
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 AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
SEPTEMBER 30, 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 (4) GEOGRAPHICAL LIMITATIONS ON INTERSTATE OPERATIONS BY <—
16 THRIFT INSTITUTIONS ARE IMPORTANT TO THE COMPETITIVENESS,
17 SAFETY AND SOUNDNESS OF PENNSYLVANIA'S THRIFT INSTITUTIONS.

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

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

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

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

1 of business.

2 (2) "Bank holding company," the same meaning as that term
3 has under the Bank Holding Company Act of 1956, 12 U.S.C. §
4 1841(a).

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

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

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

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

15 (7) "Pennsylvania association holding company," an entity
16 which controls one or more Pennsylvania associations and is
17 located in Pennsylvania.

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

20 (9) "Pennsylvania thrift institution," a Pennsylvania
21 savings bank or a Pennsylvania association.

22 (10) "Pennsylvania thrift institution holding company," an
23 entity which controls one or more Pennsylvania thrift
24 institutions and is located in Pennsylvania.

25 (11) "Region," the States of Delaware, Kentucky, Maryland,
26 New Jersey, Ohio, Virginia and West Virginia, and the District
27 of Columbia.

28 (12) "Regional association," a savings and loan association
29 or building and loan association located in and organized and
30 operating under the laws of a state in the region and a Federal

association, as defined in 12 U.S.C. § 1462(d), that is located in the region.

(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 (1) The state in which the association is located and the
2 state in which any bank holding company or savings and loan
3 holding company which, directly or indirectly, owns or has the
4 power to vote five percent or more of its shares is located
5 satisfies, in each case, the reciprocity requirement of
6 subsection (e);

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

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

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

19 (i) with regard to acquisitions, whether the law of that
20 other state authorizes Pennsylvania associations and
21 Pennsylvania association holding companies to acquire regional
22 thrift institutions and regional thrift institution holding
23 companies located in that state on terms and conditions
24 reasonably equivalent to those applicable to acquisitions by
25 regional thrift institutions and regional thrift institution
26 holding companies of Pennsylvania associations or Pennsylvania
27 association holding companies and whether the law of that other
28 state imposes conditions on the acquisition by Pennsylvania
29 associations or Pennsylvania association holding companies of
30 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 other in the particular type of branching or acquisition. The department shall 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 federally chartered Pennsylvania associations (or federally chartered Pennsylvania associations converted from State-chartered Pennsylvania associations or Pennsylvania savings banks) or their holding companies to engage in the particular type of branching or acquisition on equal terms with State-chartered Pennsylvania associations or their holding companies.

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

(g) If a regional thrift institution or regional thrift institution holding company located in another state which has acquired a Pennsylvania association or a Pennsylvania association holding company or has established a branch in Pennsylvania under this section shall have a change of

1 circumstances so that it no longer satisfies the conditions of
2 subsections (b) and (c) (either by reason of a change in the
3 place in which it is located or by reason of acquisition by a
4 bank holding company or a savings and loan holding company
5 located in a state which does not satisfy the conditions of
6 subsection (b) or (c) of five percent or more of its voting
7 shares, or the power to vote those shares) said regional thrift
8 institution or regional thrift institution holding company shall
9 divest each Pennsylvania association, association holding
10 company and branch it has acquired or established prior to
11 entering into a voluntary combination which causes such change
12 of circumstances or within one year (or such longer period of
13 not more than an additional year as the department may allow, in
14 writing) after the occurrence of an event other than a voluntary
15 combination, which causes the change in circumstances.

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

28 (I) A PENNSYLVANIA ASSOCIATION OR PENNSYLVANIA ASSOCIATION
29 HOLDING COMPANY WHICH PROPOSES TO ACQUIRE A THRIFT INSTITUTION
30 OR THRIFT INSTITUTION HOLDING COMPANY LOCATED IN ANOTHER STATE

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

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

1 COMPANY UNDER SUBSECTION (I), THE DEPARTMENT SHALL REVIEW THE
2 CREDIT PRACTICES AND POLICIES OF EACH PENNSYLVANIA ASSOCIATION
3 OR PENNSYLVANIA ASSOCIATION HOLDING COMPANY WHICH IS INVOLVED IN
4 THE PROPOSED TRANSACTION. SUCH REVIEW SHALL DETERMINE THE
5 OVERALL PERFORMANCE OF SUCH COMPANY OR INSTITUTION IN PROVIDING
6 CREDIT AND FINANCIAL SERVICES TO INDIVIDUALS AND BUSINESS
7 ENTERPRISES IN THE COMMUNITIES WHICH IT SERVES IN THE LIGHT OF
8 ITS ROLE AS A THRIFT INSTITUTION, ITS RESOURCES, ITS CAPITAL AND
9 ITS INCOME, THE PARTICULAR NEEDS OF SUCH COMMUNITIES,
10 COMPETITION AND ALTERNATIVE SOURCES OF CREDIT. WITH RESPECT TO
11 INDIVIDUALS, THERE SHALL BE A REVIEW OF CONSUMER LOANS,
12 RESIDENTIAL MORTGAGES, HOME IMPROVEMENT LOANS AND STUDENT LOANS,
13 PARTICULARLY TO RESIDENTS OF LOW-INCOME AND MODERATE-INCOME
14 NEIGHBORHOODS. WITH RESPECT TO BUSINESS ENTERPRISES, THERE SHALL
15 BE A REVIEW OF EXTENSIONS OF CREDIT AND INVESTMENTS INTENDED TO
16 PROMOTE ECONOMIC DEVELOPMENT AND CREATION, OR RETENTION WHERE
17 THERE IS THE PROSPECT OF REDUCTION, OF EMPLOYMENT OPPORTUNITIES,
18 INCLUDING, WITHOUT LIMITATION, SMALL BUSINESS ADMINISTRATION AND
19 OTHER SMALL BUSINESS LOANS, INDUSTRIAL DEVELOPMENT LOANS,
20 FINANCING OF EMPLOYE STOCK OPTION PLANS AND LEVERAGED BUY-OUTS
21 OF BUSINESSES BY EMPLOYES, FINANCING OF NON-PROFIT COMMUNITY
22 DEVELOPMENT PROJECTS, LOANS AND INVESTMENTS INTENDED TO MAINTAIN
23 EXISTING BUSINESSES AND TO ENCOURAGE ECONOMIC EXPANSION AND JOB
24 OPPORTUNITIES, AND LOANS AND INVESTMENTS TO PROMOTE
25 PARTICIPATION BY BUSINESSES IN THIS COMMONWEALTH IN
26 INTERNATIONAL TRADE AND TO INCREASE EXPORTS. THE REVIEW BY THE
27 DEPARTMENT SHALL ALSO INCLUDE ALL OTHER ACTIVITIES OF THE
28 INSTITUTION OR COMPANY DEEMED TO BE SUITABLE TO ITS PARTICULAR
29 CIRCUMSTANCES AND THE COMMUNITIES SERVED. IF THE DEPARTMENT
30 DETERMINES THAT THE OVERALL PERFORMANCE OF THE INSTITUTION OR

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

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

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

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

29 (3) THE EXISTING AVAILABILITY OF BASIC ACCOUNTS WITH SOME OR
30 ALL OF SUCH PRINCIPAL CHARACTERISTICS CURRENTLY OFFERED BY

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

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

~~AND MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES. THE TERM OF
THE INITIAL MEMBER OF THE ADVISORY COMMISSION SHALL BE UNTIL
DECEMBER 31, 1988, AND THE TERM OF EACH MEMBER THEREAFTER SHALL
BE TWO CALENDAR YEARS. THE SECRETARY OF BANKING SHALL MEET WITH
THE ADVISORY COMMISSION AT LEAST QUARTERLY FOR THE FIRST YEAR
AND, THEREAFTER, AT LEAST ANNUALLY. EACH MEMBER SHALL BE
ENTITLED TO RECEIVE TRAVEL AND RELATED EXPENSES AND SUCH PER
DIEM HONORARIUM AS THE DEPARTMENT SHALL DETERMINE TO BE PAID
FROM THE FEES RECEIVED BY THE DEPARTMENT UNDER THIS SECTION. THE
ADVISORY COMMISSION SHALL~~ THE ADVISORY COMMISSION ESTABLISHED BY <—
SECTION 116(K) OF THE ACT OF NOVEMBER 30, 1965 (P.L.847,
NO.356), KNOWN AS THE "BANKING CODE OF 1965," IS EMPOWERED AND
DIRECTED TO PROVIDE INFORMATION, OPINIONS AND RECOMMENDATIONS AS
TO GUIDELINES THE DEPARTMENT MAY ESTABLISH, FROM TIME TO TIME,
FOR THE PURPOSE OF DETERMINING THE OVERALL PERFORMANCE OF AN
INSTITUTION OR COMPANY UNDER SUBSECTION (J) AND THE AVAILABILITY
OF BASIC TRANSACTION ACCOUNT SERVICES UNDER SUBSECTION (K). ALL
DECISIONS AND DETERMINATIONS MADE UNDER THIS SECTION SHALL BE
MADE BY THE DEPARTMENT.

Section 212.1. Prohibition Against Certain Acquisitions.--

(a) Except as provided in section 114, it shall be unlawful for
a commercial bank, a bank holding company, a thrift institution,
or a thrift institution holding company to acquire a
Pennsylvania association unless the acquiring entity, and any
savings and loan holding company or bank holding company which
directly or indirectly owns or controls the power to vote five
percent or more of its shares, is located in Pennsylvania.

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

(c) The prohibition in subsection (a) shall not affect any

1 acquisition effected prior to the effective date of this act.

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

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

5 (b) Except as provided in subsection (a) of this section, an
6 association may establish a branch after the effective date of
7 this act anywhere in Pennsylvania and anywhere in the United
8 States upon compliance with the following requirements:

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

11 (2) If the location of the proposed branch is outside of the
12 city, incorporated town, borough or township in which the
13 principal place of business of the association is located, the
14 association shall give notice of the filing of the application
15 by advertisement in the county in which the proposed branch is
16 to be located.

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

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

20 Section 922. Securities and Obligations.--An association may
21 invest its funds:

22 * * *

23 (s) With the prior approval of the department, in up to one
24 hundred percent of the stock of a bank, a bank and trust
25 company, a trust company, a bank holding company, a savings
26 bank, a regional thrift institution or a regional thrift
27 institution holding company as those terms are defined in the
28 Banking Code of 1965 and in section 114.

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

1 Section 1101. Mergers, Consolidations and Conversions.--* *

2 *

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

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

8 Section 1301. Foreign Corporations.--(a) [Foreign] Except
9 as provided in section 114, foreign corporations shall not

10 transact the business of an association within this
11 Commonwealth, nor maintain an office within this Commonwealth
12 for the purpose of transacting such business. It shall be
13 unlawful for any person to engage in the business of soliciting
14 or receiving within this Commonwealth subscriptions to the
15 shares or savings accounts of such corporations or payments
16 therefor, or of granting loans within this Commonwealth on
17 behalf of such corporations, or of soliciting applications
18 therefor, or of receiving within this Commonwealth on behalf of
19 such corporations, interest, premiums, fees or payments of any
20 kind or of transacting business in any manner within this
21 Commonwealth on behalf of such corporation.

22 * * *

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

25 Section 7. This act shall take effect in ~~30~~ 60 days.

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