

The following alert was sent to our association from the Pennsylvania Banking Department

Pa. imposing tougher mortgage industry regulations

By Associated Press, December 22, 2008

HARRISBURG, Pa. (AP) — Pennsylvania's banking regulators are imposing tougher rules for the mortgage industry to better protect homebuyers from the prospect of foreclosure.

Banking Secretary Steve Kaplan says lenders and brokers will have to make sure that consumers can afford to repay and clearly understand of the terms of their loan.

Companies will have to disclose whether the loan has features such as a variable interest rate or a prepayment penalty.

The new rules were published in the Pennsylvania Bulletin on Saturday, but the requirements concerning borrowers' ability to repay and disclosure requirements will go into effect March 20.

Other provisions took effect immediately, including a ban on false or misleading advertising.

The rules were recommended in the state Banking Department's 2005 study of mortgage foreclosures.