

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1390 Session of
1986

INTRODUCED BY HOLL, HANKINS, PECORA, LOEPER, SALVATORE,
STAUFFER, LEWIS, SCANLON, O'PAKE AND HELFRICK,
FEBRUARY 18, 1986

AS REPORTED FROM COMMITTEE ON BUSINESS AND COMMERCE, HOUSE OF
REPRESENTATIVES, AS AMENDED, JUNE 18, 1986

AN ACT

1 Amending the act of December 14, 1967 (P.L.746, No.345),
2 entitled "An act relating to and regulating the business of
3 savings associations heretofore designated under other acts
4 and special charters variously as building and loan
5 associations and savings and loan associations; defining the
6 rights, powers, duties, liabilities, and immunities of such
7 associations; affecting persons engaged in the business of
8 savings associations; affecting the members, account holders
9 and borrowers of such associations; affecting Federal savings
10 and loan associations whose principal office is located in
11 the Commonwealth; prohibiting the transaction of business in
12 this Commonwealth by foreign savings associations; conferring
13 powers and imposing duties on certain departments and
14 officers of the Commonwealth and on the courts, recorders of
15 deeds; creating a Savings Association Board and defining its
16 powers and duties; prohibiting certain actions and imposing
17 penalties, and repealing certain acts," providing for
18 nationwide branching by savings associations, regional,
19 reciprocal interstate banking for savings associations and
20 expanding investment powers; and making repeals.

21 The General Assembly makes the following findings as a basis
22 for this act:

23 (1) The rapid development in recent years of interstate
24 operations of financial institutions can be expected to
25 continue and to have significant effects on the business of

1 savings associations in this Commonwealth by reason of the
2 economic, regulatory, financial and technological forces that
3 affect the business.

4 (2) It is in the best interests of the economy of this
5 Commonwealth and its public to enable savings associations in
6 this Commonwealth to remain sound, strong and competitive
7 with financial institutions located elsewhere.

8 (3) As an increasing number of states authorize
9 financial institutions in their states to conduct interstate
10 operations in some form, savings associations and their
11 holding companies in this Commonwealth would be disadvantaged
12 if not permitted to branch in any location and to combine on
13 a regional, reciprocal basis with thrift institutions in
14 other states.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. The act of December 14, 1967 (P.L.746, No.345),
18 known as the Savings Association Code of 1967, is amended by
19 adding sections to read:

20 Section 114. Authorization of Reciprocal Regional Operations
21 of Savings Associations.--(a) The following words and phrases
22 when used in this section shall have, unless the context clearly
23 indicates otherwise, the following meanings:

24 (1) "Acquire," to acquire (as defined in section 212(a)(1))
25 five percent or more of the voting stock of an entity and shall
26 also mean a merger or consolidation or a purchase of assets and
27 an assumption of liabilities, other than in the regular course
28 of business.

29 (2) "Bank holding company," the same meaning as that term
30 has under the Bank Holding Company Act of 1956, 12 U.S.C. §

1 1841(a).

2 (3) "Branch," an office which performs the functions
3 described in section 102(5).

4 (4) "Control," the power, directly or indirectly, to direct
5 the management or policies of an entity or to vote twenty-five
6 percent or more of any class of voting securities of an entity.

7 (5) "Entity," any corporation, partnership, association or
8 similar organization, including banks and thrift institutions.

9 (6) "Pennsylvania association," an association as defined in
10 section 102(3) and a Federal association, as defined in 12
11 U.S.C. § 1462(d), that is located in Pennsylvania.

12 (7) "Pennsylvania association holding company," an entity
13 which controls one or more Pennsylvania associations and is
14 located in Pennsylvania.

15 (8) "Pennsylvania savings bank," a savings bank as defined
16 in section 102(x) of the Banking Code of 1965.

17 (9) "Pennsylvania thrift institution," a Pennsylvania
18 savings bank or a Pennsylvania association.

19 (10) "Pennsylvania thrift institution holding company," an
20 entity which controls one or more Pennsylvania thrift
21 institutions and is located in Pennsylvania.

22 (11) "Region," the States of Delaware, Kentucky, Maryland,
23 New Jersey, Ohio, Virginia and West Virginia, and the District
24 of Columbia.

25 (12) "Regional association," a savings and loan association
26 or building and loan association located in and organized and
27 operating under the laws of a state in the region and a Federal
28 association, as defined in 12 U.S.C. § 1462(d), that is located
29 in the region.

30 (13) "Regional association holding company" an entity which

controls one or more regional associations and is located in a state in the region.

(14) "Regional savings bank," a savings bank located in and organized and operating under the laws of a state in the region.

(15) "Regional thrift institution," a regional savings bank or a regional association.

(16) "Regional thrift institution holding company," an entity which controls one or more regional thrift institutions and is located in a state in the region.

(17) "Savings and loan holding company," the same meaning as defined in 12 U.S.C. § 1730a(a)(1)(D).

(18) "State," includes the District of Columbia.

(19) State in which an entity is "located":

(i) with regard to a thrift institution, the state in which its deposits are largest; and

(ii) with regard to a thrift institution holding company, an association holding company, a bank holding company or a savings and loan holding company, the state in which the total deposits of its subsidiaries, including commercial banks, are largest:

Provided, That an entity or its legal successor that is located in Pennsylvania on the effective date of this legislation shall be deemed thereafter to be located in Pennsylvania regardless of the location of its deposits or the deposits of its subsidiaries if said entity has not been either acquired by an entity located outside of Pennsylvania or a party to a merger or consolidation transaction in which the holders of its voting shares immediately prior to the transaction held less than fifty percent of the voting shares of any class of stock in the entity surviving after, or resulting from, the merger or consolidation.

(b) A regional thrift institution or a regional thrift

institution holding company may acquire a Pennsylvania association or a Pennsylvania association holding company if:

(1) The law of the state where the acquiring thrift institution or thrift institution holding company is located and the law of the state where any bank holding company or savings and loan holding company which, directly or indirectly, owns or controls the power to vote five percent or more of its shares is located satisfies, in each case, the reciprocity requirement of subsection (e);

(2) The acquiring thrift institution or thrift institution holding company and any bank holding company or savings and loan holding company which, directly or indirectly, owns or controls the power to vote five percent or more of its shares is, in each case, located in a state in the region or in Pennsylvania; and

(3) Approval has been received from the department. WHEN CONSIDERING A PROPOSED ACQUISITION BY A REGIONAL THRIFT INSTITUTION OR A REGIONAL THRIFT INSTITUTION HOLDING COMPANY, THE DEPARTMENT SHALL GIVE SPECIFIC ATTENTION TO THE EFFECTS OF THE ACQUISITION ON THE AVAILABILITY, IN THIS COMMONWEALTH, OF THOSE BANKING AND BASIC TRANSACTION ACCOUNT SERVICES SET FORTH IN SUBSECTIONS (J) AND (K).

(c) A regional association may, with the prior written approval of the department, maintain as a branch any office acquired as part of an acquisition effected under this section or section 117 of the Banking Code of 1965.

(d) A regional association may establish and maintain branches in this Commonwealth if:

(1) The state in which the association is located and the state in which any bank holding company or savings and loan holding company which, directly or indirectly, owns or has the

power to vote five percent or more of its shares is located
satisfies, in each case, the reciprocity requirement of
subsection (e);

(2) The association and any bank holding company or savings
and loan company which, directly or indirectly, owns or controls
the power to vote five percent or more of its shares is, in each
case, located in a state in the region or in Pennsylvania; and

(3) The branch is approved by the department in the same
manner, and subject to the same conditions as are applicable to,
de novo branches of Pennsylvania associations under sections 403
and 404.

(e) (1) The law of another state is reciprocal under this
section to the extent the department determines it to be so. The
department's determination under this subsection shall include,
but is not limited to:

(i) with regard to acquisitions, whether the law of that
other state authorizes Pennsylvania associations and
Pennsylvania association holding companies to acquire regional
thrift institutions and regional thrift institution holding
companies located in that state on terms and conditions
reasonably equivalent to those applicable to acquisitions by
regional thrift institutions and regional thrift institution
holding companies of Pennsylvania associations or Pennsylvania
association holding companies and whether the law of that other
state imposes conditions on the acquisition by Pennsylvania
associations or Pennsylvania association holding companies of
regional thrift institutions or regional thrift institution
holding companies located in that state that are substantially
more onerous than those imposed on the same acquisitions by
thrift institutions or thrift institution holding companies

located in that state; and

(ii) with regard to branching, whether the law of that other state authorizes Pennsylvania associations to establish or maintain branches in that state on terms and conditions reasonably equivalent to those applicable to the establishment or maintenance of branches in Pennsylvania by associations located in that state and on terms and conditions reasonably equivalent to those applicable to the establishment of branches in that state by an association located in that state.

(2) The department need not determine that the law of another state fails to meet the reciprocity requirement of this section solely by reason of the fact that that law does not allow Pennsylvania associations or Pennsylvania association holding companies to engage in a particular type of branching or acquisition or imposes conditions on such branching or acquisition that are substantially more onerous than those imposed on the same activities of thrift institutions or thrift institution holding companies located in that state. However, in such circumstances, the department shall find reciprocity only after imposing on the thrift institutions and thrift institution holding companies located in that state conditions and limitations on branching and acquisitions in Pennsylvania substantially similar to those imposed on branching and acquisitions in that state by Pennsylvania associations and association holding companies.

(3) The department may determine that the law of another state is not reciprocal regarding a particular type of branching or acquisition if the law of that other state does not allow all Pennsylvania associations or, alternatively, all Pennsylvania association holding companies to engage on equal terms with each

1 other in the particular type of branching or acquisition. The
2 department shall determine that the law of another state is not
3 reciprocal regarding a particular type of branching or
4 acquisition if the law of that other state does not allow
5 federally chartered Pennsylvania associations (or federally
6 chartered Pennsylvania associations converted from State-
7 chartered Pennsylvania associations or Pennsylvania savings
8 banks) or their holding companies to engage in the particular
9 type of branching or acquisition on equal terms with State-
10 chartered Pennsylvania associations or their holding companies.

11 (f) In addition to the powers granted elsewhere in this
12 section and in other provisions of Pennsylvania law, the
13 department is authorized to impose any conditions or
14 requirements it deems appropriate, in light of the purposes of
15 this act, on thrift institutions and thrift institution holding
16 companies acquired or operating, directly or indirectly, in
17 Pennsylvania under this section. Such conditions or requirements
18 include, but are not limited to, provisions for examinations,
19 reports and the payment of fees. The department may accept
20 examinations and other reports of Federal and state regulators
21 and may enter into agreements with Federal and state regulators
22 for the exchange of information, including examination reports.

23 (g) If a regional thrift institution or regional thrift
24 institution holding company located in another state which has
25 acquired a Pennsylvania association or a Pennsylvania
26 association holding company or has established a branch in
27 Pennsylvania under this section shall have a change of
28 circumstances so that it no longer satisfies the conditions of
29 subsections (b) and (c) (either by reason of a change in the
30 place in which it is located or by reason of acquisition by a

1 bank holding company or a savings and loan holding company
2 located in a state which does not satisfy the conditions of
3 subsection (b) or (c) of five percent or more of its voting
4 shares, or the power to vote those shares) said regional thrift
5 institution or regional thrift institution holding company shall
6 divest each Pennsylvania association, association holding
7 company and branch it has acquired or established prior to
8 entering into a voluntary combination which causes such change
9 of circumstances or within one year (or such longer period of
10 not more than an additional year as the department may allow, in
11 writing) after the occurrence of an event other than a voluntary
12 combination, which causes the change in circumstances.

13 (h) The purpose of this section is solely to authorize
14 regional, reciprocal operations by associations and savings
15 banks, and this section shall not be construed to authorize any
16 acquisition or the establishment of any branch by any entity
17 located in another state except as expressly provided in this
18 section. In the event that any limitation on the geographical
19 location of entities granted acquisition or branching powers by
20 this section is held to be invalid by a final order of a court
21 which is not subject to further review or appeal, the
22 authorization of this section shall terminate immediately. Any
23 acquisition or branch establishment consummated pursuant to this
24 section prior to such termination shall not be affected thereby.

25 (I) A PENNSYLVANIA ASSOCIATION OR PENNSYLVANIA ASSOCIATION <—
26 HOLDING COMPANY WHICH PROPOSES TO ACQUIRE A THRIFT INSTITUTION
27 OR THRIFT INSTITUTION HOLDING COMPANY LOCATED IN ANOTHER STATE
28 SHALL FILE AN APPLICATION FOR APPROVAL BY THE DEPARTMENT IN SUCH
29 FORM AND UPON PAYMENT OF SUCH FEE AS THE DEPARTMENT SHALL
30 PRESCRIBE AND SHALL SUPPLEMENT SUCH APPLICATION WITH SUCH

1 ADDITIONAL INFORMATION AS THE DEPARTMENT MAY REASONABLY REQUEST.
2 THE DEPARTMENT SHALL CONDUCT SUCH INVESTIGATION AS IT DEEMS
3 NECESSARY TO DETERMINE WHETHER TO APPROVE OR DISAPPROVE THE
4 APPLICATION. THE INVESTIGATION SHALL INCLUDE CONSIDERATION OF
5 THE EFFECTS THE PROPOSED ACQUISITION WOULD HAVE ON THE
6 AVAILABILITY, IN THIS COMMONWEALTH, OF THOSE BANKING SERVICES
7 AND BASIC TRANSACTION ACCOUNT SERVICES SET FORTH IN SUBSECTIONS
8 (J) AND (K). WITHIN SIXTY DAYS AFTER RECEIPT OF THE APPLICATION
9 OR WITHIN A LONGER PERIOD, NOT IN EXCESS OF THIRTY DAYS, AFTER
10 RECEIPT FROM THE APPLICANT OF ADDITIONAL INFORMATION REQUESTED
11 BY THE DEPARTMENT, THE DEPARTMENT SHALL APPROVE OR DISAPPROVE
12 THE PROPOSED ACQUISITION AND GIVE WRITTEN NOTICE OF ITS DECISION
13 TO THE APPLICANT. IN APPROVING AN ACQUISITION UNDER THIS
14 SECTION, THE DEPARTMENT MAY PLACE CONDITIONS UPON SUCH APPROVAL
15 AND INCORPORATE SUCH TERMS AND AGREEMENTS AS ARE DEEMED
16 NECESSARY TO EFFECT THE PURPOSES OF THIS ACT.

17 (J) THE DEPARTMENT SHALL HAVE THE AUTHORITY TO ASSURE THAT
18 INTERSTATE THRIFT ACQUISITIONS AUTHORIZED BY THIS SECTION WILL
19 NOT DIMINISH REASONABLE AVAILABILITY OF BANKING SERVICES TO ALL
20 SEGMENTS OF THE PUBLIC AND ECONOMY OF THIS COMMONWEALTH, WITH
21 SPECIAL EMPHASIS ON ECONOMIC DEVELOPMENT AND THE FINANCING OF
22 ENTERPRISES TO THE END THAT EMPLOYMENT OPPORTUNITIES WILL BE
23 EITHER INCREASED OR, WHERE THERE IS THE PROSPECT OF REDUCTION,
24 RETAINED. UPON RECEIPT OF AN APPLICATION FOR APPROVAL OF AN
25 ACQUISITION BY A COMPANY LOCATED IN ANOTHER STATE UNDER
26 SUBSECTION (B) OR APPROVAL OF AN ACQUISITION IN ANOTHER STATE BY
27 A PENNSYLVANIA ASSOCIATION OR PENNSYLVANIA ASSOCIATION HOLDING
28 COMPANY UNDER SUBSECTION (I), THE DEPARTMENT SHALL REVIEW THE
29 CREDIT PRACTICES AND POLICIES OF EACH PENNSYLVANIA ASSOCIATION
30 OR PENNSYLVANIA ASSOCIATION HOLDING COMPANY WHICH IS INVOLVED IN

1 THE PROPOSED TRANSACTION. SUCH REVIEW SHALL DETERMINE THE
2 OVERALL PERFORMANCE OF SUCH COMPANY OR INSTITUTION IN PROVIDING
3 CREDIT AND FINANCIAL SERVICES TO INDIVIDUALS AND BUSINESS
4 ENTERPRISES IN THE COMMUNITIES WHICH IT SERVES IN THE LIGHT OF
5 ITS ROLE AS A THRIFT INSTITUTION, ITS RESOURCES, ITS CAPITAL AND
6 ITS INCOME, THE PARTICULAR NEEDS OF SUCH COMMUNITIES,
7 COMPETITION AND ALTERNATIVE SOURCES OF CREDIT. WITH RESPECT TO
8 INDIVIDUALS, THERE SHALL BE A REVIEW OF CONSUMER LOANS,
9 RESIDENTIAL MORTGAGES, HOME IMPROVEMENT LOANS AND STUDENT LOANS,
10 PARTICULARLY TO RESIDENTS OF LOW-INCOME AND MODERATE-INCOME
11 NEIGHBORHOODS. WITH RESPECT TO BUSINESS ENTERPRISES, THERE SHALL
12 BE A REVIEW OF EXTENSIONS OF CREDIT AND INVESTMENTS INTENDED TO
13 PROMOTE ECONOMIC DEVELOPMENT AND CREATION, OR RETENTION WHERE
14 THERE IS THE PROSPECT OF REDUCTION, OF EMPLOYMENT OPPORTUNITIES,
15 INCLUDING, WITHOUT LIMITATION, SMALL BUSINESS ADMINISTRATION AND
16 OTHER SMALL BUSINESS LOANS, INDUSTRIAL DEVELOPMENT LOANS,
17 FINANCING OF EMPLOYEE STOCK OPTION PLANS AND LEVERAGED BUY-OUTS
18 OF BUSINESSES BY EMPLOYEES, FINANCING OF NON-PROFIT COMMUNITY
19 DEVELOPMENT PROJECTS, LOANS AND INVESTMENTS INTENDED TO MAINTAIN
20 EXISTING BUSINESSES AND TO ENCOURAGE ECONOMIC EXPANSION AND JOB
21 OPPORTUNITIES, AND LOANS AND INVESTMENTS TO PROMOTE
22 PARTICIPATION BY BUSINESSES IN THIS COMMONWEALTH IN
23 INTERNATIONAL TRADE AND TO INCREASE EXPORTS. THE REVIEW BY THE
24 DEPARTMENT SHALL ALSO INCLUDE ALL OTHER ACTIVITIES OF THE
25 INSTITUTION OR COMPANY DEEMED TO BE SUITABLE TO ITS PARTICULAR
26 CIRCUMSTANCES AND THE COMMUNITIES SERVED. IF THE DEPARTMENT
27 DETERMINES THAT THE OVERALL PERFORMANCE OF THE INSTITUTION OR
28 COMPANY HAS NOT BEEN MATERIALLY DEFICIENT AND THAT IT JUSTIFIES
29 THE CONCLUSION THAT THE INSTITUTION OR COMPANY DOES AND WILL
30 PROVIDE SUITABLE CREDIT AND FINANCIAL SERVICES TO ITS

1 COMMUNITIES, IT MAY APPROVE THE APPLICATION WITHOUT IMPOSING ANY
2 TERMS OR CONDITIONS BUT OTHERWISE MAY IMPOSE SUCH TERMS AND
3 CONDITIONS AS IT DEEMS APPROPRIATE TO IMPROVE SUCH OVERALL
4 PERFORMANCE OVER A STATED PERIOD OF TIME. THE DEPARTMENT SHALL,
5 FROM TIME TO TIME, REVIEW THE CONTINUING OVERALL PERFORMANCE OF
6 EACH SUCH INSTITUTION OR COMPANY AFTER AN ACQUISITION AND, IF IT
7 FINDS THAT ITS OVERALL PERFORMANCE HAS NOT CONTINUED TO BE
8 SATISFACTORY, SHALL ISSUE SUCH ORDER TO THE APPLICANT AS IT
9 DEEMS APPROPRIATE.

10 (K) THE DEPARTMENT SHALL HAVE THE AUTHORITY TO ASSURE THAT
11 THRIFT INSTITUTION HOLDING COMPANIES AND THRIFT INSTITUTIONS
12 THAT BECOME PART OF INTERSTATE BANKING ORGANIZATIONS BY REASON
13 OF ACQUISITIONS REQUIRING APPROVAL UNDER THIS SECTION MAKE BASIC
14 TRANSACTION ACCOUNT SERVICES AVAILABLE TO THE PUBLIC. FOR THIS
15 PURPOSE THE DEPARTMENT SHALL OBTAIN, FROM ALL SOURCES AVAILABLE
16 TO IT OR THROUGH SUCH STUDIES AS IT MAY COMMISSION, ADEQUATE
17 INFORMATION TO DETERMINE:

18 (1) THE NEEDS OF THE PUBLIC AND, IN PARTICULAR, INDIVIDUALS
19 WITH LOW OR MODERATE INCOME, FOR A BASIC CHECKING OR OTHER
20 TRANSACTION ACCOUNT.

21 (2) THE PRINCIPAL CHARACTERISTICS THAT SUCH AN ACCOUNT
22 SHOULD HAVE, SUCH AS THE NUMBER OF CHECKS, DEPOSITS AND OTHER
23 ITEMS FOR WHICH A MINIMUM CHARGE MAY BE MADE, THE AMOUNT OR RATE
24 OF SUCH MINIMUM CHARGE, AND THE FORMS OF IDENTIFICATION THAT MAY
25 BE REQUIRED FOR OPENING AND USING SUCH AN ACCOUNT.

26 (3) THE EXISTING AVAILABILITY OF BASIC ACCOUNTS WITH SOME OR
27 ALL OF SUCH PRINCIPAL CHARACTERISTICS CURRENTLY OFFERED BY
28 DEPOSITORY INSTITUTIONS, INCLUDING APPLICANTS UNDER THIS
29 SECTION, IN SEPARATE COMMUNITIES OF THE COMMONWEALTH.

30 AN APPLICANT SHALL, AT THE REQUEST OF THE DEPARTMENT, SUPPLY

1 INFORMATION TO THE DEPARTMENT WITH RESPECT TO SUCH ACCOUNTS
2 OFFERED BY THE APPLICANT AND BY EACH INSTITUTION WHICH IS A
3 SUBSIDIARY OF THE APPLICANT. THE DEPARTMENT MAY APPROVE AN
4 APPLICATION PRIOR TO THE TIME IT HAS ACQUIRED THE INFORMATION
5 REQUIRED BY THIS SECTION, BUT THE APPLICANT AND EACH INSTITUTION
6 WHICH IS A SUBSIDIARY OF THE APPLICANT SHALL BE SUBJECT, BOTH
7 BEFORE AND AFTER AN APPROVAL OF THE ACQUISITION UNDER THIS
8 SECTION, TO REQUIREMENTS IMPOSED BY THE DEPARTMENT, FROM TIME TO
9 TIME, TO ASSURE TO THE PUBLIC, IN THE COMMUNITIES SERVED BY THE
10 INSTITUTION, THE CONTINUING AVAILABILITY OF THE BASIC
11 TRANSACTION ACCOUNT SERVICES WHICH THE DEPARTMENT HAS DETERMINED
12 THE PUBLIC NEEDS.

13 (L) FOR THE PURPOSE OF ADVISING THE DEPARTMENT IN THE
14 CONDUCT OF ITS FUNCTIONS UNDER SUBSECTIONS (J) AND (K), THERE IS
15 HEREBY ESTABLISHED AN ADVISORY COMMISSION, WHICH SHALL CONSIST
16 OF NINE INDIVIDUALS SELECTED AS FOLLOWS: FIVE MEMBERS APPOINTED
17 BY THE GOVERNOR, ONE OF WHOM MAY BE SELECTED FROM A LIST OF AT
18 LEAST THREE NAMES SUBMITTED BY THE PENNSYLVANIA BANKERS
19 ASSOCIATION, ONE OF WHOM MAY BE SELECTED FROM A LIST OF AT LEAST
20 THREE NAMES SUBMITTED BY THE PENNSYLVANIA ASSOCIATION OF SAVINGS
21 INSTITUTIONS, ONE OF WHOM MAY BE SELECTED FROM A LIST OF AT
22 LEAST THREE NAMES SUBMITTED BY THE PENNSYLVANIA CREDIT UNION
23 LEAGUE, ONE OF WHOM SHALL HAVE BEEN SELECTED BY THE GOVERNOR TO
24 BROADLY REPRESENT BUSINESS INTERESTS AND ONE OF WHOM SHALL HAVE
25 BEEN SELECTED BY THE GOVERNOR TO BROADLY REPRESENT CONSUMER
26 INTEREST; AND ONE MEMBER EACH APPOINTED BY THE PRESIDENT PRO
27 TEMPORE AND THE MINORITY LEADER OF THE SENATE AND THE SPEAKER
28 AND MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES. THE TERM OF
29 THE INITIAL MEMBER OF THE ADVISORY COMMISSION SHALL BE UNTIL
30 DECEMBER 31, 1988, AND THE TERM OF EACH MEMBER THEREAFTER SHALL

1 BE TWO CALENDAR YEARS. THE SECRETARY OF BANKING SHALL MEET WITH
2 THE ADVISORY COMMISSION AT LEAST QUARTERLY FOR THE FIRST YEAR
3 AND, THEREAFTER, AT LEAST ANNUALLY. EACH MEMBER SHALL BE
4 ENTITLED TO RECEIVE TRAVEL AND RELATED EXPENSES AND SUCH PER
5 DIEM HONORARIUM AS THE DEPARTMENT SHALL DETERMINE TO BE PAID
6 FROM THE FEES RECEIVED BY THE DEPARTMENT UNDER THIS SECTION. THE
7 ADVISORY COMMISSION SHALL PROVIDE INFORMATION, OPINIONS AND
8 RECOMMENDATIONS AS TO GUIDELINES THE DEPARTMENT MAY ESTABLISH,
9 FROM TIME TO TIME, FOR THE PURPOSE OF DETERMINING THE OVERALL
10 PERFORMANCE OF AN INSTITUTION OR COMPANY UNDER SUBSECTION (J)
11 AND THE AVAILABILITY OF BASIC TRANSACTION ACCOUNT SERVICES UNDER
12 SUBSECTION (K). ALL DECISIONS AND DETERMINATIONS MADE UNDER THIS
13 SECTION SHALL BE MADE BY THE DEPARTMENT.

14 Section 212.1. Prohibition Against Certain Acquisitions.--
15 (a) Except as provided in section 114, it shall be unlawful for
16 a commercial bank, a bank holding company, a thrift institution,
17 or a thrift institution holding company to acquire a
18 Pennsylvania association unless the acquiring entity, and any
19 savings and loan holding company or bank holding company which
20 directly or indirectly owns or controls the power to vote five
21 percent or more of its shares, is located in Pennsylvania.

22 (b) The terms in subsection (a) shall have the same
23 definitions as those terms have in section 114.

24 (c) The prohibition in subsection (a) shall not affect any
25 acquisition effected prior to the effective date of this act.

26 Section 2. Section 403(b) of the act, amended April 9, 1982
27 (P.L.334, No.94), is amended to read:

28 Section 403. Authorization of New Branches.--* * *

29 (b) Except as provided in subsection (a) of this section, an
30 association may establish a branch after the effective date of

1 this act anywhere in Pennsylvania and anywhere in the United
2 States upon compliance with the following requirements:

3 (1) The proposed branch shall be authorized by resolution by
4 its board of directors.

5 (2) If the location of the proposed branch is outside of the
6 city, incorporated town, borough or township in which the
7 principal place of business of the association is located, the
8 association shall give notice of the filing of the application
9 by advertisement in the county in which the proposed branch is
10 to be located.

11 (3) The branch shall be approved by the department.

12 Section 3. Section 922 of the act is amended by adding a
13 clause to read:

14 Section 922. Securities and Obligations.--An association may
15 invest its funds:

16 * * *

17 (s) With the prior approval of the department, in up to one
18 hundred percent of the stock of a bank, a bank and trust
19 company, a trust company, a bank holding company, a savings
20 bank, a regional thrift institution or a regional thrift
21 institution holding company as those terms are defined in the
22 Banking Code of 1965 and in section 114.

23 Section 4. Section 1101 of the act is amended by adding a
24 subsection to read:

25 Section 1101. Mergers, Consolidations and Conversions.--* *
26 *

27 (b.1) Upon compliance with the requirements of this article,
28 one or more associations may merge or consolidate with a
29 regional thrift institution as defined in, and subject to any
30 applicable limits of, section 114.

1 Section 5. Section 1301(a) of the act is amended to read:

2 Section 1301. Foreign Corporations.--(a) [Foreign] Except
3 as provided in section 114, foreign corporations shall not
4 transact the business of an association within this
5 Commonwealth, nor maintain an office within this Commonwealth
6 for the purpose of transacting such business. It shall be
7 unlawful for any person to engage in the business of soliciting
8 or receiving within this Commonwealth subscriptions to the
9 shares or savings accounts of such corporations or payments
10 therefor, or of granting loans within this Commonwealth on
11 behalf of such corporations, or of soliciting applications
12 therefor, or of receiving within this Commonwealth on behalf of
13 such corporations, interest, premiums, fees or payments of any
14 kind or of transacting business in any manner within this
15 Commonwealth on behalf of such corporation.

16 * * *

17 Section 6. All acts and parts of acts are repealed insofar
18 as they are inconsistent with this act.

19 Section 7. This act shall take effect in 30 days.