

MORTGAGES, RELATING TO
Act of Apr. 29, 1915, P.L. 201, No. 112
AN ACT

Cl. 72

Making mortgages, given by benevolent, charitable, philanthropic, educational, and eleemosynary institutions, corporations, or unincorporated associations, for permanent improvements and refunding purposes, prior liens to the liens of the Commonwealth for the appropriation of moneys; providing a method for the giving of such mortgages, and fixing the duties of the Auditor General and Board of Public Charities in connection therewith.

Section 1. Be it enacted, &c., That whenever hereafter any benevolent, charitable, philanthropic, educational, or eleemosynary institution, corporation, or unincorporated association, in the manner hereinafter provided, shall give its mortgage to secure any bond or other obligation, the proceeds whereof are to be used in making permanent improvements, or to refund any bonds or other obligations secured by mortgage, or both, covering any real estate against which the Commonwealth of Pennsylvania holds any non-interest bearing lien for moneys appropriated, the said mortgage and the lien thereof shall have prior standing, and in all respects be preferred to any and all such non-interest bearing liens.

Section 2. Every institution, corporation, or unincorporated association desiring to give a mortgage for any purpose, as aforesaid, shall present to the Auditor General of the Commonwealth an application, duly verified by the affidavit of its president or other executive officer, setting forth the amount and purpose of the mortgage desired to be given, a description of the real estate to be covered thereby, a list of liens, and, when the mortgage is for the purpose of making improvements, a copy of the plans and specifications that have been adopted. The application, thereupon, shall be referred by the Auditor General to the Board of Public Charities, whose duty it shall be to investigate any and all matters touching the same, and report back its findings, together with any recommendation deemed pertinent.

Section 3. Upon the receipt of said report the Auditor General shall either approve or disapprove the giving of such mortgage; provided he shall not approve the giving of any mortgage, for the purpose of making improvements, unless the Board of Public Charities has found the improvements to be necessary and proper; nor shall he approve the giving of any mortgage, the amount whereof is in excess of fifty per centum of the fair market value of the property to be covered thereby; and, provided further, in approving the giving of any mortgage, for the purpose of making improvements, he may require a bond for the erection and completion of said improvements. If the giving of such mortgage be approved, the Auditor General shall issue to the applicant his certificate of approval; and thereafter such mortgage, with all the rights and privileges

hereof, may be executed and delivered. Every mortgage so delivered shall contain a recital of the approval, as aforesaid, and the purchaser of any bond or other obligation secured thereby shall not be responsible for the faithful application of the proceeds.

Section 4. It shall further be the duty of the Auditor General, upon notice, after the recording of any mortgage given in pursuance of the provisions hereof, to transmit to the prothonotary of the county in which the real estate covered by said mortgage is located, a proper certificate of priority, to be by that officer filed of record and noted in the appropriation lien docket.