

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2120 Session of 2026

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

AS RE-REPORTED FROM COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, AS AMENDED, JUNE 1, 2026

AN ACT

1 Amending Title 7 (Banks and Banking) of the Pennsylvania
2 Consolidated Statutes, providing for licensing and regulation
3 of shared equity providers and shared equity agreements and
4 for duties of Department of Banking and Securities; and
5 imposing penalties.

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

8 Section 1. Title 7 of the Pennsylvania Consolidated Statutes
9 is amended by adding a chapter to read:

CHAPTER 63

SHARED EQUITY AGREEMENTS

Subchapter

A. Preliminary Provisions

B. Licensing and Administration

C. Shared Equity Agreements

D. Enforcement

E. Miscellaneous Provisions

SUBCHAPTER A

1 PRELIMINARY PROVISIONS

2 Sec.

3 6301. Scope of chapter.

4 6302. Definitions.

5 § 6301. Scope of chapter.

6 This chapter relates to the licensing and regulation of
7 shared equity providers and shared equity agreements.

8 § 6302. Definitions.

9 The following words and phrases when used in this chapter
10 shall have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Commission." The Banking and Securities Commission of the
13 Commonwealth.

14 "Control person." A member, director, principal officer,
15 office manager or controlling shareholder that owns, directly or
16 indirectly, 25% of a legal entity and any other person that has
17 authority to direct the management of the legal entity.

18 "Department." The Department of Banking and Securities of
19 the Commonwealth.

20 "Ending home value." The value of residential property
21 subject to a shared equity agreement at the time of settlement.

22 "Homeowner." The owner of residential property that is
23 subject to a shared equity agreement.

24 "Instrumentality created by the United States or any state."

25 Any of the following:

26 (1) A Federal, state or municipal government, quasi-
27 governmental entity or nonprofit agency or corporation
28 incorporated under the laws of this Commonwealth that has
29 tax-exempt status under 26 U.S.C. § 501(c)(3) (relating to
30 exemption from tax on corporations, certain trusts, etc.) and

1 that exclusively engages in:

2 (i) making shared equity agreements on residential
3 property financed with public money; or

4 (ii) negotiating, placing, assisting in the
5 placement of, finding or offering to negotiate, place,
6 assist in the placement of or find shared equity
7 agreements on residential property financed with public
8 money only under a contract with the Federal Government,
9 a state or municipal government, an instrumentality of
10 the government or a quasi-governmental entity, as
11 determined by the department.

12 (2) A person named as the investor in the legal
13 documents for a shared equity agreement, if the person
14 otherwise meets the requirements of paragraph (1).

15 "Multistate licensing system." A licensing system developed
16 and maintained by the Conference of State Bank Supervisors.

17 "Residential property." Real property located in this
18 Commonwealth containing a dwelling house with accommodations for
19 four or fewer separate households and occupied in whole or in
20 part by either of the following:

21 (1) The homeowner who obtained the shared equity
22 agreement or, if the homeowner is deceased, the homeowner's
23 heirs.

24 (2) A tenant who pays rent directly to the homeowner.
25 "Senior secured debt." An obligation secured by a lien on
26 residential property that would be senior to the lien securing
27 obligations under a shared equity agreement after application of
28 proceeds from the shared equity agreement at closing to reduce
29 the amount of the obligation.

30 "Settle" or "settlement." The process by which a homeowner

1 terminates a shared equity agreement in accordance with the
2 terms of the shared equity agreement.

3 "Settlement payment." The dollar amount that a homeowner is
4 required to pay to settle a shared equity agreement.

5 "Shared equity agreement." As follows:

6 (1) A nonrecourse transaction under which a shared
7 equity provider advances a sum of money to a homeowner and,
8 in exchange, obtains a mortgage on the residential property
9 and either:

10 (i) an equity interest in the residential property;

11 or

12 (ii) a future obligation to pay a sum that may vary
13 based on future home value upon the occurrence of one or
14 more subsequent conditions.

15 (2) The term does not include a reverse mortgage
16 transaction as defined in 12 CFR 1026.33(a) (relating to
17 requirements for reverse mortgages).

18 "Shared equity provider." A person engaged in the business
19 of making, holding or servicing shared equity agreements.

20 "Starting home equity." The homeowner's equity in
21 residential property as of the effective date of the shared
22 equity agreement, expressed as a percentage, determined by:

23 (1) adding the senior secured debt and the transaction
24 amount;

25 (2) dividing the sum under paragraph (1) by the starting
26 home value; and

27 (3) subtracting the quotient under paragraph (2) from
28 one.

29 "Starting home value." The value of residential property
30 subject to a shared equity agreement at the time of origination,

1 as agreed to by the homeowner and the shared equity provider.

2 ~~"Term days." The exact number of days between the effective~~ <--
3 ~~date and the settlement date of a shared equity agreement.~~

4 "Transaction amount." The gross amount provided by the
5 shared equity provider in residential property subject to a
6 shared equity agreement before deduction of third-party fees or
7 amounts charged by the shared equity provider.

8 SUBCHAPTER B

9 LICENSING AND ADMINISTRATION

10 Sec.

11 6311. License required and exemptions.

12 6312. Application for license.

13 6313. Issuance, denial and appeal.

14 6314. Renewal of license.

15 6315. Notice of certain changes.

16 6316. Duties of department.

17 § 6311. License required and exemptions.

18 (a) License required.--Except as provided under subsection
19 (b), a person may not engage in the business of making or
20 servicing shared equity agreements relating to residential
21 property in this Commonwealth unless the person is licensed by
22 the department under this chapter.

23 (b) Exemptions.--Subsection (a) shall not apply to:

24 (1) An individual employed by or associated with a
25 licensed shared equity provider who acts for the licensed
26 shared equity provider under the supervision of the licensed
27 shared equity provider.

28 (2) Any of the following:

29 (i) A bank as defined in section 102(f) of the act
30 of November 30, 1965 (P.L.847, No.356), known as the

1 Banking Code of 1965.

2 (ii) A national banking association.

3 (iii) A federally chartered credit union.

4 (iv) A Federal savings association, Federal savings
5 bank or Federal savings and loan association.

6 (v) An insurance company.

7 (vi) A bank, trust company, savings bank, savings
8 and loan association, credit union or insurance company
9 organized under the laws of another state.

10 (vii) A subsidiary or affiliate of an entity under
11 subparagraph (i), (ii), (iii), (iv), (v) or (vi), as
12 determined by the department.

13 (viii) A bank holding company established under
14 Federal or State law.

15 (3) An instrumentality created by the United States or
16 any state.

17 § 6312. Application for license.

18 (a) Contents.--An application for a license under this
19 chapter shall be submitted to the department in a form and
20 manner determined by the department and shall include all of the
21 following:

22 (1) The name of the applicant.

23 (2) The address of the principal place of business of
24 the applicant.

25 (3) The address of each additional location at which the
26 applicant conducts or proposes to conduct business under this
27 chapter.

28 (4) If the applicant is not an individual, the name and
29 address of each control person.

30 (5) Any other information required by the department.

1 (b) Investigation.--The department may investigate an
2 applicant and each control person of an applicant to determine
3 whether the applicant satisfies the requirements for licensure
4 under this chapter.

5 (c) Criminal history record information.--As part of an
6 investigation under subsection (b), the department may require
7 an applicant and each control person of an applicant to submit
8 fingerprints and may obtain State criminal history record
9 information and national criminal history record information in
10 accordance with section 405 of the act of May 15, 1933 (P.L.565,
11 No.111), known as the Department of Banking and Securities Code.
12 A private entity may not receive criminal history record
13 information under this subsection.

14 (d) Fees.--An application under this section shall be
15 accompanied by an investigation fee and an initial application
16 fee of \$5,000. The department shall determine the amount of the
17 investigation fee.

18 (e) Multistate licensing system.--The department may
19 participate in a multistate licensing system for shared equity
20 providers and may establish requirements for participation in
21 the system. The requirements may vary from other provisions of
22 this chapter to the extent necessary to facilitate participation
23 in the system. An applicant shall pay directly to the multistate
24 licensing system any fee required for participation in the
25 system.

26 (f) Privacy and security.--If the department participates in
27 a multistate licensing system under subsection (e), the
28 department shall ensure that the system maintains appropriate
29 privacy, data security and security breach notification
30 policies.

1 § 6313. Issuance, denial and appeal.

2 (a) Issuance.--The department shall issue a license to an
3 applicant under this chapter if the department finds that all of
4 the following apply:

5 (1) The applicant has complied with this chapter.

6 (2) The financial responsibility, character, reputation,
7 integrity and general fitness of the applicant warrant the
8 belief that the business will be operated honestly, fairly,
9 soundly and efficiently in the public interest and in a
10 manner consistent with the purposes of this chapter.

11 (3) If the applicant is a partnership or association,
12 the financial responsibility, character, reputation,
13 integrity and general fitness of each partner or member
14 satisfy the standard under paragraph (2).

15 (4) If the applicant is a corporation or other legal
16 entity, the financial responsibility, character, reputation,
17 integrity and general fitness of each officer, director and
18 control person satisfy the standard under paragraph (2).

19 (b) Denial.--If the department does not make the findings
20 required under subsection (a), the department may deny the
21 application.

22 (c) Time for action.--Within 60 days after receiving a
23 completed application, the department shall issue a license or
24 deny the application.

25 (d) Notice.--If the department denies an application, the
26 department shall notify the applicant in writing of the denial
27 and the reasons for the denial.

28 (e) Appeal.--An applicant may appeal a denial under 2
29 Pa.C.S. Chs. 5 Subch. A (relating to practice and procedure of
30 Commonwealth agencies) and 7 Subch. A (relating to judicial

1 review of Commonwealth agency action).

2 § 6314. Renewal of license.

3 (a) License contents and status.--A license issued under
4 this chapter shall state the name of the licensee and the
5 address at which the licensee conducts business under this
6 chapter, may not be transferred or assigned and shall expire
7 annually unless the licensee renews the license in accordance
8 with this section.

9 (b) Name on license.--A licensee shall conduct business
10 under this chapter in the name that appears on the license.

11 (c) Renewal application.--A licensee may renew a license by
12 filing a renewal application with the department in a form and
13 manner determined by the department. The renewal application
14 shall include the information required by the department to
15 determine whether the licensee continues to satisfy the
16 requirements of this chapter and shall be accompanied by a
17 renewal fee of not more than \$2,500, as determined by the
18 department.

19 (d) Renewal and denial.--The department may renew a license
20 if the department finds that the licensee continues to satisfy
21 the requirements of this chapter. If the department determines
22 that a licensee does not satisfy the requirements of this
23 chapter, the department may deny the renewal application.

24 (e) Notice and appeal.--If the department denies a renewal
25 application, the department shall notify the licensee in writing
26 of the denial and the reasons for the denial. A licensee may
27 appeal a denial under 2 Pa.C.S. Chs. 5 Subch. A (relating to
28 practice and procedure of Commonwealth agencies) and 7 Subch. A
29 (relating to judicial review of Commonwealth agency action).

30 (f) Multistate licensing system.--If the department

1 participates in a multistate licensing system under section
2 6312(e) (relating to application for license), the department
3 may require a licensee to file a renewal application through the
4 multistate licensing system.

5 § 6315. Notice of certain changes.

6 (a) Notice.--A licensee shall notify the department, in a
7 form and manner determined by the department, of a material
8 change in information submitted in an application for a license
9 or for renewal of a license under this chapter.

10 (b) Time for notice.--A licensee shall provide notice under
11 subsection (a) no later than 10 days after the material change
12 occurs or the licensee receives notice of the material change.

13 (c) Material changes.--A material change under this section
14 shall include any of the following:

15 (1) A change in the name of the licensee.

16 (2) A change in the address of the principal place of
17 business of the licensee.

18 (3) A change in the address of a location at which the
19 licensee conducts business under this chapter.

20 (4) If the licensee is not an individual, a change in a
21 control person of the licensee, including the name, address
22 and occupation of each new control person.

23 (5) Any other change that the department determines is
24 material.

25 (d) Additional information.--At the request of the
26 department, a licensee shall provide additional information
27 relating to a notice under this section.

28 § 6316. Duties of department.

29 (a) Duties.--The department shall have the following duties:

30 (1) Examine an instrument, document, account, book,

1 record or file of a licensee or a person connected with a
2 licensee and conduct any other investigation necessary to
3 administer this chapter. In connection with an examination or
4 investigation under this paragraph, the department may remove
5 an instrument, document, account, book, record or file of a
6 licensee to a location outside the office of the licensee.
7 The licensee or other entity subject to examination shall pay
8 the cost of the examination.

9 (2) Conduct an administrative hearing on a matter
10 pertaining to this chapter, issue a subpoena to compel the
11 attendance of a witness and the production of an instrument,
12 document, account, book or record and retain an instrument,
13 document, account, book or record until completion of the
14 proceeding in connection with which the instrument, document,
15 account, book or record was produced. A department official
16 may administer an oath or affirmation to a person whose
17 testimony is required. If a person fails to comply with a
18 subpoena issued by the department or to testify on a matter
19 concerning which the person may be lawfully interrogated,
20 Commonwealth Court, on application of the department, may
21 issue an order requiring the attendance of the person, the
22 production of the instrument, document, account, book or
23 record and the giving of testimony.

24 (3) Request and receive information or a record of any
25 kind, including a report of criminal history record
26 information, from a Federal, State, local or foreign
27 government entity regarding an applicant, licensee or person
28 related to the business of the applicant or licensee. The
29 applicant or licensee shall pay the cost of obtaining the
30 information or record.

1 (4) Promulgate regulations and issue statements of
2 policy or orders necessary for the proper conduct of business
3 under this chapter, the issuance and renewal of licenses and
4 the enforcement of this chapter.

5 (5) Prohibit or permanently remove a person or licensee
6 responsible for a violation of this chapter from working in
7 the person's or licensee's present capacity or in any other
8 capacity related to an activity regulated by the department.

9 (6) Order a person or licensee to make restitution for
10 actual damages to a homeowner caused by a violation of this
11 chapter.

12 (7) Issue a cease and desist order that is effective
13 immediately, subject to a hearing within 14 days after
14 issuance of the order.

15 (8) Impose any other condition that the department deems
16 appropriate.

17 (b) Hearings.--A person aggrieved by a decision of the
18 department may appeal the decision to the commission. The appeal
19 shall be conducted under 2 Pa.C.S. Ch. 5 Subch. A (relating to
20 practice and procedure of Commonwealth agencies).

21 (c) Injunctions.--The department may maintain an action for
22 an injunction or other process against a person to restrain and
23 prevent the person from engaging in an activity that violates
24 this chapter.

25 (d) Final orders.--A decision of the commission or an
26 unappealed order of the department shall constitute a final
27 order of the department and shall be enforceable in a court of
28 competent jurisdiction. Subject to redaction or modification
29 necessary to preserve confidentiality, the department may
30 publish a final adjudication issued under this section. The

1 department shall regularly report violations of this chapter,
2 enforcement actions and other relevant information to the
3 multistate licensing system if the department participates in
4 the system under section 6312(e) (relating to application for
5 license).

6 (e) Appeals.--A person aggrieved by a decision of the
7 commission may appeal the decision under 2 Pa.C.S. Ch. 7 Subch.
8 A (relating to judicial review of Commonwealth agency action).

9 (f) Reports.--No later than 12 months after the effective
10 date of this subsection, and annually thereafter, the department
11 shall submit a report detailing the compliance of licensees with
12 Subchapter C (relating to shared equity agreements). The
13 department shall submit the report to the chairperson and
14 minority chairperson of the Banking and Insurance Committee of
15 the Senate and the chairperson and minority chairperson of the
16 Commerce Committee of the House of Representatives.

17 SUBCHAPTER C

18 SHARED EQUITY AGREEMENTS

19 Sec.

20 6321. Requirements for shared equity agreements.

21 6322. Disclosure requirements.

22 6323. Additional protective provisions.

23 6324. Prohibited terms and practices.

24 § 6321. Requirements for shared equity agreements.

25 A shared equity provider may not enter into a shared equity
26 agreement unless all of the following apply:

27 (1) The homeowner is given at least three business days
28 to rescind acceptance of the shared equity agreement before
29 the agreement becomes effective and binding on the homeowner.
30 The homeowner may exercise the right of rescission by

1 providing written notice to the shared equity provider within
2 the rescission period.

3 (2) Except in connection with a home purchase
4 transaction, the homeowner's starting home equity is equal to
5 or greater than 10%. If a portion of the transaction amount
6 will be used to pay down an existing obligation secured by
7 the residential property, the homeowner's starting home
8 equity shall be calculated after application of that portion
9 of the transaction amount to the obligation.

10 (3) The starting home value and ending home value
11 determined by an appraisal or other valuation report that
12 complies with the Uniform Standards of Professional Appraisal
13 Practice on the effective date of this paragraph.

14 (4) The homeowner is given a copy of each appraisal or
15 valuation report used to determine the starting home value
16 and ending home value.

17 (5) The settlement payment does not exceed the total
18 principal and interest that the homeowner would have lawfully
19 paid over the same period if the transaction amount had been
20 the principal balance on a forward residential mortgage loan
21 subject to the maximum lawful rate of interest under section <--
22 3 ARTICLE III of the act of January 30, 1974 (P.L.13, No.6), <--
23 referred to as the Loan Interest and Protection Law, at the
24 time of the transaction.

25 (6) The homeowner completes independent shared equity
26 agreement counseling by a counselor approved by the United
27 States Department of Housing and Urban Development to provide
28 counseling for a Home Equity Conversion Mortgage or by
29 another person authorized by the department under criteria
30 established by the department by regulation. The criteria

1 shall include counselor qualifications, the content of the
2 counseling session, the manner in which counseling shall be
3 provided and documentation and recordkeeping requirements.

4 (7) The shared equity provider has evaluated the
5 homeowner's willingness and capacity to timely meet the
6 homeowner's financial obligations and comply with the
7 requirements of the shared equity agreement and has
8 determined that the shared equity agreement represents a
9 sustainable solution to the homeowner's financial
10 circumstances. In making the evaluation, the shared equity
11 provider shall conduct a financial assessment consistent with
12 the assessment required to determine whether and to what
13 extent a Home Equity Conversion Mortgage will be subject to a
14 Loan Expectancy Set Aside under 24 CFR 206.205(b) (relating
15 to property charges), as reflected in the Home Equity
16 Conversion Mortgage Financial Assessment and Property Charge
17 Guide, revised July 13, 2016. If the shared equity provider
18 determines that the homeowner's income is insufficient to
19 meet the homeowner's needs and comply with the requirements
20 imposed by the shared equity agreement, including any other
21 mortgage payment and payments for property taxes and
22 homeowner's insurance, the shared equity provider may not
23 enter into the shared equity agreement.

24 (8) The shared equity provider has provided the
25 disclosures required under 15 U.S.C. Ch. 41 Subch. I
26 (relating to consumer credit cost disclosure) and 12 U.S.C.
27 Ch. 27 (relating to real estate settlement procedures), and
28 regulations promulgated thereunder.

29 (9) The shared equity provider has disclosed on the
30 first page of the shared equity agreement the maximum amount,

1 stated in dollars, that the homeowner may be required to pay
2 under the shared equity agreement.

3 (10) Each appraisal of the residential property has been
4 conducted by a certified or licensed appraiser in accordance
5 with the Uniform Standards of Professional Appraisal Practice
6 on the effective date of this paragraph and by an appraiser
7 that is not affiliated with the shared equity provider.

8 (11) The shared equity provider has received
9 documentation that the homeowner completed counseling from a
10 counselor approved by the United States Department of Housing
11 and Urban Development to provide counseling for a Home Equity
12 Conversion Mortgage or by another person authorized by the
13 department. The documentation must show that the homeowner
14 received counseling on the cost, affordability and risks of
15 the shared equity agreement and that, by the time of the
16 counseling session, the counselor had received a copy of the
17 shared equity agreement and a cost disclosure form comparable
18 to the disclosures required under section 6322 (relating to
19 disclosure requirements).

20 (12) At the time the shared equity agreement is
21 executed, the shared equity provider provides the homeowner
22 contemporaneous access to a knowledgeable representative of
23 the shared equity provider who is able to answer the
24 homeowner's questions about the transaction.

25 (13) The shared equity provider has complied with
26 section 6322.

27 § 6322. Disclosure requirements.

28 (a) Disclosure required.--A shared equity provider shall
29 provide the disclosures required under this section to the
30 homeowner in a form determined by the department and in a form

1 that the homeowner may keep. The final disclosure under
2 subsection (c) shall be provided at least 30 business days
3 before the homeowner enters into a shared equity agreement.

4 (b) Initial disclosure.--Within three business days after a
5 homeowner inquires about a shared equity agreement, a shared
6 equity provider shall give the homeowner an initial disclosure,
7 in a form determined by the department, stating all of the
8 following:

9 (1) A mortgage lien will be placed on the residential
10 property.

11 (2) Failure to comply with the terms of the shared
12 equity agreement, or inability to settle the shared equity
13 agreement, may result in the homeowner losing the residential
14 property.

15 (3) The homeowner should consider obtaining the advice
16 of an attorney before entering into the shared equity
17 agreement.

18 (c) Final disclosure.--At least 30 business days before a
19 homeowner enters into a shared equity agreement, a shared equity
20 provider shall give the homeowner a final disclosure, in a form
21 determined by the department, that the homeowner may keep and
22 that includes all of the following in the following order:

23 (1) A clear and conspicuous statement of all of the
24 following:

25 (i) The maximum dollar amount that the homeowner may
26 be required to pay under the shared equity agreement.

27 (ii) The conditions that trigger the obligation to
28 make a settlement payment.

29 (iii) The manner in which the settlement payment
30 will be calculated.

1 (iv) That, although the homeowner is not required to
2 make periodic payments to the shared equity provider
3 during the term of the shared equity agreement, the
4 homeowner remains responsible for payments due under any
5 other mortgage and for property taxes, homeowner's
6 insurance and homeowners association fees, if applicable.

7 (v) The requirement to complete counseling before
8 entering into the shared equity agreement.

9 (vi) That the homeowner may reject or cancel the
10 offer until three business days after closing and the
11 manner in which the homeowner may exercise that right.

12 (vii) The transaction amount, expressed as a
13 percentage of the value of the residential property as
14 determined by appraisal or other valuation.

15 (viii) The maximum settlement amount, expressed as a
16 percentage of the value of the residential property as
17 determined by appraisal or other valuation, that may be
18 payable to the shared equity provider on termination of
19 the shared equity agreement.

20 (2) A copy of each document that the homeowner will be
21 required to sign to enter into the shared equity agreement,
22 including all of the following:

23 (i) The shared equity agreement.

24 (ii) Each disclosure required by 15 U.S.C. Ch. 41
25 Subch. I (relating to consumer credit cost disclosure)
26 and 12 U.S.C. Ch. 27 (relating to real estate settlement
27 procedures), and regulations promulgated thereunder.

28 (iii) Any other disclosure or document required by
29 the department.

30 § 6323. Additional protective provisions.

1 (a) Duties.--With respect to residential property, a shared
2 equity provider shall have the following duties:

3 (1) Provide the disclosures required under 15 U.S.C. Ch.
4 41 Subch. I (relating to consumer credit cost disclosure) and
5 12 U.S.C. Ch. 27 (relating to real estate settlement
6 procedures), and regulations promulgated thereunder.

7 (2) Provide the homeowner at least 90 days' written
8 notice of an action required of the homeowner under the terms
9 of the shared equity agreement if failure to timely take the
10 action will affect the rights or interests of the homeowner
11 under the agreement.

12 (3) Provide the homeowner, within three business days
13 after the homeowner requests it and at no cost to the
14 homeowner, a payoff quote itemizing each amount that the
15 homeowner is liable to pay to the shared equity provider.

16 (4) Provide the homeowner, within three business days
17 after the homeowner requests it, a written description of the
18 process for terminating the shared equity agreement.

19 (5) Provide credit for an improvement made by the
20 homeowner to the property securing the shared equity
21 agreement in an amount equal to the greater of the funds paid
22 for the improvement or the increase in appraised value
23 resulting from the improvement.

24 (6) Ensure that an adjustment for lack of maintenance or
25 for an improvement is determined by a property appraisal that
26 complies with the Uniform Standards of Professional Appraisal
27 Practice on the effective date of this paragraph.

28 (7) Bring an action to enforce a shared equity agreement
29 relating to residential property located in this Commonwealth
30 in a court of competent jurisdiction and comply with the

1 Pennsylvania Rules of Civil Procedure governing mortgage
2 foreclosure actions.

3 (b) Notice before legal proceedings.--Before commencing a
4 legal proceeding to recover residential property, a shared
5 equity provider shall give the homeowner at least 30 days'
6 written notice of the shared equity provider's intention to do
7 so.

8 (c) Form and contents of notice.--A notice under subsection
9 (b) shall be in writing and sent to the homeowner by registered
10 or certified mail at the homeowner's last known address and, if
11 different, at the residence that is the subject to the shared
12 equity agreement. The notice shall clearly and conspicuously
13 state all of the following:

14 (1) The particular obligation or real estate security
15 interest.

16 (2) The nature of the claimed default.

17 (3) The right of the homeowner to cure the default under
18 subsection (d) and exactly what performance, including the
19 amount of money, if any, must be tendered to cure the
20 default.

21 (4) The time within which the homeowner must cure the
22 default.

23 (5) The method by which the homeowner's ownership or
24 possession of the real estate may be terminated.

25 (6) The right of the homeowner, if any, to transfer the
26 real estate to another person subject to the security
27 interest or to refinance the obligation and the right of the
28 transferee, if any, to cure the default.

29 (d) Cure of default.--After a notice under subsection (b)
30 has been given, the homeowner or another person acting on the

1 homeowner's behalf may, at any time not later than one hour
2 before the commencement of bidding at a sheriff sale or other
3 judicial sale of the residential property and not more than
4 three times in a calendar year, cure the default and prevent
5 sale or other disposition of the real estate and avoid
6 acceleration, if any, by tendering the amount or performance
7 specified in subsection (e).

8 (e) Requirements to cure default.--To cure a default under
9 subsection (d), the homeowner shall engage in all of the
10 following:

11 (1) Pay or tender, in the form of cash, cashier's check
12 or certified check, all sums that would have been due at the
13 time of payment or tender in the absence of default and the
14 exercise of an acceleration clause, if any.

15 (2) Perform any other obligation that the homeowner
16 would have been bound to perform in the absence of default.

17 (3) Pay or tender any reasonable fee allowed under
18 section 6324(7) (relating to prohibited terms and practices)
19 and the reasonable cost of proceeding to foreclosure, as
20 specified in writing by the shared equity provider, actually
21 incurred to the date of payment.

22 (4) Pay any reasonable late penalty, if provided for in
23 the security document.

24 (f) Effect of cure.--Cure of a default under subsection (d)
25 restores the homeowner to the same position as if the default
26 had not occurred.

27 (g) Prepayment.--A shared equity agreement entered into on
28 or after the effective date of this subsection may be prepaid,
29 without penalty or other charge for prepayment, at any time
30 before the end of the term of the agreement.

1 (h) Confession of judgment.--A plaintiff may not levy,
2 execute or garnish on the basis of a judgment or decree on
3 confession, whether by amicable action or otherwise, on a shared
4 equity agreement or other similar instrument in writing
5 confessing judgment until the plaintiff, in accordance with the
6 Pennsylvania Rules of Civil Procedure, files an appropriate
7 action and proceeds to judgment or decree against the defendant
8 as in an original action. The court shall modify the judgment by
9 confession as appropriate by a judgment, order or decree entered
10 in the action. After the original action has been prosecuted and
11 a judgment obtained, that judgment shall merge with the
12 confessed judgment, the confessed judgment shall be conformed as
13 to amount and execution shall be had on the confessed judgment.
14 The parties to the action shall have the same rights as parties
15 to another original proceeding. Nothing in this subsection shall
16 prohibit a shared equity provider from proceeding by mortgage
17 foreclosure action in lieu of confession of judgment.

18 (i) Excess settlement payment.--If a settlement payment
19 exceeds the amount permitted by this chapter, the homeowner
20 shall not be required to pay the excess over the maximum
21 settlement payment under section 6321(5), and the homeowner may
22 retain and deduct the excess from the amount of the debt.

23 (j) Waiver prohibited.--A provision of this chapter may not
24 be waived by an oral or written agreement.

25 § 6324. Prohibited terms and practices.

26 A shared equity provider may not:

27 (1) Charge a penalty for settlement of a shared equity
28 agreement before the end of the stated term of the agreement.

29 (2) Use a risk adjustment to calculate the appreciation
30 of residential property.

1 (3) Prohibit a homeowner from, or penalize a homeowner
2 for, renting or otherwise using residential property as the
3 homeowner chooses if the use complies with applicable law.

4 (4) Agree to a property valuation that differs from the
5 value determined by appraisal under section 6321(10)
6 (relating to requirements for shared equity agreements).

7 (5) Include in a shared equity agreement any of the
8 following:

9 (i) An arbitration clause.

10 (ii) A clause that constitutes or contains a
11 cognovit, confession of judgment, warrant of attorney or
12 other waiver of the right to notice and the opportunity
13 to be heard in the event of suit or process thereon.

14 (iii) A clause that purports to authorize the shared
15 equity provider to obtain a power of attorney from the
16 homeowner and sell the residential property.

17 (iv) A clause that purports to limit the homeowner's
18 right to a jury trial.

19 (6) Include in a shared equity agreement a provision
20 that prohibits the homeowner from refinancing a mortgage or
21 other lien on residential property that is the homeowner's
22 primary residence.

23 (7) Contract for or receive attorney fees that are
24 inconsistent with the attorney fees allowed under section 406
25 of the act of January 30, 1974 (P.L.13, No.6), referred to as
26 the Loan Interest and Protection Law.

27 (8) Charge an amount to settle a shared equity agreement
28 that exceeds the amount permitted under section 6321(5).

29 (9) Include in a shared equity agreement a provision
30 that allows the shared equity provider to require a

1 settlement payment less than 30 years after the date of
2 execution of the agreement.

3 SUBCHAPTER D

4 ENFORCEMENT

5 Sec.

6 6331. Suspension, revocation or refusal.

7 6332. Homeowner remedies.

8 § 6331. Suspension, revocation or refusal.

9 (a) Departmental action.--The department may suspend, revoke
10 or refuse to issue or renew a license if a licensee or a
11 director, officer, partner, employee or owner of a licensee has
12 done any of the following:

13 (1) Made a material misstatement in an application or in
14 a report or submission required by this chapter or by a
15 regulation, statement of policy or order of the department.

16 (2) Failed to comply with or violated a provision of
17 this chapter or a regulation, statement of policy or order
18 promulgated or issued by the department under this chapter.

19 (3) Engaged in dishonest, fraudulent or illegal conduct
20 in a business or unfair or unethical conduct in connection
21 with the business of making, holding or servicing shared
22 equity agreements.

23 (4) Been convicted of or pleaded guilty or nolo
24 contendere to a felony or a crime involving moral turpitude.

25 (5) Been permanently or temporarily enjoined by a court
26 of competent jurisdiction from engaging in or continuing
27 conduct or a practice involving the business of making,
28 holding or servicing shared equity agreements.

29 (6) Become the subject of an order of the department
30 denying, suspending or revoking a license applied for or

1 issued under this chapter.

2 (7) Become the subject of a fraud order of the United
3 States Postal Service.

4 (8) Failed to comply with the requirements of this
5 chapter to make and keep records required by regulation,
6 statement of policy or order of the department, to produce
7 records required by the department or to file financial
8 reports or other information that the department requires by
9 regulation, statement of policy or order.

10 (9) Become the subject of an order of the department
11 denying, suspending or revoking a license under another law
12 administered by the department.

13 (10) Demonstrated negligence or incompetence in
14 performing an act for which the licensee is required to hold
15 a license under this chapter.

16 (11) Become insolvent, meaning that the liabilities of
17 the applicant or licensee exceed the assets of the applicant
18 or licensee, that the applicant or licensee cannot meet
19 obligations as they mature or that the applicant or licensee
20 is in such financial condition that the applicant or licensee
21 cannot continue in business with safety to customers.

22 (12) Failed to comply with the terms of an agreement
23 under which the department authorizes a licensee to maintain
24 records at a place other than the licensee's principal place
25 of business.

26 (b) Reinstatement.--The department may reinstate a license
27 previously suspended, revoked or denied renewal if all of the
28 following apply:

29 (1) The condition that warranted the original action has
30 been corrected to the satisfaction of the department.

1 (2) The department has reason to believe that the
2 condition is not likely to recur.

3 (3) The licensee satisfies all other requirements of
4 this chapter.

5 (c) Penalties.--A person subject to this chapter that is not
6 licensed by the department and that violates a provision of this
7 chapter or commits an act that would subject a licensee to
8 suspension, revocation or refusal to renew under this section
9 may be fined by the department up to \$10,000 for each offense. A
10 person licensed under this chapter, or a director, officer,
11 owner, partner, employee or agent of a licensee, that violates a
12 provision of this chapter or commits an act that would subject
13 the licensee to suspension, revocation or refusal to renew under
14 this section may be fined by the department up to \$10,000 for
15 each offense.

16 § 6332. Homeowner remedies.

17 (a) Civil action.--A homeowner affected by a violation of
18 section 6321 (relating to requirements for shared equity
19 agreements), 6322 (relating to disclosure requirements), 6323
20 (relating to additional protective provisions) or 6324 (relating
21 to prohibited terms and practices) may bring an action in court
22 of competent jurisdiction for damages arising from the
23 violation, including punitive damages, costs, reasonable
24 attorney fees and other relief to which the homeowner may be
25 entitled under law or equity.

26 (b) Treble damages.--In addition to the remedies under
27 subsection (a), a homeowner that has made a settlement payment
28 in an amount that exceeds the amount permitted by this chapter
29 or other law, or that has paid a charge prohibited by or in
30 excess of the amount allowed by this chapter or other law, may

1 recover three times the amount of the excess settlement payment
2 or charge from the person that collected the excess settlement
3 payment or charge.

4 (c) Costs and attorney fees.--If a homeowner prevails in an
5 action under this chapter, the homeowner shall recover costs and
6 expenses that the court determines were reasonably incurred in
7 connection with the prosecution of the action, together with a
8 reasonable attorney fee.

9 (d) Construction.--Nothing in this chapter shall be
10 construed to limit the right of a homeowner to bring an action
11 under any other applicable Federal or State law for a violation
12 of this chapter.

13 SUBCHAPTER E

14 MISCELLANEOUS PROVISIONS

15 Sec.

16 6341. Temporary moratorium.

17 6342. Regulations.

18 § 6341. Temporary moratorium.

19 (a) Prohibition.--A person may not offer, arrange,
20 negotiate, enter into or make a shared equity agreement with a
21 homeowner relating to residential property in this Commonwealth
22 before the effective date of Subchapter C (relating to shared
23 equity agreements).

24 (b) Construction.--Nothing in this section shall be
25 construed to impair the enforcement of a shared equity agreement
26 lawfully entered into before the effective date of this
27 subsection.

28 § 6342. Regulations.

29 The department shall promulgate regulations as necessary to
30 administer and enforce this chapter.

1 Section 2. This act shall take effect as follows:

2 (1) The following shall take effect immediately:

3 The addition of 7 Pa.C.S. Ch. 63 Subchs. A and E.

4 This section.

5 (2) The addition of 7 Pa.C.S. Ch. 63 Subch. B shall take

6 effect in 180 days.

7 (3) The remainder of this act shall take effect in 60

8 days.