

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 613

Session of
1977

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

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
JUNE 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:

1 Section 701. Powers of Associations.--(a) Every association
2 incorporated pursuant to or operating under the provisions of
3 this code shall have all of the powers enumerated, authorized,
4 and permitted by this code and such other rights, privileges and
5 powers as may be incidental to or reasonably necessary or
6 appropriate for the accomplishment of the objects and purposes
7 of the association. Among others, and except as otherwise
8 limited by the provisions of this code, every association shall
9 have the following powers:

10 * * *

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

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

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

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

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

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

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

24 Section 2. This act shall take effect immediately.