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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**SENATE BILL**  
**No. 1252** Session of  
1980

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INTRODUCED BY LEWIS, FEBRUARY 13, 1980

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AS RE-REPORTED FROM COMMITTEE ON LOCAL GOVERNMENT, HOUSE OF  
REPRESENTATIVES, AS AMENDED OCTOBER 1, 1980

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AN ACT

1 Amending the act of July 31, 1968 (P.L.805, No.247), entitled,  
2 as amended, "An act to empower cities of the second class A,  
3 and third class, boroughs, incorporated towns, townships of  
4 the first and second classes including those within a county  
5 of the second class and counties of the second class A  
6 through eighth classes, individually or jointly, to plan  
7 their development and to govern the same by zoning,  
8 subdivision and land development ordinances, planned  
9 residential development and other ordinances, by official  
10 maps, by the reservation of certain land for future public  
11 purpose and by the acquisition of such land; providing for  
12 the establishment of planning commissions, planning  
13 departments, planning committees and zoning hearing boards,  
14 authorizing them to charge fees, make inspections and hold  
15 public hearings; providing for appropriations, appeals to  
16 courts and penalties for violations; and repealing acts and  
17 parts of acts," further providing for financial security for  
18 the completion of certain improvements.

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

21 Section 1. Section 509, act of July 31, 1968 (P.L.805,  
22 No.247), known as the "Pennsylvania Municipalities Planning  
23 Code," amended June 9, 1978 (P.L.460, No.60), is amended to  
24 read:

1       Section 509. Completion of Improvements or Guarantee Thereof  
2 Prerequisite to Final Plat Approval.--No plat shall be finally  
3 approved unless the streets shown on such plat have been  
4 improved to a mud-free or otherwise permanently passable  
5 condition, or improved as may be required by the subdivision and  
6 land development ordinance and any walkways, curbs, gutters,  
7 street lights, fire hydrants, shade trees, water mains, sanitary  
8 sewers, storm drains and other improvements as may be required  
9 by the subdivision and land development ordinance have been  
10 installed in accordance with such ordinance. In lieu of the  
11 completion of any improvements required as a condition for the  
12 final approval of a plat, the subdivision and land development  
13 ordinance shall provide for the deposit with the municipality of  
14 a corporate bond, or other financial security [acceptable to the  
15 governing body] in an amount sufficient to cover the costs of  
16 any improvements or common amenities including, but not limited  
17 to, storm water detention ~~or~~ AND/OR retention basins AND OTHER <—  
18 RELATED DRAINAGE FACILITIES, recreational facilities, open space  
19 improvements, or buffer or screen plantings which may be  
20 required[, which financial security may include among others, a  
21 lending institution letter of credit or a restrictive or escrow  
22 account in a lending institution]. Without limitation as to  
23 other types of financial security which the municipality may  
24 approve, surety bonds, Federal or Commonwealth chartered lending  
25 institution letters of credit and restrictive or escrow accounts  
26 in such lending institutions shall be deemed acceptable  
27 financial security for the purposes of this section. Such  
28 financial security shall be posted with a bonding company or  
29 Federal or Commonwealth chartered lending institution chosen by  
30 the party posting the financial security, provided said bonding

1 company or lending institution is authorized to conduct such  
2 business within the Commonwealth. Such bond, or other security  
3 shall provide for, and secure to the public, the completion of  
4 any improvements which may be required within one year of the  
5 date fixed in the subdivision plat for completion of such  
6 improvements. The amount of financial security shall be equal to <—  
7 NOT EXCEED one hundred ten percent of the cost of the required <—  
8 improvements for which financial security is to be posted. The  
9 cost of the improvements shall be established by submission to  
10 the governing body or the planning agency of bona fide bid or  
11 bids from the contractor or contractors chosen by the party  
12 posting the financial security to complete the improvements or,  
13 in the absence of such bona fide bids, the costs shall be  
14 established by estimate prepared by the municipality's engineer.  
15 If the party posting the financial security requires more than  
16 one year from the date of posting of the financial security to  
17 complete the required improvements, the amount of financial  
18 security may be increased by an additional ten percent for each  
19 one-year period beyond the first anniversary date from posting  
20 of financial security OR TO AN AMOUNT NOT EXCEEDING ONE HUNDRED <—  
21 TEN PERCENT OF THE COST OF COMPLETING THE REQUIRED IMPROVEMENTS  
22 AS REESTABLISHED ON OR ABOUT THE EXPIRATION OF THE PRECEDING  
23 ONE-YEAR PERIOD BY USING THE ABOVE BIDDING PROCEDURE. In the  
24 case where development is projected over a period of years, the  
25 governing body or the planning agency may authorize submission  
26 of final plats by section or stages of development subject to  
27 such requirements or guarantees as to improvements in future  
28 sections or stages of development as it finds essential for the  
29 protection of any finally approved section of the development.  
30 As the work of installing the required improvements proceeds,

1 the party posting the financial security may request the  
2 governing body to release or authorize the release, from time to  
3 time, such portions of the financial security necessary for  
4 payment to the contractor or contractors performing the work.  
5 Any such requests shall be in writing addressed to the governing  
6 body, and the governing body shall have forty-five days from  
7 receipt of such request within which to allow the municipal  
8 engineer to certify, in writing, to the governing body that such  
9 portion of the work upon the improvements has been completed in  
10 accordance with the approved plat. Upon such certification the  
11 governing body shall authorize release by the bonding company or  
12 lending institution of an amount as estimated by the municipal  
13 engineer fairly representing the value of the improvements  
14 completed or, if the governing body fails to act within said  
15 forty-five-day period, the governing body shall be deemed to  
16 have approved the release of funds as requested. The governing  
17 body may, prior to final release at the time of completion and  
18 certification by its engineer, require retention of ten percent  
19 of the estimated cost of the aforesaid improvements. Where the  
20 governing body accepts dedication of all or some of the required  
21 improvements following completion, the governing body may  
22 require the posting of financial security to secure structural  
23 integrity of said improvements AS WELL AS THE FUNCTIONING OF  
24 SAID IMPROVEMENTS IN ACCORDANCE WITH THE DESIGN AND  
25 SPECIFICATIONS AS DEPICTED ON THE FINAL PLAT for a term not to  
26 exceed eighteen months from the date of acceptance of  
27 dedication. Said financial security shall be of the same type as  
28 otherwise required in this section with regard to installation  
29 of such improvements, and the amount of the financial security  
30 shall not exceed fifteen percent of the actual cost of

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1 installation of said improvements. If water mains or sanitary  
2 sewer lines, or both, along with apparatus or facilities related  
3 thereto, are to be installed under the jurisdiction and pursuant  
4 to the rules and regulations of a public utility or municipal  
5 authority separate and distinct from the municipality, financial  
6 security to assure proper completion and maintenance thereof  
7 shall be posted in accordance with the regulations of the  
8 controlling public utility or municipal authority and shall not  
9 be included within the financial security as otherwise required  
10 by this section. If financial security has been provided in lieu  
11 of the completion of improvements required as a condition for  
12 the final approval of a plat as set forth in this section, the  
13 municipality shall not condition the issuance of building,  
14 grading or other permits relating to the erection or placement  
15 of improvements, including buildings, upon the lots or land as  
16 depicted upon the final plat upon actual completion of the  
17 improvements depicted upon the approved final plat. MOREOVER, IF <—  
18 SAID FINANCIAL SECURITY HAS BEEN PROVIDED, OCCUPANCY PERMITS FOR  
19 ANY BUILDING OR BUILDINGS TO BE ERECTED SHALL NOT BE WITHHELD  
20 FOLLOWING: THE IMPROVEMENT OF THE STREETS PROVIDING ACCESS TO  
21 AND FROM EXISTING PUBLIC ROADS TO SUCH BUILDING OR BUILDINGS TO  
22 A MUD-FREE OR OTHERWISE PERMANENTLY PASSABLE CONDITION, AS WELL  
23 AS THE COMPLETION OF ALL OTHER IMPROVEMENTS AS DEPICTED UPON THE  
24 APPROVED PLAT, EITHER UPON THE LOT OR LOTS OR BEYOND THE LOT OR  
25 LOTS IN QUESTION IF SUCH IMPROVEMENTS ARE NECESSARY FOR THE  
26 REASONABLE USE OF OR OCCUPANCY OF THE BUILDING OR BUILDINGS. Any  
27 ordinance or statute inconsistent herewith is hereby expressly  
28 repealed.

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