



January 16, 2014

To all Persons Engaged in the Mortgage Loan Business in Pennsylvania or With Pennsylvania Residents

On behalf of the Commonwealth of Pennsylvania Department of Banking and Securities (the "Department"), I am pleased to announce a change in Department policy regarding the Pennsylvania-specific disclosure required to be provided to mortgage loan applicants by licensees and partially-exempt entities under the Mortgage Licensing Act (the "MLA"), 7 Pa.C.S. § 6101 *et seq.* **Effective immediately, the Department will no longer require licensees and partially-exempt entities to provide the Pennsylvania-specific disclosure form required by the Department's regulations at 10 Pa.Code § 46.2(b).**

As a matter of background, in 2008, the Department promulgated a regulation under the MLA regarding the "Proper Conduct of Lending and Brokering in the Mortgage Loan Business" at 10 Pa.Code Chapter 46 (the "Regulation"). Section 46.2(b) of the Regulation requires licensees and partially-exempt entities under the MLA to provide specific disclosures to mortgage loan applicants on "a form prescribed by the Department." The Department designed a one-page disclosure form containing the required disclosures (the "PA Form") for the use of the entities subject to the Regulation, the purpose of which was to provide a simple, one-page summary of the salient terms of a mortgage loan to a mortgage loan applicant, as the federally-mandated mortgage disclosure forms in use at the time were often too complicated and confusing for mortgage loan applicants. Pursuant to the Regulation, the Department required licensees and partially-exempt entities to issue the PA Form to mortgage loan applicants in addition to the existing mortgage disclosure forms mandated by federal law.

In 2009, the United States Department of Housing and Urban Development ("HUD") revised the Good Faith Estimate form ("GFE Form") required under the federal Real Estate Settlement Procedures Act ("RESPA"). The revised GFE Form has disclosures substantially similar to those contained in the PA Form. The revised GFE Form was required to be used effective January 1, 2010.

Additionally, on November 20, 2013, the Consumer Financial Protection Bureau ("CFPB") issued a final rule requiring specific mortgage disclosure forms (the "CFPB Rule"). The mortgage disclosure forms required under the CFPB Rule will replace existing federally-required disclosure forms for mortgage loans, including the GFE Form. The mortgage disclosure forms required under the CFPB Rule include a "Loan Estimate Form" which contains disclosures substantially similar to those required by PA Form. The CFPB Rule becomes effective August 1, 2015.

With the advent of these simplified federally-mandated mortgage disclosure forms, the Department has determined that it is redundant and onerous for licensees and partially-exempt entities to continue to provide the PA Form to mortgage loan applicants. Therefore, **effective immediately, the Department will no longer require licensees and partially-exempt entities to continue to provide the PA Form to mortgage loan applicants. Instead, the Department will only require licensees and partially-exempt entities to provide disclosures on the federally-required disclosure forms, which are the current GFE Form and, in the future, the Loan Estimate Form required by the CFPB Rule, whichever is required by federal law or rule at the time.** These federally-mandated forms will now be the “form prescribed by the Department” as contemplated by 10 Pa.Code § 46.2(b).

The Department will not object or take exception to a licensee or partially-exempt entity continuing to make disclosures on the PA Form as long as the licensee or partially-exempt entity also makes disclosures on the appropriate federally-mandated form.

If there are any questions regarding this letter, please contact the Compliance Division of the Department’s Bureau of Compliance, Licensing and Consumer Services at (717) 772-3889 or by submitting an inquiry via the Department’s website at www.dobs.state.pa.us.

Sincerely,

s/s Timothy M. Siwy
Deputy Secretary,
Non-Depository Institutions