

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1458 Session of
1978

INTRODUCED BY ZEMPRELLI, SCHAEFER, HANKINS, DUFFIELD, SCANLON,
DWYER, KUSSE, ANDREWS, ROMANELLI AND LYNCH, APRIL 19, 1978

REFERRED TO BUSINESS AND COMMERCE, APRIL 19, 1978

AN ACT

1 Amending Title 15 (Corporations and Unincorporated Associations)
2 of the Pennsylvania Consolidated Statutes, establishing the
3 Pennsylvania Savings Association Insurance Corporation.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Part III of Title 15, act of November 25, 1970
7 (P.L.707, No.230), known as the Pennsylvania Consolidated
8 Statutes, is amended by adding an article to read:

9 PART III

10 CORPORATIONS NOT-FOR-PROFIT

11 * * *

12 ARTICLE D

13 PENNSYLVANIA SAVINGS ASSOCIATION INSURANCE CORPORATION

14 Sec.

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15 § 8151. Definitions.

16 The following words and phrases when used in this part shall
17 have, unless the context clearly indicates otherwise, the
18 meanings given to them in this section:

19 "Association." Any building, savings, savings and loan or
20 homestead association organized under the laws of this
21 Commonwealth, Federal Savings and Loan Association Incorporated
22 pursuant to the Federal Act of June 13, 1933, known as the
23 "Homeowners' Loan Act of 1933," and further, each such Federal
24 association shall be required to have its principal offices in
25 this Commonwealth and 75% of its total assets invested in this
26 Commonwealth.

27 "Corporation." The Pennsylvania Savings Association
28 Insurance Corporation, hereby created.

29 "Directors." The Board of Directors of the Pennsylvania
30 Savings Association Insurance Corporation.

1 "Insured institution." An association whose accounts are
2 insured by the Federal Savings and Loan Insurance Corporation.

3 "Savings account." Any sum of money deposited with an
4 association in exchange for a promise to pay interest to the
5 depositor.

6 § 8152. Creation; application of General Corporation Law;
7 adoption, application and filing of bylaws; rules and
8 regulations.

9 A nonstock, nonprofit corporation is hereby created, which
10 shall be known as the Pennsylvania Savings Association Insurance
11 Corporation and the members of which shall be certain eligible
12 savings and loan associations of this Commonwealth. Except as
13 otherwise provided in this act, the corporation possesses all
14 the powers, privileges and immunities which now are or hereafter
15 may be conferred on corporations by the general corporation law
16 applicable to corporations organized thereunder. The board of
17 directors may adopt and promulgate bylaws, rules and regulations
18 which conform to the reasonable intent and purposes of this act.
19 The rules and regulations apply to members of the corporation
20 and to associations applying for membership therein. The bylaw,
21 rules and regulations so adopted shall be filed with the
22 Department of State.

23 § 8153. Purposes and powers; accumulated earnings.

24 (a) Purposes.--The purposes of the corporation are to
25 promote the elasticity and flexibility of the resources of
26 member associations, to provide for the liquidity of such
27 associations through a central reserve fund, and to insure the
28 savings accounts in such associations.

29 (b) Powers.--In furtherance of said purposes the corporation
30 has the following powers:

1 (1) To provide for the liquidity of member associations
2 through the creation of a central reserve fund for the
3 purpose of making loans to member associations. The central
4 reserve fund shall not be subject to payment of insurance
5 claims against the corporation by member associations or
6 their account holders or otherwise.

7 (2) To insure the savings accounts in member
8 associations through the creation of a central insurance
9 fund.

10 (3) To borrow money and otherwise incur indebtedness for
11 any of its purposes; to issue its bonds, debentures, notes or
12 other evidences of indebtedness, whether secured or
13 unsecured, therefor; and to secure the same by mortgage,
14 pledge, deed of trust, or other lien on its property, rights,
15 and privileges of every kind and nature or any part thereof.

16 (4) To lend money to, and to guarantee, endorse, or act
17 as surety on the bonds, notes, contracts, or other
18 obligations of or otherwise assist financially, any member
19 association; and to establish and regulate the terms and
20 conditions with respect to any such loans or financial
21 assistance and the charges for interest and service connected
22 therewith;

23 (5) To purchase, receive, hold, lease, or otherwise
24 acquire and to sell, convey, mortgage, lease, pledge or
25 otherwise dispose of, upon such terms and conditions as its
26 board of directors may deem advisable, real and personal
27 property, together with such rights and privileges as may be
28 incidental and appurtenant thereto and the use thereof,
29 including, but not restricted to, any real or personal
30 property acquired by the corporation from time to time in the

1 satisfaction of debts or enforcement of obligations.

2 (6) To invest any of its funds, upon proper
3 authorization thereof by the board of directors, in any of
4 the following:

5 (i) Cash or deposits in checking or savings
6 accounts, or under certificates of deposit in national or
7 State banking institutions, to the extent that such
8 accounts are insured by the Federal Deposit Insurance
9 Corporation.

10 (ii) Savings and loan association savings accounts
11 to the extent that such accounts are insured by the
12 Federal Savings and Loan Insurance Corporation.

13 (iii) Interest bearing bonds, notes, certificates of
14 indebtedness bills, or other obligations of the United
15 States, any state or the District of Columbia, or of any
16 commission, instrumentality, agency, authority or
17 political subdivision thereof having legal authority to
18 issue the same.

19 (iv) Interest bearing bonds, notes or other interest
20 bearing obligations of any corporation created or
21 existing under the laws of the United States, any state,
22 or the District of Columbia.

23 (v) Dividend paying stocks or shares having readily
24 marketable values of any corporation created or existing
25 under the laws of the United States or of any state, may
26 not invest more than 10% of its total assets in such
27 stocks, nor more than 3% of its total assets in the stock
28 of any one corporation.

29 (vi) Loans secured by first mortgages or deeds of
30 trust on otherwise unencumbered fee simple real estate or

1 improved leasehold property in this Commonwealth,
2 provided said loans are purchased from a member
3 association.

4 (vii) Ground rents in this Commonwealth.

5 (viii) Collateral loans secured by pledge of any
6 security hereinabove named.

7 (ix) Direct loans to member associations under the
8 terms and conditions established therefor by the board of
9 directors.

10 (7) To exercise all other corporate powers granted by
11 general law to corporations in this Commonwealth which are
12 not inconsistent herewith and which are necessary or
13 appropriate to the purposes hereof.

14 (c) Accumulated earnings.--The earnings shall be accumulated
15 by the corporation, and no part thereof shall be returned to the
16 member association. The provisions of this subsection shall not
17 prohibit the payment of interest by the corporation to member
18 associations which have made deposits, loans or advances to the
19 central reserve fund.

20 § 8154. Board of directors.

21 (a) Number of directors; initial appointment; election by
22 member associations; qualifications and terms of elective
23 directors.--All of the corporate powers of the corporation shall
24 be exercised by a board of directors, composed of 11 members who
25 initially shall be appointed by the Governor within 60 days of
26 the effective date of this act, with the advice of the Secretary
27 of Banking, and who shall serve until the first annual meeting.
28 After a minimum of 25 associations have become members of the
29 corporation, the first annual meeting of the corporation shall
30 be held, and the member associations of the corporation shall

1 elect eight directors, each of whom shall be a registered voter
2 of the Commonwealth of Pennsylvania and shall reside therein. Of
3 the directors elected at the first annual meeting, three shall
4 be elected for terms of two years each, three shall be elected
5 for terms of three years each, and two shall be elected for
6 terms of four years each; and thereafter all terms shall be for
7 four years each.

8 (b) Appointment by Governor; terms and qualifications of
9 appointive directors.--In addition to the eight directors
10 elected by the member associations as provided in subsection
11 (a), the Governor shall, with the advice of the Secretary of
12 Banking, appoint three directors of the corporation for a term
13 of four years, whose terms shall commence on the date of the
14 first annual meeting of the corporation; and thereafter the
15 Governor, with the advice of the Secretary of Banking, shall
16 appoint directors from time to time to fill these offices of
17 director whenever they become vacant. Any director so appointed
18 shall be a registered voter of the Commonwealth of Pennsylvania
19 who resides in Pennsylvania.

20 (c) Vacancies.--If any vacancy occurs in the membership of
21 any director elected by the members of the corporation, through
22 death, resignation, or otherwise, the remaining directors shall
23 within 60 days elect a person to fill the vacancy of the
24 unexpired term. Any vacancy occurring in the term of director
25 appointed by the Governor shall be filled by the Governor within
26 60 days, with the advice of the Secretary of Banking, for the
27 unexpired term. Upon the expiration of the term of any director,
28 he shall continue as such until his successor has been elected
29 or appointed and has qualified.

30 (d) Chairman; adoption of bylaws, rules and regulations;

1 appointment of officers and employees.--The board of directors
2 shall elect one of its members as chairman of such board, shall
3 adopt bylaws, rules and regulations for the corporation and may
4 appoint such officers and employees as it deems advisable.

5 (e) Quorum.--Six members of the board of directors are a
6 quorum at any meeting thereof.

7 (f) Voting.--In the election of directors and in voting on
8 any other matter legally to come before a meeting of the
9 corporation, each member association of the corporation has one
10 vote, to be cast by a delegate authorized to act by that
11 association. A delegate may not vote on behalf of more than one
12 member association. A majority of the votes so cast shall elect
13 directors or determine any question put to a vote.

14 (g) Service as director or officer of member association.--
15 Not more than three directors of the corporation, at any one
16 time, may be directors or officers of member associations which
17 are insured institutions of the Federal Savings and Loan
18 Insurance Corporation. If at any time a director of this
19 corporation is also a director or officer of an association, and
20 said association becomes an insured institution of the Federal
21 Savings and Loan Insurance Corporation, and such occurrence
22 increases the number of directors, of this corporation, allowed
23 from associations which are insured institutions of the Federal
24 Savings and Loan Insurance Corporation to more than three, the
25 term of such director shall become vacant, and the vacancy shall
26 be filled as provided in subsection (c).

27 (h) Compensation.--The directors of the corporation may
28 receive such reasonable compensation as may be determined by the
29 board of directors.

30 (i) Surety bonds of officers and employees.--The directors

1 of the corporation shall fix the amount of the surety bonds of
2 the officers and employees of the corporation conditioned upon
3 the faithful performance of their duties, as provided in the
4 bylaws of the corporation.

5 § 8155. Qualifications for membership in corporation;
6 withdrawal.

7 The membership of the corporation consists of those
8 associations the quality and soundness of whose financial
9 affairs, solvency, management, and directorship have been
10 certified to the corporation in an expeditious manner, as
11 approved for insurance of savings accounts, by the Secretary of
12 Banking and which have thereupon filed an application for
13 membership accepted by the board of directors, which acceptance
14 shall not be denied except for good cause shown regarding the
15 quality and soundness of their financial affairs, solvency,
16 management or directorship. Every savings and loan association
17 of this Commonwealth may become a member of the corporation and
18 may invest in and pay such assessments, premiums and other
19 charges as may be required for participation in the corporation.
20 Membership in the corporation is for the life of the
21 corporation, subject to the bylaws, rules and regulations of the
22 corporation. Any member may withdraw from the corporation upon
23 written notice given one year in advance of the intended date of
24 withdrawal and upon complying with the bylaws, rules and
25 regulations of the corporation.

26 § 8156. Exchange of information.

27 The laws of this Commonwealth, including but not limited to
28 the act of May 15, 1933 (P.L.565, No.111), known as the
29 "Department of Banking Code," shall be construed and applied so
30 as not to prevent an exchange of information relating to

1 associations and their business, between the Secretary of
2 Banking and representatives of the corporation.

3 § 8157. Faith or credit of State not pledged.

4 Under no circumstances is the faith or credit of the
5 Commonwealth of Pennsylvania pledged herein.

6 § 8158. Bylaws, rules and regulations generally.

7 Within 60 days of its appointment and before the acceptance
8 of the membership of any associations, the board of directors
9 shall promulgate such bylaws, rules and regulations as may be
10 necessary and proper to carry out the provisions hereof and as
11 are not inconsistent herewith. Thereafter, the bylaws, rules and
12 regulations so adopted may be amended or revoked by the board of
13 directors and will become effective upon their adoption. As one
14 of such rules and regulations the board of directors from time
15 to time shall establish a limit on the amount of insurance which
16 may be provided for each separate savings account of an
17 association; and this limit may not exceed by more than the sum
18 of \$10,000, and shall not be less than the amount of prevailing
19 insurance available from the Federal Savings and Loan Insurance
20 Corporation or its successor instrumentality from time to time.

21 § 8159. Corporation or member associations not subject to
22 insurance laws.

23 Neither the corporation, the member associations, nor those
24 persons owning savings accounts therein are subject to the
25 provisions of any Commonwealth laws, concerning insurance, by
26 reason of participation herein.

27 § 8160. Liability of officer or director upon contracts.

28 No officer or director of the corporation, whether appointed,
29 or elected, is personally liable upon any of its contracts
30 legally entered into on behalf of the corporation unless the

1 same by its terms shall expressly obligate him or them.

2 § 8161. Perpetual life.

3 The life of the corporation is perpetual.

4 § 8162. Exemption from taxation.

5 The corporation is exempt from all special and ordinary taxes
6 and from documentary stamp and transfer taxes imposed by this
7 Commonwealth or any political subdivision thereof.

8 § 8163. Application for membership.

9 All applications from associations for membership received by
10 the corporation prior to appointment and organization of the
11 board of directors, shall be referred to the Secretary of
12 Banking. The Secretary of Banking shall examine the affairs of
13 all such applicants and as a result thereof if he finds the
14 applicants to meet the qualifications for membership in the
15 corporation set forth herein under section 8155 (relating to
16 qualifications for membership in corporation; withdrawal), he
17 shall so certify them. The corporation shall not extend the
18 benefits to be accorded to member associations to any applicant
19 until:

20 (1) It has received the report and recommendation as
21 provided herein from the Secretary of Banking as to each such
22 application so filed prior to appointment and organization of
23 the board of directors and has acted thereon; and

24 (2) It has accepted for membership a minimum of 25
25 associations, having savings accounts in the aggregate total
26 of at least \$25,000,000.

27 § 8164. Filing certificate of commencement of business.

28 After the first meeting of the board of directors, a
29 certificate shall be filed by the board of directors with the
30 Department of State certifying that the corporation has

1 commenced business as provided herein. Such certificate shall be
2 conclusive evidence that business was begun.

3 § 8165. Termination of existence.

4 If the corporation fails to insure savings accounts by
5 January 1, 1981, its existence terminates at that time without
6 further action by the General Assembly and the Governor of
7 Pennsylvania, the provisions of this act then are null and void.

8 Section 2. This act shall take effect in 60 days.