

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

**HOUSE BILL**

**No. 613**

Session of  
1977

---

INTRODUCED BY BENNETT, PRATT, L. E. SMITH AND SPENCER,  
MARCH 15, 1977

---

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, MARCH 15, 1977

---

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 additional  
18 investment powers, increasing the mortgage lending powers of  
19 associations and providing for determination of liable  
20 interest on savings account and certificates.

21 The General Assembly of the Commonwealth of Pennsylvania

22 hereby enacts as follows:

23 Section 1. Clause (22) of subsection (a) of section 701 and  
24 sections 902 and 920, act of December 14, 1967 (P.L.746,  
25 No.345), known as the "Savings Association Code of 1967," are  
26 amended to read:

27 Section 701. Powers of Associations.--(a) Every association

1 incorporated pursuant to or operating under the provisions of  
2 this code shall have all of the powers enumerated, authorized,  
3 and permitted by this code and such other rights, privileges and  
4 powers as may be incidental to or reasonably necessary or  
5 appropriate for the accomplishment of the objects and purposes  
6 of the association. Among others, and except as otherwise  
7 limited by the provisions of this code, every association shall  
8 have the following powers:

9 \* \* \*

10 (22) Associations shall have all powers granted to Federal  
11 savings and loan associations except as limited or prohibited by  
12 this act. Associations may invest in such bonds, capital stock  
13 obligations, and other securities that qualify for investment  
14 for any purposes by Federal savings and loan associations. The  
15 department may by regulation supervise the exercise of any  
16 additional powers which associations may acquire by virtue of  
17 this subsection.

18 Section 902. Eighty Percent Loans on Properties Designed  
19 Primarily for Residential Use by Not More Than Four Families.--  
20 An association may make a mortgage loan on the security of real  
21 estate on which there is erected a building, a substantial  
22 portion of which is used as a one to four family residential  
23 structure or upon the security of real estate upon which such a  
24 building is to be erected and the loan is made for financing the  
25 construction of such building. A loan made under this section  
26 shall not exceed eighty percent of the fair market value of the  
27 property. An association may make a mortgage loan which exceeds  
28 eighty percent but does not exceed ninety percent of the fair  
29 market value of a one to four family residential structure or  
30 upon the security of real estate upon which such a building is

1 to be erected and the loan is made for financing the  
2 construction of such building: Provided, That the principle  
3 portion of the loan in excess of seventy-five percent of the  
4 value is insured with a private mortgage guaranty company  
5 licensed to do business in the Commonwealth of Pennsylvania and  
6 approved by the department.

7 Section 920. Loans on the Security of Savings Accounts and  
8 Certificates.--[An] Subject to regulation by the department, an  
9 association may make loans on the security of its savings  
10 accounts and certificates whether or not the borrower is the  
11 owner of such account, provided:

12 (a) The association obtains a lien upon or a pledge of such  
13 savings accounts and certificates as security therefor,

14 (b) The loan shall not exceed the withdrawal value of the  
15 savings account and certificates securing the loan.

16 (c) Notwithstanding different provisions of any other act,  
17 interest on loans secured by the security of savings accounts  
18 and certificates shall not be less than the rate of earnings  
19 paid by the association on the account or certificate securing  
20 the loan and shall not exceed a rate two percent higher than the  
21 rate of earnings paid by the association on the account or  
22 certificate securing the loan.

23 Section 2. This act shall take effect immediately.