

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 445

Session of  
1975

INTRODUCED BY O'DONNELL, IRVIS, ROMANELLI, LEDERER,  
M. E. MILLER JR., REED, LEHR, RICHARDSON, HAMMOCK, BLACKWELL,  
ROSS, RAPPAPORT AND COHEN, FEBRUARY 18, 1975

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE,  
FEBRUARY 18, 1975

AN ACT

1 Amending the act of November 30, 1965 (P.L.847, No.356),  
2 entitled "An act relating to and regulating the business of  
3 banking and the exercise by corporations of fiduciary powers;  
4 affecting persons engaged in the business of banking and  
5 corporations exercising fiduciary powers and affiliates of  
6 such persons; affecting the shareholders of such persons and  
7 the directors, trustees, officers, attorneys and employes of  
8 such persons and of the affiliates of such persons; affecting  
9 national banks located in the Commonwealth; affecting persons  
10 dealing with persons engaged in the business of banking,  
11 corporations exercising fiduciary powers and national banks;  
12 conferring powers and imposing duties on the Banking Board,  
13 on certain departments and officers of the Commonwealth and  
14 on courts, prothonotaries, clerks and recorders of deeds;  
15 providing penalties; and repealing certain acts and parts of  
16 acts," providing for additional mandatory investments in  
17 residential mortgages in this Commonwealth.

18 The General Assembly of the Commonwealth of Pennsylvania  
19 hereby enacts as follows:

20 Section 1. Subsection (a) of section 310 and subsection (a)  
21 of section 505, act of November 30, 1965 (P.L.847, No.356),  
22 known as the "Banking Code of 1965," amended September 27, 1973  
23 (No.72), are amended to read:

24 Section 310. Real Estate Loans

1 (a) [Permissible] Mandatory loans; permissible loans;  
2 maximum amount and term--An institution may, subject to the  
3 requirements of this section, make or acquire a loan secured by  
4 a lien on real estate (including a lease-hold) located in any  
5 state or the District of Columbia, in a dependency or insular  
6 possession of the United States or in the Commonwealth of Puerto  
7 Rico, in an amount and for a term not to exceed:

8 (i) in the case of improved real estate, including farm  
9 land:

10 (A) two-thirds of the value for ten years, if  
11 unamortized, or

12 (B) four-fifths of the value for thirty years, if  
13 the terms of the loan require substantially equal  
14 payments at successive intervals of not more than one  
15 year each and in an amount sufficient to pay all  
16 principal of and interest on the loan within the term of  
17 the loan, except that the date of the initial payment on  
18 a loan to a commercial or industrial borrower may be  
19 deferred for a period not in excess of three years from  
20 the date of the loan; or

21 (C) ninety percent of the value of a one-family  
22 residential property for thirty years, in an amount not  
23 to exceed forty thousand dollars (\$40,000), or such  
24 larger amount as the department may permit by regulation,  
25 subject to the same requirements set forth in clause (B);  
26 or

27 (D) ninety-five percent of the value for thirty  
28 years, if that principal portion of the loan in excess of  
29 seventy-five percent of the value is made in reliance  
30 upon a private company mortgage insurance or guarantee

1 acceptable to the Department of Banking, subject to the  
2 same requirements set forth in clause (B); or

3 (ii) in the case of unimproved real estate to be  
4 acquired or developed with the proceeds of the loan:

5 (A) two-thirds of the value for three years; or

6 (B) three-fourths of the value for five years, when  
7 utilities, roads or streets necessary for the development of  
8 such real estate have been completed.

9 If an institution makes loans secured by liens on real estate  
10 then two per cent of the total real estate loans made by the  
11 institution during the previous year shall be allocated for  
12 loans not exceeding twelve thousand dollars (\$12,000) each which  
13 will be secured by liens on residential real estate located in  
14 the Commonwealth if the institution receives applications for  
15 the loans so allocated by September 1. Of the two per cent so  
16 allocated, one-third shall be allocated to loans of eight  
17 thousand dollars (\$8,000) or less, one-third for loans between  
18 eight thousand one dollars (\$8,001) and ten thousand dollars  
19 (\$10,000) and the balance for loans between ten thousand one  
20 dollars (\$10,001) and twelve thousand dollars (\$12,000).

21 \* \* \*

22 Section 505. Real Estate Loans

23 (a) [Permissible] Mandatory loans, permissible loans;  
24 maximum amount and term--A savings bank may, subject to the  
25 requirements of this section, make or acquire a loan secured by  
26 a lien on real estate (including a leasehold) located in any  
27 state or the District of Columbia, in a dependency or insular  
28 possession of the United States or in the Commonwealth of Puerto  
29 Rico, in an amount and for a term not to exceed:

30 (i) in the case of improved real estate, including farm

1 land:

2 (A) two-thirds of the value for ten years, if  
3 unamortized; or

4 (B) four-fifths of the value for thirty years, if  
5 the terms of the loan require payments which are  
6 substantially equal except for the last payment at  
7 successive intervals of not more than one year each and  
8 in an amount sufficient to pay all principal of and  
9 interest on the loan within thirty years, except that the  
10 date of the initial payment on a loan to a commercial or  
11 industrial borrower may be deferred for a period not in  
12 excess of three years from the date of the loan; or

13 (C) ninety percent of the value of a one family  
14 residential property for thirty years, in an amount not  
15 to exceed forty thousand dollars (\$40,000), unless the  
16 department by regulation approves the granting of loans  
17 under this subsection in greater amounts, subject to the  
18 same requirements set forth in clause (B); or

19 (D) ninety-five percent of the value for thirty  
20 years, if that portion of the loan in excess of seventy-  
21 five percent of the value is made in reliance upon a  
22 private company mortgage insurance or guarantee  
23 acceptable to the Department of Banking, subject to the  
24 same requirements set forth in clause (B); or

25 (ii) in the case of unimproved real estate to be  
26 acquired or developed with the proceeds of the loan:

27 (A) two-thirds of the value for three years, or

28 (B) three-fourths of the value for five years, when  
29 utilities, roads or streets necessary for the development  
30 of such real estate have been completed.

1 If a savings bank makes loans secured by liens on real estate  
2 then two per cent of the total real estate loans made by the  
3 savings bank during the previous year shall be allocated for  
4 loans not exceeding twelve thousand dollars (\$12,000) each which  
5 will be secured by liens on residential real estate located in  
6 the Commonwealth if the savings bank receives applications for  
7 the loan so allocated by September 1. Of the two per cent so  
8 allocated, one-third shall be allocated to loans of eight  
9 thousand dollars (\$8,000) or less, one-third for loans between  
10 eight thousand one dollars (\$8,001) and ten thousand dollars  
11 (\$10,000) and the balance for loans between ten thousand one  
12 dollars (\$10,001) and twelve thousand dollars (\$12,000).

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