER SUBSECTION (A), THE DEPARTMENT MAY DENY THE
14 APPLICATION.

15 (C) TIME FOR ACTION.--WITHIN 60 DAYS AFTER RECEIVING A
16 COMPLETED APPLICATION, THE DEPARTMENT SHALL ISSUE A LICENSE OR
17 DENY THE APPLICATION.

18 (D) NOTICE.--IF THE DEPARTMENT DENIES AN APPLICATION, THE
19 DEPARTMENT SHALL NOTIFY THE APPLICANT IN WRITING OF THE DENIAL
20 AND THE REASONS FOR THE DENIAL.

21 (E) APPEAL.--AN APPLICANT MAY APPEAL A DENIAL UNDER 2
22 PA.C.S. CHS. 5 SUBCH. A (RELATING TO PRACTICE AND PROCEDURE OF
23 COMMONWEALTH AGENCIES) AND 7 SUBCH. A (RELATING TO JUDICIAL
24 REVIEW OF COMMONWEALTH AGENCY ACTION).

25 § 6314. RENEWAL OF LICENSE.

26 (A) LICENSE CONTENTS AND STATUS.--A LICENSE ISSUED UNDER
27 THIS CHAPTER SHALL STATE THE NAME OF THE LICENSEE AND THE
28 ADDRESS AT WHICH THE LICENSEE CONDUCTS BUSINESS UNDER THIS
29 CHAPTER, MAY NOT BE TRANSFERRED OR ASSIGNED AND SHALL EXPIRE
30 ANNUALLY UNLESS THE LICENSEE RENEWS THE LICENSE IN ACCORDANCE

1 WITH THIS SECTION.

2 (B) NAME ON LICENSE.--A LICENSEE SHALL CONDUCT BUSINESS
3 UNDER THIS CHAPTER IN THE NAME THAT APPEARS ON THE LICENSE.

4 (C) RENEWAL APPLICATION.--A LICENSEE MAY RENEW A LICENSE BY
5 FILING A RENEWAL APPLICATION WITH THE DEPARTMENT IN A FORM AND
6 MANNER DETERMINED BY THE DEPARTMENT. THE RENEWAL APPLICATION
7 SHALL INCLUDE THE INFORMATION REQUIRED BY THE DEPARTMENT TO
8 DETERMINE WHETHER THE LICENSEE CONTINUES TO SATISFY THE
9 REQUIREMENTS OF THIS CHAPTER AND SHALL BE ACCOMPANIED BY A
10 RENEWAL FEE OF NOT MORE THAN \$2,500, AS DETERMINED BY THE
11 DEPARTMENT.

12 (D) RENEWAL AND DENIAL.--THE DEPARTMENT MAY RENEW A LICENSE
13 IF THE DEPARTMENT FINDS THAT THE LICENSEE CONTINUES TO SATISFY
14 THE REQUIREMENTS OF THIS CHAPTER. IF THE DEPARTMENT DETERMINES
15 THAT A LICENSEE DOES NOT SATISFY THE REQUIREMENTS OF THIS
16 CHAPTER, THE DEPARTMENT MAY DENY THE RENEWAL APPLICATION.

17 (E) NOTICE AND APPEAL.--IF THE DEPARTMENT DENIES A RENEWAL
18 APPLICATION, THE DEPARTMENT SHALL NOTIFY THE LICENSEE IN WRITING
19 OF THE DENIAL AND THE REASONS FOR THE DENIAL. A LICENSEE MAY
20 APPEAL A DENIAL UNDER 2 PA.C.S. CHS. 5 SUBCH. A (RELATING TO
21 PRACTICE AND PROCEDURE OF COMMONWEALTH AGENCIES) AND 7 SUBCH. A
22 (RELATING TO JUDICIAL REVIEW OF COMMONWEALTH AGENCY ACTION).

23 (F) MULTISTATE LICENSING SYSTEM.--IF THE DEPARTMENT
24 PARTICIPATES IN A MULTISTATE LICENSING SYSTEM UNDER SECTION
25 6312(E) (RELATING TO APPLICATION FOR LICENSE), THE DEPARTMENT
26 MAY REQUIRE A LICENSEE TO FILE A RENEWAL APPLICATION THROUGH THE
27 MULTISTATE LICENSING SYSTEM.

28 § 6315. NOTICE OF CERTAIN CHANGES.

29 (A) NOTICE.--A LICENSEE SHALL NOTIFY THE DEPARTMENT, IN A
30 FORM AND MANNER DETERMINED BY THE DEPARTMENT, OF A MATERIAL

1 CHANGE IN INFORMATION SUBMITTED IN AN APPLICATION FOR A LICENSE
2 OR FOR RENEWAL OF A LICENSE UNDER THIS CHAPTER.

3 (B) TIME FOR NOTICE.--A LICENSEE SHALL PROVIDE NOTICE UNDER
4 SUBSECTION (A) NO LATER THAN 10 DAYS AFTER THE MATERIAL CHANGE
5 OCCURS OR THE LICENSEE RECEIVES NOTICE OF THE MATERIAL CHANGE.

6 (C) MATERIAL CHANGES.--A MATERIAL CHANGE UNDER THIS SECTION
7 SHALL INCLUDE ANY OF THE FOLLOWING:

8 (1) A CHANGE IN THE NAME OF THE LICENSEE.

9 (2) A CHANGE IN THE ADDRESS OF THE PRINCIPAL PLACE OF
10 BUSINESS OF THE LICENSEE.

11 (3) A CHANGE IN THE ADDRESS OF A LOCATION AT WHICH THE
12 LICENSEE CONDUCTS BUSINESS UNDER THIS CHAPTER.

13 (4) IF THE LICENSEE IS NOT AN INDIVIDUAL, A CHANGE IN A
14 CONTROL PERSON OF THE LICENSEE, INCLUDING THE NAME, ADDRESS
15 AND OCCUPATION OF EACH NEW CONTROL PERSON.

16 (5) ANY OTHER CHANGE THAT THE DEPARTMENT DETERMINES IS
17 MATERIAL.

18 (D) ADDITIONAL INFORMATION.--AT THE REQUEST OF THE
19 DEPARTMENT, A LICENSEE SHALL PROVIDE ADDITIONAL INFORMATION
20 RELATING TO A NOTICE UNDER THIS SECTION.

21 § 6316. DUTIES OF DEPARTMENT.

22 (A) DUTIES.--THE DEPARTMENT SHALL HAVE THE FOLLOWING DUTIES:

23 (1) EXAMINE AN INSTRUMENT, DOCUMENT, ACCOUNT, BOOK,
24 RECORD OR FILE OF A LICENSEE OR A PERSON CONNECTED WITH A
25 LICENSEE AND CONDUCT ANY OTHER INVESTIGATION NECESSARY TO
26 ADMINISTER THIS CHAPTER. IN CONNECTION WITH AN EXAMINATION OR
27 INVESTIGATION UNDER THIS PARAGRAPH, THE DEPARTMENT MAY REMOVE
28 AN INSTRUMENT, DOCUMENT, ACCOUNT, BOOK, RECORD OR FILE OF A
29 LICENSEE TO A LOCATION OUTSIDE THE OFFICE OF THE LICENSEE.
30 THE LICENSEE OR OTHER ENTITY SUBJECT TO EXAMINATION SHALL PAY

1 THE COST OF THE EXAMINATION.

2 (2) CONDUCT AN ADMINISTRATIVE HEARING ON A MATTER
3 PERTAINING TO THIS CHAPTER, ISSUE A SUBPOENA TO COMPEL THE
4 ATTENDANCE OF A WITNESS AND THE PRODUCTION OF AN INSTRUMENT,
5 DOCUMENT, ACCOUNT, BOOK OR RECORD AND RETAIN AN INSTRUMENT,
6 DOCUMENT, ACCOUNT, BOOK OR RECORD UNTIL COMPLETION OF THE
7 PROCEEDING IN CONNECTION WITH WHICH THE INSTRUMENT, DOCUMENT,
8 ACCOUNT, BOOK OR RECORD WAS PRODUCED. A DEPARTMENT OFFICIAL
9 MAY ADMINISTER AN OATH OR AFFIRMATION TO A PERSON WHOSE
10 TESTIMONY IS REQUIRED. IF A PERSON FAILS TO COMPLY WITH A
11 SUBPOENA ISSUED BY THE DEPARTMENT OR TO TESTIFY ON A MATTER
12 CONCERNING WHICH THE PERSON MAY BE LAWFULLY INTERROGATED,
13 COMMONWEALTH COURT, ON APPLICATION OF THE DEPARTMENT, MAY
14 ISSUE AN ORDER REQUIRING THE ATTENDANCE OF THE PERSON, THE
15 PRODUCTION OF THE INSTRUMENT, DOCUMENT, ACCOUNT, BOOK OR
16 RECORD AND THE GIVING OF TESTIMONY.

17 (3) REQUEST AND RECEIVE INFORMATION OR A RECORD OF ANY
18 KIND, INCLUDING A REPORT OF CRIMINAL HISTORY RECORD
19 INFORMATION, FROM A FEDERAL, STATE, LOCAL OR FOREIGN
20 GOVERNMENT ENTITY REGARDING AN APPLICANT, LICENSEE OR PERSON
21 RELATED TO THE BUSINESS OF THE APPLICANT OR LICENSEE. THE
22 APPLICANT OR LICENSEE SHALL PAY THE COST OF OBTAINING THE
23 INFORMATION OR RECORD.

24 (4) PROMULGATE REGULATIONS AND ISSUE STATEMENTS OF
25 POLICY OR ORDERS NECESSARY FOR THE PROPER CONDUCT OF BUSINESS
26 UNDER THIS CHAPTER, THE ISSUANCE AND RENEWAL OF LICENSES AND
27 THE ENFORCEMENT OF THIS CHAPTER.

28 (5) PROHIBIT OR PERMANENTLY REMOVE A PERSON OR LICENSEE
29 RESPONSIBLE FOR A VIOLATION OF THIS CHAPTER FROM WORKING IN
30 THE PERSON'S OR LICENSEE'S PRESENT CAPACITY OR IN ANY OTHER

1 CAPACITY RELATED TO AN ACTIVITY REGULATED BY THE DEPARTMENT.

2 (6) ORDER A PERSON OR LICENSEE TO MAKE RESTITUTION FOR
3 ACTUAL DAMAGES TO A HOMEOWNER CAUSED BY A VIOLATION OF THIS
4 CHAPTER.

5 (7) ISSUE A CEASE AND DESIST ORDER THAT IS EFFECTIVE
6 IMMEDIATELY, SUBJECT TO A HEARING WITHIN 14 DAYS AFTER
7 ISSUANCE OF THE ORDER.

8 (8) IMPOSE ANY OTHER CONDITION THAT THE DEPARTMENT DEEMS
9 APPROPRIATE.

10 (B) HEARINGS.--A PERSON AGGRIEVED BY A DECISION OF THE
11 DEPARTMENT MAY APPEAL THE DECISION TO THE COMMISSION. THE APPEAL
12 SHALL BE CONDUCTED UNDER 2 PA.C.S. CH. 5 SUBCH. A (RELATING TO
13 PRACTICE AND PROCEDURE OF COMMONWEALTH AGENCIES).

14 (C) INJUNCTIONS.--THE DEPARTMENT MAY MAINTAIN AN ACTION FOR
15 AN INJUNCTION OR OTHER PROCESS AGAINST A PERSON TO RESTRAIN AND
16 PREVENT THE PERSON FROM ENGAGING IN AN ACTIVITY THAT VIOLATES
17 THIS CHAPTER.

18 (D) FINAL ORDERS.--A DECISION OF THE COMMISSION OR AN
19 UNAPPEALED ORDER OF THE DEPARTMENT SHALL CONSTITUTE A FINAL
20 ORDER OF THE DEPARTMENT AND SHALL BE ENFORCEABLE IN A COURT OF
21 COMPETENT JURISDICTION. SUBJECT TO REDACTION OR MODIFICATION
22 NECESSARY TO PRESERVE CONFIDENTIALITY, THE DEPARTMENT MAY
23 PUBLISH A FINAL ADJUDICATION ISSUED UNDER THIS SECTION. THE
24 DEPARTMENT SHALL REGULARLY REPORT VIOLATIONS OF THIS CHAPTER,
25 ENFORCEMENT ACTIONS AND OTHER RELEVANT INFORMATION TO THE
26 MULTISTATE LICENSING SYSTEM IF THE DEPARTMENT PARTICIPATES IN
27 THE SYSTEM UNDER SECTION 6312(E) (RELATING TO APPLICATION FOR
28 LICENSE).

29 (E) APPEALS.--A PERSON AGGRIEVED BY A DECISION OF THE
30 COMMISSION MAY APPEAL THE DECISION UNDER 2 PA.C.S. CH. 7 SUBCH.

1 A (RELATING TO JUDICIAL REVIEW OF COMMONWEALTH AGENCY ACTION).
2 (F) REPORTS.--NO LATER THAN 12 MONTHS AFTER THE EFFECTIVE
3 DATE OF THIS SUBSECTION, AND ANNUALLY THEREAFTER, THE DEPARTMENT
4 SHALL SUBMIT A REPORT DETAILING THE COMPLIANCE OF LICENSEES WITH
5 SUBCHAPTER C (RELATING TO SHARED EQUITY AGREEMENTS). THE
6 DEPARTMENT SHALL SUBMIT THE REPORT TO THE CHAIRPERSON AND
7 MINORITY CHAIRPERSON OF THE BANKING AND INSURANCE COMMITTEE OF
8 THE SENATE AND THE CHAIRPERSON AND MINORITY CHAIRPERSON OF THE
9 COMMERCE COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

10 SUBCHAPTER C

11 SHARED EQUITY AGREEMENTS

12 SEC.

13 6321. REQUIREMENTS FOR SHARED EQUITY AGREEMENTS.

14 6322. DISCLOSURE REQUIREMENTS.

15 6323. ADDITIONAL PROTECTIVE PROVISIONS.

16 6324. PROHIBITED TERMS AND PRACTICES.

17 § 6321. REQUIREMENTS FOR SHARED EQUITY AGREEMENTS.

18 A SHARED EQUITY PROVIDER MAY NOT ENTER INTO A SHARED EQUITY
19 AGREEMENT UNLESS ALL OF THE FOLLOWING APPLY:

20 (1) THE HOMEOWNER IS GIVEN AT LEAST THREE BUSINESS DAYS
21 TO RESCIND ACCEPTANCE OF THE SHARED EQUITY AGREEMENT BEFORE
22 THE AGREEMENT BECOMES EFFECTIVE AND BINDING ON THE HOMEOWNER.
23 THE HOMEOWNER MAY EXERCISE THE RIGHT OF RESCISSION BY
24 PROVIDING WRITTEN NOTICE TO THE SHARED EQUITY PROVIDER WITHIN
25 THE RESCISSION PERIOD.

26 (2) EXCEPT IN CONNECTION WITH A HOME PURCHASE
27 TRANSACTION, THE HOMEOWNER'S STARTING HOME EQUITY IS EQUAL TO
28 OR GREATER THAN 10%. IF A PORTION OF THE TRANSACTION AMOUNT
29 WILL BE USED TO PAY DOWN AN EXISTING OBLIGATION SECURED BY
30 THE RESIDENTIAL PROPERTY, THE HOMEOWNER'S STARTING HOME

1 EQUITY SHALL BE CALCULATED AFTER APPLICATION OF THAT PORTION
2 OF THE TRANSACTION AMOUNT TO THE OBLIGATION.

3 (3) THE STARTING HOME VALUE AND ENDING HOME VALUE
4 DETERMINED BY AN APPRAISAL OR OTHER VALUATION REPORT THAT
5 COMPLIES WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL
6 PRACTICE ON THE EFFECTIVE DATE OF THIS PARAGRAPH.

7 (4) THE HOMEOWNER IS GIVEN A COPY OF EACH APPRAISAL OR
8 VALUATION REPORT USED TO DETERMINE THE STARTING HOME VALUE
9 AND ENDING HOME VALUE.

10 (5) THE SETTLEMENT PAYMENT DOES NOT EXCEED THE TOTAL
11 PRINCIPAL AND INTEREST THAT THE HOMEOWNER WOULD HAVE LAWFULLY
12 PAID OVER THE SAME PERIOD IF THE TRANSACTION AMOUNT HAD BEEN
13 THE PRINCIPAL BALANCE ON A FORWARD RESIDENTIAL MORTGAGE LOAN
14 SUBJECT TO THE MAXIMUM LAWFUL RATE OF INTEREST UNDER SECTION
15 3 OF THE ACT OF JANUARY 30, 1974 (P.L.13, NO.6), REFERRED TO
16 AS THE LOAN INTEREST AND PROTECTION LAW, AT THE TIME OF THE
17 TRANSACTION.

18 (6) THE HOMEOWNER COMPLETES INDEPENDENT SHARED EQUITY
19 AGREEMENT COUNSELING BY A COUNSELOR APPROVED BY THE UNITED
20 STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TO PROVIDE
21 COUNSELING FOR A HOME EQUITY CONVERSION MORTGAGE OR BY
22 ANOTHER PERSON AUTHORIZED BY THE DEPARTMENT UNDER CRITERIA
23 ESTABLISHED BY THE DEPARTMENT BY REGULATION. THE CRITERIA
24 SHALL INCLUDE COUNSELOR QUALIFICATIONS, THE CONTENT OF THE
25 COUNSELING SESSION, THE MANNER IN WHICH COUNSELING SHALL BE
26 PROVIDED AND DOCUMENTATION AND RECORDKEEPING REQUIREMENTS.

27 (7) THE SHARED EQUITY PROVIDER HAS EVALUATED THE
28 HOMEOWNER'S WILLINGNESS AND CAPACITY TO TIMELY MEET THE
29 HOMEOWNER'S FINANCIAL OBLIGATIONS AND COMPLY WITH THE
30 REQUIREMENTS OF THE SHARED EQUITY AGREEMENT AND HAS

1 DETERMINED THAT THE SHARED EQUITY AGREEMENT REPRESENTS A
2 SUSTAINABLE SOLUTION TO THE HOMEOWNER'S FINANCIAL
3 CIRCUMSTANCES. IN MAKING THE EVALUATION, THE SHARED EQUITY
4 PROVIDER SHALL CONDUCT A FINANCIAL ASSESSMENT CONSISTENT WITH
5 THE ASSESSMENT REQUIRED TO DETERMINE WHETHER AND TO WHAT
6 EXTENT A HOME EQUITY CONVERSION MORTGAGE WILL BE SUBJECT TO A
7 LOAN EXPECTANCY SET ASIDE UNDER 24 CFR 206.205(B) (RELATING
8 TO PROPERTY CHARGES), AS REFLECTED IN THE HOME EQUITY
9 CONVERSION MORTGAGE FINANCIAL ASSESSMENT AND PROPERTY CHARGE
10 GUIDE, REVISED JULY 13, 2016. IF THE SHARED EQUITY PROVIDER
11 DETERMINES THAT THE HOMEOWNER'S INCOME IS INSUFFICIENT TO
12 MEET THE HOMEOWNER'S NEEDS AND COMPLY WITH THE REQUIREMENTS
13 IMPOSED BY THE SHARED EQUITY AGREEMENT, INCLUDING ANY OTHER
14 MORTGAGE PAYMENT AND PAYMENTS FOR PROPERTY TAXES AND
15 HOMEOWNER'S INSURANCE, THE SHARED EQUITY PROVIDER MAY NOT
16 ENTER INTO THE SHARED EQUITY AGREEMENT.

17 (8) THE SHARED EQUITY PROVIDER HAS PROVIDED THE
18 DISCLOSURES REQUIRED UNDER 15 U.S.C. CH. 41 SUBCH. I
19 (RELATING TO CONSUMER CREDIT COST DISCLOSURE) AND 12 U.S.C.
20 CH. 27 (RELATING TO REAL ESTATE SETTLEMENT PROCEDURES), AND
21 REGULATIONS PROMULGATED THEREUNDER.

22 (9) THE SHARED EQUITY PROVIDER HAS DISCLOSED ON THE
23 FIRST PAGE OF THE SHARED EQUITY AGREEMENT THE MAXIMUM AMOUNT,
24 STATED IN DOLLARS, THAT THE HOMEOWNER MAY BE REQUIRED TO PAY
25 UNDER THE SHARED EQUITY AGREEMENT.

26 (10) EACH APPRAISAL OF THE RESIDENTIAL PROPERTY HAS BEEN
27 CONDUCTED BY A CERTIFIED OR LICENSED APPRAISER IN ACCORDANCE
28 WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE
29 ON THE EFFECTIVE DATE OF THIS PARAGRAPH AND BY AN APPRAISER
30 THAT IS NOT AFFILIATED WITH THE SHARED EQUITY PROVIDER.

1 (11) THE SHARED EQUITY PROVIDER HAS RECEIVED
2 DOCUMENTATION THAT THE HOMEOWNER COMPLETED COUNSELING FROM A
3 COUNSELOR APPROVED BY THE UNITED STATES DEPARTMENT OF HOUSING
4 AND URBAN DEVELOPMENT TO PROVIDE COUNSELING FOR A HOME EQUITY
5 CONVERSION MORTGAGE OR BY ANOTHER PERSON AUTHORIZED BY THE
6 DEPARTMENT. THE DOCUMENTATION MUST SHOW THAT THE HOMEOWNER
7 RECEIVED COUNSELING ON THE COST, AFFORDABILITY AND RISKS OF
8 THE SHARED EQUITY AGREEMENT AND THAT, BY THE TIME OF THE
9 COUNSELING SESSION, THE COUNSELOR HAD RECEIVED A COPY OF THE
10 SHARED EQUITY AGREEMENT AND A COST DISCLOSURE FORM COMPARABLE
11 TO THE DISCLOSURES REQUIRED UNDER SECTION 6322 (RELATING TO
12 DISCLOSURE REQUIREMENTS).

13 (12) AT THE TIME THE SHARED EQUITY AGREEMENT IS
14 EXECUTED, THE SHARED EQUITY PROVIDER PROVIDES THE HOMEOWNER
15 CONTEMPORANEOUS ACCESS TO A KNOWLEDGEABLE REPRESENTATIVE OF
16 THE SHARED EQUITY PROVIDER WHO IS ABLE TO ANSWER THE
17 HOMEOWNER'S QUESTIONS ABOUT THE TRANSACTION.

18 (13) THE SHARED EQUITY PROVIDER HAS COMPLIED WITH
19 SECTION 6322.
20 § 6322. DISCLOSURE REQUIREMENTS.

21 (A) DISCLOSURE REQUIRED.--A SHARED EQUITY PROVIDER SHALL
22 PROVIDE THE DISCLOSURES REQUIRED UNDER THIS SECTION TO THE
23 HOMEOWNER IN A FORM DETERMINED BY THE DEPARTMENT AND IN A FORM
24 THAT THE HOMEOWNER MAY KEEP. THE FINAL DISCLOSURE UNDER
25 SUBSECTION (C) SHALL BE PROVIDED AT LEAST 30 BUSINESS DAYS
26 BEFORE THE HOMEOWNER ENTERS INTO A SHARED EQUITY AGREEMENT.

27 (B) INITIAL DISCLOSURE.--WITHIN THREE BUSINESS DAYS AFTER A
28 HOMEOWNER INQUIRES ABOUT A SHARED EQUITY AGREEMENT, A SHARED
29 EQUITY PROVIDER SHALL GIVE THE HOMEOWNER AN INITIAL DISCLOSURE,
30 IN A FORM DETERMINED BY THE DEPARTMENT, STATING ALL OF THE

1 FOLLOWING:

2 (1) A MORTGAGE LIEN WILL BE PLACED ON THE RESIDENTIAL
3 PROPERTY.

4 (2) FAILURE TO COMPLY WITH THE TERMS OF THE SHARED
5 EQUITY AGREEMENT, OR INABILITY TO SETTLE THE SHARED EQUITY
6 AGREEMENT, MAY RESULT IN THE HOMEOWNER LOSING THE RESIDENTIAL
7 PROPERTY.

8 (3) THE HOMEOWNER SHOULD CONSIDER OBTAINING THE ADVICE
9 OF AN ATTORNEY BEFORE ENTERING INTO THE SHARED EQUITY
10 AGREEMENT.

11 (C) FINAL DISCLOSURE.--AT LEAST 30 BUSINESS DAYS BEFORE A
12 HOMEOWNER ENTERS INTO A SHARED EQUITY AGREEMENT, A SHARED EQUITY
13 PROVIDER SHALL GIVE THE HOMEOWNER A FINAL DISCLOSURE, IN A FORM
14 DETERMINED BY THE DEPARTMENT, THAT THE HOMEOWNER MAY KEEP AND
15 THAT INCLUDES ALL OF THE FOLLOWING IN THE FOLLOWING ORDER:

16 (1) A CLEAR AND CONSPICUOUS STATEMENT OF ALL OF THE
17 FOLLOWING:

18 (I) THE MAXIMUM DOLLAR AMOUNT THAT THE HOMEOWNER MAY
19 BE REQUIRED TO PAY UNDER THE SHARED EQUITY AGREEMENT.

20 (II) THE CONDITIONS THAT TRIGGER THE OBLIGATION TO
21 MAKE A SETTLEMENT PAYMENT.

22 (III) THE MANNER IN WHICH THE SETTLEMENT PAYMENT
23 WILL BE CALCULATED.

24 (IV) THAT, ALTHOUGH THE HOMEOWNER IS NOT REQUIRED TO
25 MAKE PERIODIC PAYMENTS TO THE SHARED EQUITY PROVIDER
26 DURING THE TERM OF THE SHARED EQUITY AGREEMENT, THE
27 HOMEOWNER REMAINS RESPONSIBLE FOR PAYMENTS DUE UNDER ANY
28 OTHER MORTGAGE AND FOR PROPERTY TAXES, HOMEOWNER'S
29 INSURANCE AND HOMEOWNERS ASSOCIATION FEES, IF APPLICABLE.

30 (V) THE REQUIREMENT TO COMPLETE COUNSELING BEFORE

1 ENTERING INTO THE SHARED EQUITY AGREEMENT.

2 (VI) THAT THE HOMEOWNER MAY REJECT OR CANCEL THE
3 OFFER UNTIL THREE BUSINESS DAYS AFTER CLOSING AND THE
4 MANNER IN WHICH THE HOMEOWNER MAY EXERCISE THAT RIGHT.

5 (VII) THE TRANSACTION AMOUNT, EXPRESSED AS A
6 PERCENTAGE OF THE VALUE OF THE RESIDENTIAL PROPERTY AS
7 DETERMINED BY APPRAISAL OR OTHER VALUATION.

8 (VIII) THE MAXIMUM SETTLEMENT AMOUNT, EXPRESSED AS A
9 PERCENTAGE OF THE VALUE OF THE RESIDENTIAL PROPERTY AS
10 DETERMINED BY APPRAISAL OR OTHER VALUATION, THAT MAY BE
11 PAYABLE TO THE SHARED EQUITY PROVIDER ON TERMINATION OF
12 THE SHARED EQUITY AGREEMENT.

13 (2) A COPY OF EACH DOCUMENT THAT THE HOMEOWNER WILL BE
14 REQUIRED TO SIGN TO ENTER INTO THE SHARED EQUITY AGREEMENT,
15 INCLUDING ALL OF THE FOLLOWING:

16 (I) THE SHARED EQUITY AGREEMENT.

17 (II) EACH DISCLOSURE REQUIRED BY 15 U.S.C. CH. 41
18 SUBCH. I (RELATING TO CONSUMER CREDIT COST DISCLOSURE)
19 AND 12 U.S.C. CH. 27 (RELATING TO REAL ESTATE SETTLEMENT
20 PROCEDURES), AND REGULATIONS PROMULGATED THEREUNDER.

21 (III) ANY OTHER DISCLOSURE OR DOCUMENT REQUIRED BY
22 THE DEPARTMENT.

23 § 6323. ADDITIONAL PROTECTIVE PROVISIONS.

24 (A) DUTIES.--WITH RESPECT TO RESIDENTIAL PROPERTY, A SHARED
25 EQUITY PROVIDER SHALL HAVE THE FOLLOWING DUTIES:

26 (1) PROVIDE THE DISCLOSURES REQUIRED UNDER 15 U.S.C. CH.
27 41 SUBCH. I (RELATING TO CONSUMER CREDIT COST DISCLOSURE) AND
28 12 U.S.C. CH. 27 (RELATING TO REAL ESTATE SETTLEMENT
29 PROCEDURES), AND REGULATIONS PROMULGATED THEREUNDER.

30 (2) PROVIDE THE HOMEOWNER AT LEAST 90 DAYS' WRITTEN

1 NOTICE OF AN ACTION REQUIRED OF THE HOMEOWNER UNDER THE TERMS
2 OF THE SHARED EQUITY AGREEMENT IF FAILURE TO TIMELY TAKE THE
3 ACTION WILL AFFECT THE RIGHTS OR INTERESTS OF THE HOMEOWNER
4 UNDER THE AGREEMENT.

5 (3) PROVIDE THE HOMEOWNER, WITHIN THREE BUSINESS DAYS
6 AFTER THE HOMEOWNER REQUESTS IT AND AT NO COST TO THE
7 HOMEOWNER, A PAYOFF QUOTE ITEMIZING EACH AMOUNT THAT THE
8 HOMEOWNER IS LIABLE TO PAY TO THE SHARED EQUITY PROVIDER.

9 (4) PROVIDE THE HOMEOWNER, WITHIN THREE BUSINESS DAYS
10 AFTER THE HOMEOWNER REQUESTS IT, A WRITTEN DESCRIPTION OF THE
11 PROCESS FOR TERMINATING THE SHARED EQUITY AGREEMENT.

12 (5) PROVIDE CREDIT FOR AN IMPROVEMENT MADE BY THE
13 HOMEOWNER TO THE PROPERTY SECURING THE SHARED EQUITY
14 AGREEMENT IN AN AMOUNT EQUAL TO THE GREATER OF THE FUNDS PAID
15 FOR THE IMPROVEMENT OR THE INCREASE IN APPRAISED VALUE
16 RESULTING FROM THE IMPROVEMENT.

17 (6) ENSURE THAT AN ADJUSTMENT FOR LACK OF MAINTENANCE OR
18 FOR AN IMPROVEMENT IS DETERMINED BY A PROPERTY APPRAISAL THAT
19 COMPLIES WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL
20 PRACTICE ON THE EFFECTIVE DATE OF THIS PARAGRAPH.

21 (7) BRING AN ACTION TO ENFORCE A SHARED EQUITY AGREEMENT
22 RELATING TO RESIDENTIAL PROPERTY LOCATED IN THIS COMMONWEALTH
23 IN A COURT OF COMPETENT JURISDICTION AND COMPLY WITH THE
24 PENNSYLVANIA RULES OF CIVIL PROCEDURE GOVERNING MORTGAGE
25 FORECLOSURE ACTIONS.

26 (B) NOTICE BEFORE LEGAL PROCEEDINGS.--BEFORE COMMENCING A
27 LEGAL PROCEEDING TO RECOVER RESIDENTIAL PROPERTY, A SHARED
28 EQUITY PROVIDER SHALL GIVE THE HOMEOWNER AT LEAST 30 DAYS'
29 WRITTEN NOTICE OF THE SHARED EQUITY PROVIDER'S INTENTION TO DO
30 SO.

1 (C) FORM AND CONTENTS OF NOTICE.--A NOTICE UNDER SUBSECTION
2 (B) SHALL BE IN WRITING AND SENT TO THE HOMEOWNER BY REGISTERED
3 OR CERTIFIED MAIL AT THE HOMEOWNER'S LAST KNOWN ADDRESS AND, IF
4 DIFFERENT, AT THE RESIDENCE THAT IS THE SUBJECT TO THE SHARED
5 EQUITY AGREEMENT. THE NOTICE SHALL CLEARLY AND CONSPICUOUSLY
6 STATE ALL OF THE FOLLOWING:

7 (1) THE PARTICULAR OBLIGATION OR REAL ESTATE SECURITY
8 INTEREST.

9 (2) THE NATURE OF THE CLAIMED DEFAULT.

10 (3) THE RIGHT OF THE HOMEOWNER TO CURE THE DEFAULT UNDER
11 SUBSECTION (D) AND EXACTLY WHAT PERFORMANCE, INCLUDING THE
12 AMOUNT OF MONEY, IF ANY, MUST BE TENDERED TO CURE THE
13 DEFAULT.

14 (4) THE TIME WITHIN WHICH THE HOMEOWNER MUST CURE THE
15 DEFAULT.

16 (5) THE METHOD BY WHICH THE HOMEOWNER'S OWNERSHIP OR
17 POSSESSION OF THE REAL ESTATE MAY BE TERMINATED.

18 (6) THE RIGHT OF THE HOMEOWNER, IF ANY, TO TRANSFER THE
19 REAL ESTATE TO ANOTHER PERSON SUBJECT TO THE SECURITY
20 INTEREST OR TO REFINANCE THE OBLIGATION AND THE RIGHT OF THE
21 TRANSFeree, IF ANY, TO CURE THE DEFAULT.

22 (D) CURE OF DEFAULT.--AFTER A NOTICE UNDER SUBSECTION (B)
23 HAS BEEN GIVEN, THE HOMEOWNER OR ANOTHER PERSON ACTING ON THE
24 HOMEOWNER'S BEHALF MAY, AT ANY TIME NOT LATER THAN ONE HOUR
25 BEFORE THE COMMENCEMENT OF BIDDING AT A SHERIFF SALE OR OTHER
26 JUDICIAL SALE OF THE RESIDENTIAL PROPERTY AND NOT MORE THAN
27 THREE TIMES IN A CALENDAR YEAR, CURE THE DEFAULT AND PREVENT
28 SALE OR OTHER DISPOSITION OF THE REAL ESTATE AND AVOID
29 ACCELERATION, IF ANY, BY TENDERING THE AMOUNT OR PERFORMANCE
30 SPECIFIED IN SUBSECTION (E).

1 (E) REQUIREMENTS TO CURE DEFAULT.--TO CURE A DEFAULT UNDER
2 SUBSECTION (D), THE HOMEOWNER SHALL ENGAGE IN ALL OF THE
3 FOLLOWING:

4 (1) PAY OR TENDER, IN THE FORM OF CASH, CASHIER'S CHECK
5 OR CERTIFIED CHECK, ALL SUMS THAT WOULD HAVE BEEN DUE AT THE
6 TIME OF PAYMENT OR TENDER IN THE ABSENCE OF DEFAULT AND THE
7 EXERCISE OF AN ACCELERATION CLAUSE, IF ANY.

8 (2) PERFORM ANY OTHER OBLIGATION THAT THE HOMEOWNER
9 WOULD HAVE BEEN BOUND TO PERFORM IN THE ABSENCE OF DEFAULT.

10 (3) PAY OR TENDER ANY REASONABLE FEE ALLOWED UNDER
11 SECTION 6324(7) (RELATING TO PROHIBITED TERMS AND PRACTICES)
12 AND THE REASONABLE COST OF PROCEEDING TO FORECLOSURE, AS
13 SPECIFIED IN WRITING BY THE SHARED EQUITY PROVIDER, ACTUALLY
14 INCURRED TO THE DATE OF PAYMENT.

15 (4) PAY ANY REASONABLE LATE PENALTY, IF PROVIDED FOR IN
16 THE SECURITY DOCUMENT.

17 (F) EFFECT OF CURE.--CURE OF A DEFAULT UNDER SUBSECTION (D)
18 RESTORES THE HOMEOWNER TO THE SAME POSITION AS IF THE DEFAULT
19 HAD NOT OCCURRED.

20 (G) PREPAYMENT.--A SHARED EQUITY AGREEMENT ENTERED INTO ON
21 OR AFTER THE EFFECTIVE DATE OF THIS SUBSECTION MAY BE PREPAID,
22 WITHOUT PENALTY OR OTHER CHARGE FOR PREPAYMENT, AT ANY TIME
23 BEFORE THE END OF THE TERM OF THE AGREEMENT.

24 (H) CONFESSION OF JUDGMENT.--A PLAINTIFF MAY NOT LEVY,
25 EXECUTE OR GARNISH ON THE BASIS OF A JUDGMENT OR DECREE ON
26 CONFESSION, WHETHER BY AMICABLE ACTION OR OTHERWISE, ON A SHARED
27 EQUITY AGREEMENT OR OTHER SIMILAR INSTRUMENT IN WRITING
28 CONFESSING JUDGMENT UNTIL THE PLAINTIFF, IN ACCORDANCE WITH THE
29 PENNSYLVANIA RULES OF CIVIL PROCEDURE, FILES AN APPROPRIATE
30 ACTION AND PROCEEDS TO JUDGMENT OR DECREE AGAINST THE DEFENDANT

1 AS IN AN ORIGINAL ACTION. THE COURT SHALL MODIFY THE JUDGMENT BY
2 CONFESSION AS APPROPRIATE BY A JUDGMENT, ORDER OR DECREE ENTERED
3 IN THE ACTION. AFTER THE ORIGINAL ACTION HAS BEEN PROSECUTED AND
4 A JUDGMENT OBTAINED, THAT JUDGMENT SHALL MERGE WITH THE
5 CONFESSED JUDGMENT, THE CONFESSED JUDGMENT SHALL BE CONFORMED AS
6 TO AMOUNT AND EXECUTION SHALL BE HAD ON THE CONFESSED JUDGMENT.
7 THE PARTIES TO THE ACTION SHALL HAVE THE SAME RIGHTS AS PARTIES
8 TO ANOTHER ORIGINAL PROCEEDING. NOTHING IN THIS SUBSECTION SHALL
9 PROHIBIT A SHARED EQUITY PROVIDER FROM PROCEEDING BY MORTGAGE
10 FORECLOSURE ACTION IN LIEU OF CONFESSION OF JUDGMENT.

11 (I) EXCESS SETTLEMENT PAYMENT.--IF A SETTLEMENT PAYMENT
12 EXCEEDS THE AMOUNT PERMITTED BY THIS CHAPTER, THE HOMEOWNER
13 SHALL NOT BE REQUIRED TO PAY THE EXCESS OVER THE MAXIMUM
14 SETTLEMENT PAYMENT UNDER SECTION 6321(5), AND THE HOMEOWNER MAY
15 RETAIN AND DEDUCT THE EXCESS FROM THE AMOUNT OF THE DEBT.

16 (J) WAIVER PROHIBITED.--A PROVISION OF THIS CHAPTER MAY NOT
17 BE WAIVED BY AN ORAL OR WRITTEN AGREEMENT.

18 § 6324. PROHIBITED TERMS AND PRACTICES.

19 A SHARED EQUITY PROVIDER MAY NOT:

20 (1) CHARGE A PENALTY FOR SETTLEMENT OF A SHARED EQUITY
21 AGREEMENT BEFORE THE END OF THE STATED TERM OF THE AGREEMENT.

22 (2) USE A RISK ADJUSTMENT TO CALCULATE THE APPRECIATION
23 OF RESIDENTIAL PROPERTY.

24 (3) PROHIBIT A HOMEOWNER FROM, OR PENALIZE A HOMEOWNER
25 FOR, RENTING OR OTHERWISE USING RESIDENTIAL PROPERTY AS THE
26 HOMEOWNER CHOOSES IF THE USE COMPLIES WITH APPLICABLE LAW.

27 (4) AGREE TO A PROPERTY VALUATION THAT DIFFERS FROM THE
28 VALUE DETERMINED BY APPRAISAL UNDER SECTION 6321(10)
29 (RELATING TO REQUIREMENTS FOR SHARED EQUITY AGREEMENTS).

30 (5) INCLUDE IN A SHARED EQUITY AGREEMENT ANY OF THE

1 FOLLOWING:

2 (I) AN ARBITRATION CLAUSE.

3 (II) A CLAUSE THAT CONSTITUTES OR CONTAINS A
4 COGNOVIT, CONFESSION OF JUDGMENT, WARRANT OF ATTORNEY OR
5 OTHER WAIVER OF THE RIGHT TO NOTICE AND THE OPPORTUNITY
6 TO BE HEARD IN THE EVENT OF SUIT OR PROCESS THEREON.

7 (III) A CLAUSE THAT PURPORTS TO AUTHORIZE THE SHARED
8 EQUITY PROVIDER TO OBTAIN A POWER OF ATTORNEY FROM THE
9 HOMEOWNER AND SELL THE RESIDENTIAL PROPERTY.

10 (IV) A CLAUSE THAT PURPORTS TO LIMIT THE HOMEOWNER'S
11 RIGHT TO A JURY TRIAL.

12 (6) INCLUDE IN A SHARED EQUITY AGREEMENT A PROVISION
13 THAT PROHIBITS THE HOMEOWNER FROM REFINANCING A MORTGAGE OR
14 OTHER LIEN ON RESIDENTIAL PROPERTY THAT IS THE HOMEOWNER'S
15 PRIMARY RESIDENCE.

16 (7) CONTRACT FOR OR RECEIVE ATTORNEY FEES THAT ARE
17 INCONSISTENT WITH THE ATTORNEY FEES ALLOWED UNDER SECTION 406
18 OF THE ACT OF JANUARY 30, 1974 (P.L.13, NO.6), REFERRED TO AS
19 THE LOAN INTEREST AND PROTECTION LAW.

20 (8) CHARGE AN AMOUNT TO SETTLE A SHARED EQUITY AGREEMENT
21 THAT EXCEEDS THE AMOUNT PERMITTED UNDER SECTION 6321(5).

22 (9) INCLUDE IN A SHARED EQUITY AGREEMENT A PROVISION
23 THAT ALLOWS THE SHARED EQUITY PROVIDER TO REQUIRE A
24 SETTLEMENT PAYMENT LESS THAN 30 YEARS AFTER THE DATE OF
25 EXECUTION OF THE AGREEMENT.

26 SUBCHAPTER D

27 ENFORCEMENT

28 SEC.

29 6331. SUSPENSION, REVOCATION OR REFUSAL.

30 6332. HOMEOWNER REMEDIES.

1 § 6331. SUSPENSION, REVOCATION OR REFUSAL.

2 (A) DEPARTMENTAL ACTION.--THE DEPARTMENT MAY SUSPEND, REVOKE
3 OR REFUSE TO ISSUE OR RENEW A LICENSE IF A LICENSEE OR A
4 DIRECTOR, OFFICER, PARTNER, EMPLOYEE OR OWNER OF A LICENSEE HAS
5 DONE ANY OF THE FOLLOWING:

6 (1) MADE A MATERIAL MISSTATEMENT IN AN APPLICATION OR IN
7 A REPORT OR SUBMISSION REQUIRED BY THIS CHAPTER OR BY A
8 REGULATION, STATEMENT OF POLICY OR ORDER OF THE DEPARTMENT.

9 (2) FAILED TO COMPLY WITH OR VIOLATED A PROVISION OF
10 THIS CHAPTER OR A REGULATION, STATEMENT OF POLICY OR ORDER
11 PROMULGATED OR ISSUED BY THE DEPARTMENT UNDER THIS CHAPTER.

12 (3) ENGAGED IN DISHONEST, FRAUDULENT OR ILLEGAL CONDUCT
13 IN A BUSINESS OR UNFAIR OR UNETHICAL CONDUCT IN CONNECTION
14 WITH THE BUSINESS OF MAKING, HOLDING OR SERVICING SHARED
15 EQUITY AGREEMENTS.

16 (4) BEEN CONVICTED OF OR PLEADED GUILTY OR NOLO
17 CONTENDERE TO A FELONY OR A CRIME INVOLVING MORAL TURPITUDE.

18 (5) BEEN PERMANENTLY OR TEMPORARILY ENJOINED BY A COURT
19 OF COMPETENT JURISDICTION FROM ENGAGING IN OR CONTINUING
20 CONDUCT OR A PRACTICE INVOLVING THE BUSINESS OF MAKING,
21 HOLDING OR SERVICING SHARED EQUITY AGREEMENTS.

22 (6) BECOME THE SUBJECT OF AN ORDER OF THE DEPARTMENT
23 DENYING, SUSPENDING OR REVOKING A LICENSE APPLIED FOR OR
24 ISSUED UNDER THIS CHAPTER.

25 (7) BECOME THE SUBJECT OF A FRAUD ORDER OF THE UNITED
26 STATES POSTAL SERVICE.

27 (8) FAILED TO COMPLY WITH THE REQUIREMENTS OF THIS
28 CHAPTER TO MAKE AND KEEP RECORDS REQUIRED BY REGULATION,
29 STATEMENT OF POLICY OR ORDER OF THE DEPARTMENT, TO PRODUCE
30 RECORDS REQUIRED BY THE DEPARTMENT OR TO FILE FINANCIAL

1 REPORTS OR OTHER INFORMATION THAT THE DEPARTMENT REQUIRES BY
2 REGULATION, STATEMENT OF POLICY OR ORDER.

3 (9) BECOME THE SUBJECT OF AN ORDER OF THE DEPARTMENT
4 DENYING, SUSPENDING OR REVOKING A LICENSE UNDER ANOTHER LAW
5 ADMINISTERED BY THE DEPARTMENT.

6 (10) DEMONSTRATED NEGLIGENCE OR INCOMPETENCE IN
7 PERFORMING AN ACT FOR WHICH THE LICENSEE IS REQUIRED TO HOLD
8 A LICENSE UNDER THIS CHAPTER.

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

15 (12) FAILED TO COMPLY WITH THE TERMS OF AN AGREEMENT
16 UNDER WHICH THE DEPARTMENT AUTHORIZES A LICENSEE TO MAINTAIN
17 RECORDS AT A PLACE OTHER THAN THE LICENSEE'S PRINCIPAL PLACE
18 OF BUSINESS.

19 (B) REINSTATEMENT.--THE DEPARTMENT MAY REINSTATE A LICENSE
20 PREVIOUSLY SUSPENDED, REVOKED OR DENIED RENEWAL IF ALL OF THE
21 FOLLOWING APPLY:

22 (1) THE CONDITION THAT WARRANTED THE ORIGINAL ACTION HAS
23 BEEN CORRECTED TO THE SATISFACTION OF THE DEPARTMENT.

24 (2) THE DEPARTMENT HAS REASON TO BELIEVE THAT THE
25 CONDITION IS NOT LIKELY TO RECUR.

26 (3) THE LICENSEE SATISFIES ALL OTHER REQUIREMENTS OF
27 THIS CHAPTER.

28 (C) PENALTIES.--A PERSON SUBJECT TO THIS CHAPTER THAT IS NOT
29 LICENSED BY THE DEPARTMENT AND THAT VIOLATES A PROVISION OF THIS
30 CHAPTER OR COMMITS AN ACT THAT WOULD SUBJECT A LICENSEE TO

1 SUSPENSION, REVOCATION OR REFUSAL TO RENEW UNDER THIS SECTION
2 MAY BE FINED BY THE DEPARTMENT UP TO \$10,000 FOR EACH OFFENSE. A
3 PERSON LICENSED UNDER THIS CHAPTER, OR A DIRECTOR, OFFICER,
4 OWNER, PARTNER, EMPLOYEE OR AGENT OF A LICENSEE, THAT VIOLATES A
5 PROVISION OF THIS CHAPTER OR COMMITS AN ACT THAT WOULD SUBJECT
6 THE LICENSEE TO SUSPENSION, REVOCATION OR REFUSAL TO RENEW UNDER
7 THIS SECTION MAY BE FINED BY THE DEPARTMENT UP TO \$10,000 FOR
8 EACH OFFENSE.

9 § 6332. HOMEOWNER REMEDIES.

10 (A) CIVIL ACTION.--A HOMEOWNER AFFECTED BY A VIOLATION OF
11 SECTION 6321 (RELATING TO REQUIREMENTS FOR SHARED EQUITY
12 AGREEMENTS), 6322 (RELATING TO DISCLOSURE REQUIREMENTS), 6323
13 (RELATING TO ADDITIONAL PROTECTIVE PROVISIONS) OR 6324 (RELATING
14 TO PROHIBITED TERMS AND PRACTICES) MAY BRING AN ACTION IN COURT
15 OF COMPETENT JURISDICTION FOR DAMAGES ARISING FROM THE
16 VIOLATION, INCLUDING PUNITIVE DAMAGES, COSTS, REASONABLE
17 ATTORNEY FEES AND OTHER RELIEF TO WHICH THE HOMEOWNER MAY BE
18 ENTITLED UNDER LAW OR EQUITY.

19 (B) TREBLE DAMAGES.--IN ADDITION TO THE REMEDIES UNDER
20 SUBSECTION (A), A HOMEOWNER THAT HAS MADE A SETTLEMENT PAYMENT
21 IN AN AMOUNT THAT EXCEEDS THE AMOUNT PERMITTED BY THIS CHAPTER
22 OR OTHER LAW, OR THAT HAS PAID A CHARGE PROHIBITED BY OR IN
23 EXCESS OF THE AMOUNT ALLOWED BY THIS CHAPTER OR OTHER LAW, MAY
24 RECOVER THREE TIMES THE AMOUNT OF THE EXCESS SETTLEMENT PAYMENT
25 OR CHARGE FROM THE PERSON THAT COLLECTED THE EXCESS SETTLEMENT
26 PAYMENT OR CHARGE.

27 (C) COSTS AND ATTORNEY FEES.--IF A HOMEOWNER PREVAILS IN AN
28 ACTION UNDER THIS CHAPTER, THE HOMEOWNER SHALL RECOVER COSTS AND
29 EXPENSES THAT THE COURT DETERMINES WERE REASONABLY INCURRED IN
30 CONNECTION WITH THE PROSECUTION OF THE ACTION, TOGETHER WITH A

1 REASONABLE ATTORNEY FEE.

2 (D) CONSTRUCTION.--NOTHING IN THIS CHAPTER SHALL BE
3 CONSTRUED TO LIMIT THE RIGHT OF A HOMEOWNER TO BRING AN ACTION
4 UNDER ANY OTHER APPLICABLE FEDERAL OR STATE LAW FOR A VIOLATION
5 OF THIS CHAPTER.

6 SUBCHAPTER E

7 MISCELLANEOUS PROVISIONS

8 SEC.

9 6341. TEMPORARY MORATORIUM.

10 6342. REGULATIONS.

11 § 6341. TEMPORARY MORATORIUM.

12 (A) PROHIBITION.--A PERSON MAY NOT OFFER, ARRANGE,
13 NEGOTIATE, ENTER INTO OR MAKE A SHARED EQUITY AGREEMENT WITH A
14 HOMEOWNER RELATING TO RESIDENTIAL PROPERTY IN THIS COMMONWEALTH
15 BEFORE THE EFFECTIVE DATE OF SUBCHAPTER C (RELATING TO SHARED
16 EQUITY AGREEMENTS).

17 (B) CONSTRUCTION.--NOTHING IN THIS SECTION SHALL BE
18 CONSTRUED TO IMPAIR THE ENFORCEMENT OF A SHARED EQUITY AGREEMENT
19 LAWFULLY ENTERED INTO BEFORE THE EFFECTIVE DATE OF THIS
20 SUBSECTION.

21 § 6342. REGULATIONS.

22 THE DEPARTMENT SHALL PROMULGATE REGULATIONS AS NECESSARY TO
23 ADMINISTER AND ENFORCE THIS CHAPTER.

24 SECTION 2. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

25 (1) THE FOLLOWING SHALL TAKE EFFECT IMMEDIATELY:
26 THE ADDITION OF 7 PA.C.S. CH. 63 SUBCHS. A AND E.
27 THIS SECTION.

28 (2) THE ADDITION OF 7 PA.C.S. CH. 63 SUBCH. B SHALL TAKE
29 EFFECT IN 180 DAYS.

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

1 DAYS.