

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1739

Session of
1981

INTRODUCED BY L. E. SMITH, RYAN, DORR AND BURD, JULY 1, 1981

AS REPORTED FROM BUSINESS AND COMMERCE, HOUSE OF
REPRESENTATIVES, AS AMENDED, OCTOBER 14, 1981

AN ACT

1 Amending the act of November 30, 1965 (P.L.847, No.356),
2 entitled "An act relating to and regulating the business of
3 banking and the exercise by corporations of fiduciary powers;
4 affecting persons engaged in the business of banking and
5 corporations exercising fiduciary powers and affiliates of
6 such persons; affecting the shareholders of such persons and
7 the directors, trustees, officers, attorneys and employes of
8 such persons and of the affiliates of such persons; affecting
9 national banks located in the Commonwealth; affecting persons
10 dealing with persons engaged in the business of banking,
11 corporations exercising fiduciary powers and national banks;
12 conferring powers and imposing duties on the Banking Board,
13 on certain departments and officers of the Commonwealth and
14 on courts, prothonotaries, clerks and recorders of deeds;
15 providing penalties; and repealing certain acts and parts of
16 acts," further providing for investment in fixed assets,
17 purchase of acceptances, COMPETING REGULATED LENDERS, <—
18 deposits in savings banks, deposits by institutions,
19 recognition of Federal legal reserve requirements, revising
20 restrictions on officer and employe loans, conversion of
21 Federal savings banks; easing restrictions on loans to
22 clerical employes of the Department of Banking; placing
23 restrictions against a trust company holding its own stock
24 and; permitting a restricted number of trustees of a savings <—
25 bank to serve as directors of trust companies; DELETING <—
26 CERTAIN RESTRICTIONS ON LOANS; AND PERMITTING CONVERSION OF
27 MUTUAL SAVINGS BANKS INTO STOCK SAVINGS BANKS.

28 The General Assembly of the Commonwealth of Pennsylvania
29 hereby enacts as follows:

30 ~~Section 1. Subsection (c) of section 202, act of November~~ <—

1 ~~30, 1965 (P.L.847, No.356), known as the "Banking Code of 1965,"~~

2 SECTION 1. SUBSECTIONS (J), (X) AND (EE) OF SECTION 102, ACT <—
3 OF NOVEMBER 30, 1965 (P.L.847, NO.356), KNOWN AS THE "BANKING
4 CODE OF 1965," ARE AMENDED TO READ:

5 SECTION 102. DEFINITIONS

6 SUBJECT TO ADDITIONAL DEFINITIONS CONTAINED IN SUBSEQUENT
7 CHAPTERS OF THIS ACT WHICH ARE APPLICABLE TO SPECIFIC CHAPTERS
8 OR SECTIONS THEREOF, THE FOLLOWING WORDS AND PHRASES WHEN USED
9 IN THIS ACT SHALL HAVE, UNLESS THE CONTEXT CLEARLY INDICATES
10 OTHERWISE, THE MEANINGS GIVEN TO THEM IN THIS SECTION:

11 * * *

12 (J) "CAPITAL SECURITIES"--THE SUM OF THE FACE AMOUNT OF
13 ISSUED AND OUTSTANDING SECURITIES OF A BANK, A BANK AND TRUST
14 COMPANY [OR], A TRUST COMPANY OR A STOCK SAVINGS BANK ISSUED
15 PURSUANT TO SECTION 1105 OF THIS ACT.

16 * * *

17 (X) "SAVINGS BANK"--A CORPORATION WITH OR WITHOUT CAPITAL
18 STOCK WHICH EXISTS UNDER THE LAWS OF THIS COMMONWEALTH AND AS A
19 SAVINGS BANK UNDER THE BANKING CODE OF 1933 WAS AUTHORIZED TO
20 ENGAGE IN THE BUSINESS OF RECEIVING SAVINGS DEPOSITS ON THE
21 EFFECTIVE DATE OF THIS ACT OR WHICH RECEIVES AUTHORITY TO ENGAGE
22 IN SUCH BUSINESS PURSUANT TO THIS ACT.

23 * * *

24 (EE) "TRUSTEE"--WITH RESPECT TO A SAVINGS BANK, AN
25 INDIVIDUAL WHO IS A MEMBER OF THE BOARD OF MANAGERS OR BOARD OF
26 TRUSTEES OF THE SAVINGS BANK: PROVIDED, HOWEVER, THAT THE TERM
27 "DIRECTOR" AS USED IN THIS ACT SHALL ALSO INCLUDE A TRUSTEE OF A
28 STOCK SAVINGS BANK.

29 * * *

30 SECTION 2. CLAUSE (III) OF SUBSECTION (A) OF SECTION 112 OF

1 THE ACT, ADDED MARCH 3, 1972 (P.L.104, NO.38), IS AMENDED TO
2 READ:

3 SECTION 112. ACQUISITIONS, AND OFFERS TO ACQUIRE, SHARES
4 OF BANKS, BANK AND TRUST COMPANIES, TRUST
5 COMPANIES AND NATIONAL BANKS

6 (A) DEFINITIONS FOR PURPOSE OF SECTION--THE FOLLOWING WORDS
7 AND PHRASES WHEN USED IN THIS SECTION SHALL HAVE, UNLESS THE
8 CONTEXT CLEARLY INDICATES OTHERWISE, THE FOLLOWING MEANINGS:

9 * * *

10 (III) "INSTITUTION"--A BANK, BANK AND TRUST COMPANY,
11 TRUST COMPANY, [OR] NATIONAL BANK OR STOCK SAVINGS BANK
12 LOCATED IN PENNSYLVANIA.

13 * * *

14 SECTION 3. SUBSECTION (E) OF SECTION 202 OF THE ACT, amended
15 July 23, 1970 (P.L.597, No.199), is amended to read:

16 Section 202. Additional Powers of Incorporated Institutions
17 Related to Conduct of Business

18 An incorporated institution shall have in addition to other
19 powers granted by this act or its articles and subject to the
20 limitations and restrictions contained in this act or in its
21 articles:

22 * * *

23 (e) Ownership of real property--the power to acquire and
24 hold such real property as it:

25 (i) occupies or intends to occupy for the transaction of
26 its business or partly so occupies and partly leases,

27 (ii) acquires for the purpose of providing parking
28 facilities for the use of its customers, officers and
29 employes, or

30 (iii) acquires solely or jointly with others for the

1 purpose of providing data processing facilities for the
2 institution or for the institution and others
3 subject to the limitation that the book value of all such real
4 property, of all furniture, fixtures and equipment acquired in
5 connection with any real property owned or leased by the
6 institution, of all alterations of buildings on real property
7 owned or leased by the institution, of all shares of stock or
8 corporations acquired under subsection (d) of this section, and
9 investments in obligations of or for the benefit of corporations
10 described in subsection (d) of this section or loans upon the
11 security of the stock of such corporations shall not exceed
12 twenty-five percent of the aggregate of surplus, unallocated
13 reserves, undivided profits and subordinated securities in the
14 case of a MUTUAL savings bank, or twenty-five percent of the <—
15 aggregate of capital, surplus, undivided profits and capital
16 securities in the case of any other institution, or such larger
17 amount as may be approved by the department, and subject to the
18 requirement that estimates of costs of any building on real
19 property owned or leased by the institution shall be submitted
20 to the department for its approval prior to the erection
21 thereof;

22 * * *

23 ~~Section 2. Subsections (b) and (c) of section 308,~~ <—
24 ~~subsection (d) of section 407, subsection (c) of section 610 and~~
25 ~~section 702 of the act are amended to read:~~

26 SECTION 4. SUBSECTIONS (A) AND (B) OF SECTION 204 AND <—
27 SUBSECTIONS (B) AND (C) OF SECTION 308 OF THE ACT ARE AMENDED TO
28 READ:

29 SECTION 204. ADOPTION AND CONTENTS OF BY-LAWS

30 (A) INCORPORATED INSTITUTIONS OTHER THAN MUTUAL SAVINGS

1 BANKS--THE SHAREHOLDERS SHALL HAVE THE POWER TO MAKE, ALTER,
2 AMEND AND REPEAL THE BY-LAWS OF AN INCORPORATED INSTITUTION BUT
3 SUCH AUTHORITY MAY BE EXPRESSLY VESTED BY THE ARTICLES OR THE
4 BY-LAWS IN THE BOARD OF DIRECTORS (EXCEPT AS TO BY-LAWS FIXING
5 THE QUALIFICATIONS, CLASSIFICATION OR TERMS OF OFFICE OF
6 DIRECTORS), SUBJECT TO THE POWER OF THE SHAREHOLDERS TO CHANGE
7 SUCH ACTION. UNLESS THE ARTICLES OR BY-LAWS OTHERWISE PROVIDE,
8 THE POWERS HEREBY CONFERRED SHALL BE EXERCISED BY A MAJORITY
9 VOTE OF THE MEMBERS OF THE BOARD OF DIRECTORS, OR BY THE VOTE OF
10 SHAREHOLDERS ENTITLED TO CAST AT LEAST A MAJORITY OF THE VOTES
11 WHICH ALL SHAREHOLDERS ARE ENTITLED TO CAST THEREON, AS THE CASE
12 MAY BE, AT ANY REGULAR OR SPECIAL MEETING DULY CONVENED AFTER
13 NOTICE TO THE DIRECTORS OR SHAREHOLDERS OF THAT PURPOSE.

14 (B) [SAVINGS] MUTUAL SAVINGS BANKS--THE TRUSTEES SHALL HAVE
15 THE POWER TO MAKE, ALTER, AMEND AND REPEAL THE BY-LAWS OF A
16 MUTUAL SAVINGS BANK EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN
17 THIS ACT, OR IN THE ARTICLES OR BY-LAWS OF THE MUTUAL SAVINGS
18 BANK. UNLESS THE ARTICLES OR BY-LAWS OTHERWISE PROVIDE, THE
19 POWERS HEREBY CONFERRED SHALL BE EXERCISED BY A MAJORITY VOTE OF
20 THE TRUSTEES AT ANY REGULAR OR SPECIAL MEETING OF THE TRUSTEES
21 DULY CONVENED AFTER NOTICE TO THEM FOR THAT PURPOSE. THIS
22 SUBSECTION (B) SHALL NOT AFFECT ANY OTHER PLAN FOR THE MAKING OF
23 BY-LAWS CONTAINED IN THE ARTICLES.

24 * * *

25 Section 308. Acceptances

26 * * *

27 (b) Limits on acceptances under subsection (a)--The
28 aggregate amount of acceptances under subsection (a) of this
29 section shall not at any time exceed:

30 (i) for all such acceptances on behalf of one customer,

1 ten percent of capital [and], surplus and undivided profits,
2 exclusive of any acceptance secured by documents of title or
3 other security growing out of the same transaction as the
4 acceptance, and

5 (ii) for all such acceptances:

6 (A) fifty percent of capital [and], surplus and
7 undivided profits, or

8 (B) with the prior written approval of the
9 department, one hundred percent of capital [and], surplus
10 and undivided profits, so long as acceptances growing out
11 of domestic transactions do not exceed fifty percent of
12 capital [and], surplus and undivided profits.

13 (c) Dollar exchange--An institution may, with the prior
14 written approval of the department, accept drafts having not
15 more than three months sight to run drawn upon it by banks or
16 bankers in foreign countries, or in dependencies or insular
17 possessions of the United States, for the purpose of creating
18 dollar exchange as required by the usages of trade where the
19 drafts are drawn in an aggregate amount which shall not at any
20 time exceed:

21 (i) for all such acceptances on behalf of a single bank
22 or banker, ten percent of capital [and], surplus and
23 undivided profits, and

24 (ii) for all such acceptances, fifty percent of capital
25 [and], surplus and undivided profits.

26 SECTION 5. SUBSECTION (D) OF SECTION 311 OF THE ACT IS
27 AMENDED BY ADDING A CLAUSE AND A SECTION IS ADDED TO READ:

28 SECTION 311. TRANSACTIONS WITH RESPECT TO SHARES OF CORPORATE
29 STOCK AND CAPITAL SECURITIES

30 * * *

(D) OWNERSHIP--AN INSTITUTION MAY ACQUIRE AND HOLD:

* * *

(VIII) SHARES OF STOCK OF A STOCK SAVINGS BANK LOCATED
IN PENNSYLVANIA.

* * *

SECTION 319. CHARGING INTEREST AT RATES PERMITTED COMPETING
LENDERS.

ANY LOANS AUTHORIZED BY THIS ACT MAY BE MADE AT SUCH
INTEREST, FINANCE CHARGE, RATE OR TERMS HEREIN AUTHORIZED OR AT
ANY INTEREST, FINANCE CHARGE, RATE OR TERMS PERMITTED BY
PENNSYLVANIA LAW FOR ANY OTHER FINANCIAL INSTITUTION OR ANY
OTHER LENDER REGULATED BY ANY STATE OR FEDERAL SUPERVISORY
AUTHORITY ON THE SPECIFIED CLASS OF LOAN.

SECTION 6. SUBSECTION (D) OF SECTION 407 OF THE ACT IS
AMENDED TO READ:

Section 407. Provisions Applicable to Trust Companies

* * *

(d) Limitation on dealings in own shares--may not acquire or
hold for its own account any shares of its own stock, except as
specifically provided by this act.

SECTION 7. CLAUSE (VI) OF SUBSECTION (B) OF SECTION 504 OF
THE ACT, AMENDED NOVEMBER 27, 1968 (P.L.1104, NO.345), IS
AMENDED TO READ:

SECTION 504. INVESTMENTS

* * *

(B) AUTHORITY UNDER THIS ACT OR OTHER STATUTES--EXCEPT AS
OTHERWISE PROVIDED IN ITS ARTICLES, A SAVINGS BANK MAY, IN
ADDITION TO INVESTMENTS AUTHORIZED BY ITS ARTICLES, OTHER
PROVISIONS OF THIS ACT OR OTHER STATUTES, MAKE INVESTMENTS IN:

* * *

(VI) SHARES OF PREFERRED STOCK, GUARANTEED STOCK OR
COMMON STOCK OF A CORPORATION OR SIMILAR ENTITY EXISTING
UNDER THE LAWS OF THE UNITED STATES, ANY STATE OR THE
DISTRICT OF COLUMBIA, SUBJECT TO:

(A) THE PRUDENT MAN RULE,

(B) A LIMIT FOR THE AGGREGATE COST OF ALL SHARES
ACQUIRED PURSUANT TO THIS SUBSECTION (VI) OF THE LESSER
OF SEVEN AND ONE-HALF PERCENT[,] OF THE BOOK VALUE OF THE
ASSETS OF THE SAVINGS BANK OR SEVENTY-FIVE PERCENT OF THE
AGGREGATE OF ITS:

(I) SURPLUS, UNALLOCATED RESERVES, UNDIVIDED
PROFITS AND SUBORDINATED SECURITIES, IN THE CASE OF A
MUTUAL SAVINGS BANK, OR

(II) CAPITAL, SURPLUS AND CAPITAL SECURITIES, IN
THE CASE OF A STOCK SAVINGS BANK, AT THE TIME OF
ACQUISITION OF EACH OF SUCH SHARES,

(C) A LIMIT FOR THE AGGREGATE COST OF ALL SHARES OF
ONE ISSUER OF ONE-FIFTH OF ONE PERCENT OF THE BOOK VALUE
OF THE ASSETS OF THE SAVINGS BANK AT THE RESPECTIVE TIMES
OF ACQUISITION OF EACH OF SUCH SHARES, AND

(D) A LIMIT FOR THE AGGREGATE NUMBER OF SHARES OF
ONE ISSUER OF FIVE PERCENT OF THE TOTAL NUMBER OF ISSUED
AND OUTSTANDING SHARES OF SUCH ISSUER AT THE RESPECTIVE
TIMES OF ACQUISITION OF EACH OF SUCH SHARES;

* * *

SECTION 8. CLAUSE (VI) OF SUBSECTION (A) OF SECTION 506 OF
THE ACT, ADDED APRIL 16, 1981 (P.L.9, NO.4), IS AMENDED TO READ:
SECTION 506. LENDING POWERS; DIRECT LEASING OF PERSONAL
PROPERTY

(A) A SAVINGS BANK MAY:

1 * * *

2 (VI) IN THE CASE OF A SAVINGS BANK WHICH HAS ELECTED TO
3 EXERCISE THE CONDITIONAL POWERS PROVIDED IN SECTION 513, MAKE
4 SECURED OR UNSECURED LOANS FOR PERSONAL, FAMILY OR HOUSEHOLD
5 PURPOSES, AND SUBJECT TO REGULATION BY THE DEPARTMENT, ISSUE
6 CREDIT CARDS, EXTEND CREDIT IN CONNECTION THEREWITH, AND
7 OTHERWISE ENGAGE IN OR PARTICIPATE IN CREDIT CARD OPERATIONS,
8 EXCEPT THAT THE TOTAL AMOUNT OF SUCH LOANS OR EXTENSIONS OF
9 CREDIT SHALL NOT EXCEED TWENTY PERCENT OF THE ASSETS OF SUCH
10 SAVINGS BANK. IN ANY LOAN OR EXTENSION OF CREDIT MADE UNDER
11 THE AUTHORITY OF THIS CLAUSE A SAVINGS BANK MAY CHARGE OR
12 IMPOSE ANY RATE OR CHARGE WHICH COULD BE IMPOSED BY A BANK IN
13 CONNECTION WITH ANY SUCH LOAN OR EXTENSION OF CREDIT [UNDER
14 SECTION 309 OF THIS ACT AND UNDER THE ACT OF OCTOBER 28, 1966
15 (SP.SESS. NO.1, P.L.55, NO.7), KNOWN AS THE "GOODS AND
16 SERVICES INSTALLMENT SALES ACT," AS IN EFFECT ON SEPTEMBER
17 30, 1980] AND SHALL BE SUBJECT TO THE SAME RESTRICTIONS AND
18 LIMITATIONS IMPOSED UPON A BANK IN CONNECTION WITH SUCH LOAN
19 OR EXTENSION OF CREDIT [UNDER SUCH SECTION AND ACT].

20 A SAVINGS BANK MAY NOT LEND MONEY OR DISCOUNT OR PURCHASE
21 EVIDENCES OF INDEBTEDNESS OR AGREEMENTS FOR THE PAYMENT OF MONEY
22 EXCEPT AS PROVIDED IN SECTIONS 504 AND 505 AND IN THIS
23 SUBSECTION (A).

24 * * *

25 SECTION 9. SECTION 509, SUBSECTIONS (A) AND (B) OF SECTION
26 510, SUBSECTION (C) OF SECTION 610 AND SECTION 702 OF THE ACT
27 ARE AMENDED TO READ:

28 SECTION 509. SURPLUS

29 A MUTUAL SAVINGS BANK MAY ACCUMULATE AND RETAIN A SURPLUS NOT
30 IN EXCESS OF TWENTY-FIVE PERCENT OF THE AGGREGATE OF ITS

1 DEPOSITS. IF ITS SURPLUS SHOULD EXCEED SUCH AMOUNT AT THE END OF
2 ANY FISCAL YEAR, ITS BOARD OF TRUSTEES SHALL DIVIDE SUCH EXCESS
3 PRO RATA AMONG THE DEPOSITORS HOLDING ACCOUNTS ON THE LAST DAY
4 OF SUCH FISCAL YEAR.

5 SECTION 510. LIABILITY FOR UNLAWFUL DISTRIBUTIONS

6 (A) PROHIBITION--THE TRUSTEES OF A MUTUAL SAVINGS BANK SHALL
7 NOT DECLARE OR PAY INTEREST OR AUTHORIZE OR RATIFY THE
8 DISTRIBUTION OF ANY PART OF ITS ASSETS TO DEPOSITORS OR OTHERS,
9 EXCEPT AS AUTHORIZED BY THIS ACT.

10 (B) TRUSTEES LIABLE--THE TRUSTEES UNDER WHOSE ADMINISTRATION
11 AN UNLAWFUL PAYMENT OF INTEREST OR DISTRIBUTION IS MADE SHALL BE
12 JOINTLY AND SEVERALLY LIABLE TO THE [INSTITUTION] MUTUAL SAVINGS
13 BANK FOR THE AMOUNT THEREOF EXCEPT:

14 (I) A TRUSTEE WHO VOICED HIS DISSENT AT THE MEETING AT
15 WHICH THE ACTION WAS AUTHORIZED AND REQUESTED THAT HIS
16 DISSENT BE ENTERED ON THE MINUTES OF THE MEETING OR WHO, IF
17 HE WAS ABSENT AT THE TIME, PROMPTLY UPON LEARNING OF THE
18 ACTION FILED HIS WRITTEN OBJECTION THERETO WITH THE SECRETARY
19 OF THE SAVINGS BANK, OR

20 (II) A TRUSTEE WHO RELIED AND ACTED UPON FINANCIAL
21 STATEMENTS OF THE SAVINGS BANK REPRESENTED TO HIM TO BE
22 CORRECT BY THE PRESIDENT OF THE SAVINGS BANK OR BY AN OFFICER
23 RESPONSIBLE FOR ITS ACCOUNTS OR STATED IN A WRITTEN REPORT BY
24 AN INDEPENDENT PUBLIC OR CERTIFIED PUBLIC ACCOUNTANT OR FIRM
25 OF SUCH ACCOUNTANTS FAIRLY TO REFLECT THE FINANCIAL CONDITION
26 OF THE SAVINGS BANK.

27 * * *

28 Section 610. Deposits by an Institution

29 * * *

30 (c) Amount of deposit--An institution shall not have on

1 deposit in a single depository at any time an amount which is in
2 excess of ten percent of the aggregate of its surplus, undivided
3 profits and unallocated reserves in the case of a MUTUAL savings <—
4 bank, in excess of ten percent of its net worth in the case of a
5 private bank [or employees' mutual banking association] or in
6 excess of ten percent of its capital [and], surplus and
7 undivided profits in the case of any other institution, without
8 the approval of the depository for that purpose by the
9 department.

10 Section 702. Definitions for Purpose of Reserve Requirement

11 For the purposes of the reserve requirement imposed by
12 section 703 and the composition of the required reserve fund
13 under section 704, the terms:

14 [(a) "demand deposits" shall mean the aggregate of deposits
15 which can be required to be paid on demand or within less than
16 thirty days after demand;

17 (b) "time deposits" shall mean deposits which cannot be
18 required to be paid within less than thirty days;

19 (c)] (a) "reserve agent" shall mean a depository of the
20 institution selected as provided in section 610 and approved by
21 the department for the deposit of funds included in the required
22 reserve fund; and

23 [(d)] (b) "instrumentality of the United States" shall mean
24 the Federal National Mortgage Association, a Federal Land Bank,
25 a Federal Home Loan Bank, a Bank for Cooperatives and a Federal
26 Intermediate Credit Bank.

27 Section ~~3~~ 10. Section 703 of the act, amended May 21, 1980 <—
28 (P.L.173, No.51), is amended to read:

29 Section 703. Requirement of Reserve Fund

30 (a) An institution which is not [a member] subject to

1 reserve fund requirements of the Federal Reserve System shall
2 maintain at all times a reserve fund in an amount fixed by
3 regulation of the department[:].

4 [(i) in the case of a savings bank, in the same amount
5 fixed for demand deposits of other institutions for all
6 deposits of the savings bank subject to withdrawal by
7 negotiable or transferable instruments of withdrawal and not
8 in excess of six percent and not less than three percent of
9 the total of other deposits, and

10 (ii) in the case of any other institution, not in excess
11 of the aggregate of twenty-two percent of demand deposits and
12 six percent of other deposits and not less than the aggregate
13 of seven percent of demand deposits and three percent of
14 other deposits.]

15 The amount of the required reserve for each day shall be
16 computed on the basis of average daily deposits covering such
17 bi-weekly or shorter periods as shall be fixed by regulation of
18 the department.

19 (b) An institution which is [a member] subject to reserve
20 fund requirements of the Federal Reserve System shall maintain
21 at all times a reserve fund in accordance with the requirements
22 [applicable to a member bank under] of the laws of the United
23 States.

24 SECTION 11. SUBSECTION (A) OF SECTION 903 OF THE ACT IS <—
25 AMENDED TO READ:

26 SECTION 903. CHANGE OF LOCATION OF OFFICE

27 (A) CHANGE OF PRINCIPAL PLACE OF BUSINESS--AN INSTITUTION
28 MAY, WITH THE PRIOR WRITTEN APPROVAL OF THE DEPARTMENT AND, IN
29 THE CASE OF AN INCORPORATED INSTITUTION BY AMENDMENT OF ITS
30 ARTICLES, CHANGE THE LOCATION OF ITS PRINCIPAL PLACE OF BUSINESS

TO A NEW LOCATION:

(I) IN THE SAME CITY, INCORPORATED TOWN, BOROUGH OR
TOWNSHIP, OR

(II) IN THE SAME COUNTY OR IN A COUNTY CONTIGUOUS THERETO
IF

(A) THE TOTAL OF ITS SURPLUS, UNALLOCATED RESERVES
AND UNDIVIDED PROFITS IN THE CASE OF A MUTUAL SAVINGS
BANK, OR ITS NET WORTH IN THE CASE OF A PRIVATE BANK OR
EMPLOYES' MUTUAL BANKING ASSOCIATION, AT LEAST EQUALS A
MINIMUM AMOUNT SPECIFIED BY THE DEPARTMENT, OR

(B) IN THE CASE OF ANY OTHER INSTITUTION, ITS CAPITAL
AND SURPLUS ARE AT LEAST EQUAL TO THE MINIMUM CAPITAL AND
SURPLUS WHICH WOULD BE REQUIRED BY THIS ACT UPON ORIGINAL
INCORPORATION WITH A PRINCIPAL PLACE OF BUSINESS IN THE
CITY, INCORPORATED TOWN, BOROUGH OR TOWNSHIP OF THE NEW
LOCATION AND, IF THE INSTITUTION HAS BRANCHES, IT HAS THE
ADDITIONAL CAPITAL AND SURPLUS REQUIRED BY THIS ACT FOR
THE ESTABLISHMENT OF SUCH BRANCHES.

* * *

SECTION 12. SUBSECTION (B) OF SECTION 904 OF THE ACT,
AMENDED JULY 23, 1970 (P.L.597, NO.199) AND OCTOBER 5, 1978
(P.L.1131, NO.265), IS AMENDED TO READ:

SECTION 904. AUTHORIZATION OF NEW BRANCHES

* * *

(B) EXCEPT AS PROVIDED IN SUBSECTION (A) OF THIS SECTION AND
IN SECTIONS 907 AND 908, AN INSTITUTION MAY ESTABLISH A BRANCH
AFTER THE EFFECTIVE DATE OF THIS ACT ONLY IN THE SAME COUNTY IN
WHICH ITS PRINCIPAL PLACE OF BUSINESS IS LOCATED OR IN A COUNTY
CONTIGUOUS THERETO, AND ONLY UPON COMPLIANCE WITH THE FOLLOWING
REQUIREMENTS:

1 (I) THE PROPOSED BRANCH SHALL BE AUTHORIZED BY
2 RESOLUTION OF ITS BOARD OF DIRECTORS OR TRUSTEES, OR IN THE
3 CASE OF A PRIVATE BANK ITS OWNERS,

4 (II) THE INSTITUTION, IN THE CASE OF A BANK, A BANK AND
5 TRUST COMPANY, [OR] A TRUST COMPANY OR A STOCK SAVINGS BANK,
6 SHALL HAVE, IN ADDITION TO THE MINIMUM CAPITAL AND SURPLUS
7 REQUIRED UNDER SECTIONS 1102 AND 1103, SUCH ADDITIONAL
8 AMOUNTS OF CAPITAL AND SURPLUS AS MAY BE REQUIRED IN THE
9 DISCRETION OF THE DEPARTMENT, OR IN THE CASE OF A MUTUAL
10 SAVINGS BANK SHALL HAVE AT LEAST THE TOTAL OF SURPLUS,
11 UNALLOCATED RESERVES AND UNDIVIDED PROFITS REQUIRED BY THE
12 DEPARTMENT OR IN THE CASE OF A PRIVATE BANK SHALL HAVE AT
13 LEAST THE NET WORTH REQUIRED BY THE DEPARTMENT,

14 (III) IF THE LOCATION OF THE PROPOSED BRANCH IS OUTSIDE
15 OF THE CITY, INCORPORATED TOWN, BOROUGH OR TOWNSHIP IN WHICH
16 THE PRINCIPAL PLACE OF BUSINESS OF THE INSTITUTION IS
17 LOCATED, THE INSTITUTION SHALL GIVE WRITTEN NOTICE OF THE
18 FILING OF THE APPLICATION FOR APPROVAL OF THE BRANCH TO EACH
19 OTHER INSTITUTION WHOSE PRINCIPAL PLACE OF BUSINESS IS
20 LOCATED IN THE COUNTY OF THE LOCATION OF THE PROPOSED BRANCH,
21 AND

22 (IV) THE DEPARTMENT SHALL GIVE ITS WRITTEN APPROVAL OF
23 THE BRANCH AFTER THE FILING BY THE INSTITUTION OF AN
24 APPLICATION FOR APPROVAL IN A FORM PRESCRIBED BY THE
25 DEPARTMENT ACCOMPANIED BY ANY APPLICABLE FEE AND AFTER
26 INVESTIGATION BY THE DEPARTMENT.

27 SECTION 13. SUBSECTION (A) OF SECTION 1002, SECTION 1004,
28 SUBSECTION (A) OF SECTION 1007, SUBSECTION (A) OF SECTION 1009,
29 SUBSECTION (B) OF SECTION 1010, SECTION 1101, SUBSECTION (B) OF
30 SECTION 1102 AND SECTIONS 1201 AND 1301 OF THE ACT ARE AMENDED

1 TO READ:

2 SECTION 1002. INCORPORATORS

3 (A) AN INSTITUTION MAY BE INCORPORATED BY:

4 (I) FIFTEEN OR MORE ADULTS, IN THE CASE OF A MUTUAL
5 SAVINGS BANK, AND

6 (II) THREE OR MORE ADULTS WHO SHALL EACH SUBSCRIBE TO
7 SHARES OF COMMON STOCK WITH AN AGGREGATE PAR VALUE OF AT
8 LEAST ONE THOUSAND DOLLARS (\$1,000), IN THE CASE OF ANY OTHER
9 INSTITUTION.

10 * * *

11 SECTION 1004. ARTICLES OF INCORPORATION

12 (A) EXECUTION--ARTICLES OF INCORPORATION SHALL BE SIGNED BY
13 AT LEAST FIVE OF THE INCORPORATORS IN THE CASE OF A MUTUAL SINGS
14 BANK AND BY EACH OF THE INCORPORATORS IN ANY OTHER CASE.

15 (B) CONTENTS--THE ARTICLES SHALL SET FORTH IN THE ENGLISH
16 LANGUAGE:

17 (I) THE NAME OF THE INSTITUTION;

18 (II) THE LOCATION AND POST OFFICE ADDRESS OF ITS
19 PRINCIPAL PLACE OF BUSINESS;

20 (III) A BRIEF STATEMENT OF THE PURPOSE OR PURPOSES FOR
21 WHICH IT IS INCORPORATED AND THAT IT IS INCORPORATED UNDER
22 THE PROVISIONS OF THIS ACT;

23 (IV) THE TERM FOR WHICH IT IS TO EXIST WHICH MAY BE
24 PERPETUAL;

25 (V) EXCEPT IN THE CASE OF A MUTUAL SAVINGS BANK, THE
26 AGGREGATE NUMBER OF SHARES WHICH THE INSTITUTION SHALL HAVE
27 AUTHORITY TO ISSUE AND

28 (A) IF THE SHARES ARE TO CONSIST OF ONE CLASS ONLY,
29 THE PAR VALUE OF EACH OF THE SHARES, OR

30 (B) IF THE SHARES ARE TO BE DIVIDED INTO CLASSES, THE

1 NUMBER OF SHARES OF EACH CLASS, THE PAR VALUE OF EACH
2 SHARE OF EACH CLASS, A DESCRIPTION OF EACH CLASS AND A
3 STATEMENT OF THE PREFERENCES, REDEMPTION PROVISIONS,
4 QUALIFICATIONS, LIMITATIONS, RESTRICTIONS AND THE SPECIAL
5 OR RELATIVE RIGHTS GRANTED TO OR IMPOSED UPON THE SHARES
6 OF EACH CLASS;

7 (VI) THE NAME, OCCUPATION, CITIZENSHIP, PLACE OF
8 RESIDENCE AND POST-OFFICE ADDRESS OF EACH INCORPORATOR AND,
9 EXCEPT IN THE CASE OF A MUTUAL SAVINGS BANK, THE NUMBER OF
10 SHARES TO WHICH HE HAS SUBSCRIBED;

11 (VII) THE NAME, OCCUPATION, CITIZENSHIP, PLACE OF
12 RESIDENCE AND POST-OFFICE ADDRESS, IN THE CASE OF A SAVINGS
13 BANK, OF EACH OF THE FIRST TRUSTEES AND, IN ANY OTHER CASE,
14 OF EACH OF THE FIRST DIRECTORS WHO SHALL SERVE UNTIL THE
15 FIRST ANNUAL MEETING;

16 (VIII) EXCEPT IN THE CASE OF A MUTUAL SAVINGS BANK, ANY
17 PROVISION WHICH THE INCORPORATORS MAY CHOOSE TO INSERT
18 GRANTING TO SHAREHOLDERS PREEMPTIVE RIGHTS TO SUBSCRIBE TO
19 ISSUES OF SHARES OR SECURITIES OF THE INSTITUTION; AND

20 (IX) ANY PROVISION NOT INCONSISTENT WITH LAW WHICH THE
21 INCORPORATORS MAY CHOOSE TO INSERT FOR THE REGULATION OF THE
22 INTERNAL AFFAIRS AND BUSINESS OF THE INSTITUTION.

23 SECTION 1007. APPROVAL OF PROPOSED INSTITUTION BY DEPARTMENT

24 (A) UPON RECEIPT OF AN APPLICATION FOR APPROVAL OF A
25 PROPOSED INSTITUTION THE DEPARTMENT SHALL CONDUCT SUCH
26 INVESTIGATION AS IT MAY DEEM NECESSARY TO ASCERTAIN WHETHER:

27 (I) THE ARTICLES AND SUPPORTING ITEMS SATISFY THE
28 REQUIREMENTS OF THIS ACT;

29 (II) THE CONVENIENCE AND NEEDS OF THE PUBLIC WILL BE
30 SERVED BY THE PROPOSED INSTITUTION;

1 (III) THE POPULATION DENSITY OR OTHER ECONOMIC
2 CHARACTERISTICS OF THE AREA PRIMARILY TO BE SERVED BY THE
3 PROPOSED INSTITUTION AFFORD REASONABLE PROMISE OF ADEQUATE
4 SUPPORT FOR THE INSTITUTION;

5 (IV) THE CHARACTER AND FITNESS OF THE INCORPORATORS, OF
6 THE DIRECTORS OR TRUSTEES AND OF THE PROPOSED OFFICERS ARE
7 SUCH AS TO COMMAND THE CONFIDENCE OF THE COMMUNITY AND TO
8 WARRANT THE BELIEF THAT THE BUSINESS OF THE PROPOSED
9 INSTITUTION WILL BE HONESTLY AND EFFICIENTLY CONDUCTED;

10 (V) THERE HAS BEEN OR WILL BE ANY VIOLATION OF SECTION
11 1003;

12 (VI) EXCEPT IN THE CASE OF A MUTUAL SAVINGS BANK, THE
13 CAPITAL STRUCTURE OF THE PROPOSED INSTITUTION IS ADEQUATE IN
14 RELATION TO THE AMOUNT AND CHARACTER OF THE ANTICIPATED
15 BUSINESS OF THE INSTITUTION AND THE SAFETY OF PROSPECTIVE
16 DEPOSITORS; AND

17 (VII) THE PROPOSED INSTITUTION WILL HAVE SUFFICIENT
18 PERSONNEL WITH ADEQUATE KNOWLEDGE AND EXPERIENCE TO
19 ADMINISTER FIDUCIARY ACCOUNTS, IF THE INSTITUTION WERE
20 AUTHORIZED TO ACT AS FIDUCIARY.

21 * * *

22 SECTION 1009. EFFECT OF FILING OF ARTICLES IN DEPARTMENT OF
23 STATE AND OF CERTIFICATE OF INCORPORATION

24 (A) AS OF THE FILING OF THE ARTICLES IN THE DEPARTMENT OF
25 STATE, THE CORPORATE EXISTENCE OF THE INSTITUTION SHALL BEGIN
26 AND, EXCEPT IN THE CASE OF A MUTUAL SAVINGS BANK, THOSE PERSONS
27 WHO SUBSCRIBED FOR SHARES PRIOR TO SUCH FILING OF THE ARTICLES,
28 OR THEIR ASSIGNEES, SHALL BE SHAREHOLDERS IN THE INSTITUTION.

29 * * *

30 SECTION 1010. CERTIFICATE OF AUTHORIZATION TO DO BUSINESS

1 * * *

2 (B) THE DEPARTMENT SHALL ISSUE TO AN INSTITUTION A
3 CERTIFICATE OF AUTHORIZATION TO DO BUSINESS WHEN:

4 (I) EXCEPT IN THE CASE OF A MUTUAL SAVINGS BANK, CAPITAL
5 OF THE INSTITUTION SHALL HAVE BEEN FULLY PAID IN, IN AN
6 AMOUNT SPECIFIED BY THE DEPARTMENT AND IN NO EVENT LESS THAN
7 THE MINIMUM CAPITAL FOR THE INSTITUTION UNDER THE PROVISIONS
8 OF SECTION 1102 AND, IN ADDITION, THERE SHALL HAVE BEEN PAID
9 IN:

10 (A) SURPLUS IN AN AMOUNT NOT LESS THAN FIFTY PERCENT
11 OF THE CAPITAL PAID IN,

12 (B) AN EXPENSE FUND IN AN AMOUNT FIXED BY THE
13 DEPARTMENT AT NOT LESS THAN FIVE PERCENT OF THE CAPITAL
14 PAID IN, AND

15 (C) THE PROCEEDS OF CAPITAL SECURITIES, IF ANY,
16 WHICH WERE CONSIDERED PART OF THE CAPITAL STRUCTURE OF
17 THE INSTITUTION BY THE DEPARTMENT UNDER SECTION
18 1007(A)(VI) IN GIVING ITS APPROVAL OF THE PROPOSED
19 INSTITUTION;

20 (II) AN EXPENSE FUND, IN THE CASE OF A MUTUAL SAVINGS
21 BANK, SHALL HAVE BEEN PAID IN, IN AN AMOUNT FIXED BY THE
22 DEPARTMENT, SUBJECT TO REIMBURSEMENT TO THE CONTRIBUTORS
23 THEREOF ONLY OUT OF EARNINGS AFTER THE MUTUAL SAVINGS BANK
24 HAS ACCUMULATED OUT OF EARNINGS AN EXPENSE FUND AT LEAST
25 EQUAL TO THE AMOUNT OF THE ORIGINAL EXPENSE FUND AND SURPLUS
26 IN AN AMOUNT AT LEAST EQUAL TO THE AMOUNT OF SUCH EXPENSE
27 FUND;

28 (III) A MAJORITY OF THE DIRECTORS OR TRUSTEES HAVE TAKEN
29 THE OATH OR AFFIRMATION REQUIRED BY SECTION 1406;

30 (IV) THE BY-LAWS OF THE INSTITUTION HAVE BEEN FILED WITH

THE DEPARTMENT;

(V) THE INSTITUTION HAS BEEN ORGANIZED AND IS READY TO
BEGIN THE BUSINESS FOR WHICH IT WAS INCORPORATED;

(VI) ALL CONDITIONS IMPOSED BY THE DEPARTMENT IN GIVING
ITS APPROVAL OF THE PROPOSED INSTITUTION UNDER SECTION 1007
HAVE BEEN SATISFIED; AND

(VII) THE DEPARTMENT HAS RECEIVED AN AFFIDAVIT SIGNED BY
THE CASHIER OR TREASURER AND BY AT LEAST A MAJORITY OF THE
DIRECTORS OR TRUSTEES OF THE INSTITUTION TO THE EFFECT THAT
ALL OF THE FOREGOING REQUIREMENTS OF THIS SUBSECTION HAVE
BEEN SATISFIED.

SECTION 1101. APPLICATION OF CHAPTER

THIS CHAPTER SHALL APPLY TO, AND THE WORD "INSTITUTION" IN
THE CHAPTER SHALL MEAN, A BANK, A BANK AND TRUST COMPANY, [AND]
A TRUST COMPANY AND A STOCK SAVINGS BANK.

SECTION 1102. MINIMUM CAPITAL

* * *

(B) NEW INSTITUTIONS--THE MINIMUM CAPITAL OF AN INSTITUTION
WHICH IS INCORPORATED PURSUANT TO THIS ACT, OR OF A BANK WHICH
BECOMES A BANK AND TRUST COMPANY PURSUANT TO THIS ACT, OR OF A
STOCK SAVINGS BANK WHICH IS CONVERTED FROM A MUTUAL SAVINGS BANK
PURSUANT TO THIS ACT, SHALL DEPEND UPON THE POPULATION,
ACCORDING TO THE LAST UNITED STATES CENSUS, OF THE CITY,
INCORPORATED TOWN, BOROUGH OR TOWNSHIP WHERE ITS PRINCIPAL PLACE
OF BUSINESS IS LOCATED AND SHALL BE AS FOLLOWS:

| POPULATION OF LOCATION OF | BANK AND TRUST COMPANY | |
|-----------------------------|------------------------|------------------|
| PRINCIPAL PLACE OF BUSINESS | BANK | OR TRUST COMPANY |
| LESS THAN 6,000 | \$ 50,000 | \$150,000 |
| 6,000 TO 50,000 | \$100,000 | \$200,000 |
| MORE THAN 50,000 | \$200,000 | \$300,000 |

1 SECTION 1201. APPLICATION OF CHAPTER

2 THIS CHAPTER SHALL APPLY TO, AND THE WORD "INSTITUTION" IN
3 THIS CHAPTER SHALL MEAN, A BANK, A BANK AND TRUST COMPANY [AND],
4 A TRUST COMPANY AND A STOCK SAVINGS BANK.

5 SECTION 1301. APPLICATION OF CHAPTER

6 THIS CHAPTER SHALL APPLY TO, AND THE WORD "INSTITUTION" IN
7 THIS CHAPTER SHALL MEAN, A BANK, A BANK AND TRUST COMPANY [AND],
8 A TRUST COMPANY AND A STOCK SAVINGS BANK.

9 Section 4 14. Subsection (a) of section 1403 of the act, <—
10 amended July 30, 1975 (P.L.108, No.56), is amended and a
11 subsection is added to read:

12 Section 1403. Number, Qualifications and Eligibility of
13 Directors or Trustees

14 (a) Number--The by-laws may fix the number of trustees of a
15 savings bank at not less than [eleven] seven. The by-laws of any
16 other institution may fix the number of directors at not less
17 than five or more than twenty-five and may provide that the
18 board may, within such limitation, increase the number of
19 directors by not more than two in any one year.

20 * * *

21 (d) Authorization--Subject to the provisions of this act:

22 (i) No more than two trustees of a savings bank may
23 serve at the same time as directors of a trust company which
24 does not make real estate mortgage loans and does not accept
25 savings deposits from persons.

26 (ii) No more than two directors of a trust company which
27 does not make real estate mortgage loans and does not accept
28 savings deposits from persons may serve at the same time as
29 trustees of a savings bank.

30 ~~Section 5. Section 1414 of the act is amended to read:~~ <—

1 SECTION 15. SUBSECTION (A) OF SECTION 1404 AND SECTION 1414 <—
2 OF THE ACT ARE AMENDED TO READ:

3 SECTION 1404. TERM OF OFFICE OF DIRECTORS OR TRUSTEES;

4 VACANCIES; CLASSIFICATION OF DIRECTORS

5 (A) TERM OF OFFICE--EACH TRUSTEE OF A MUTUAL SAVINGS BANK
6 SHALL, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN ITS
7 ARTICLES, HOLD OFFICE UNTIL HE RESIGNS, IS REMOVED OR BECOMES
8 DISQUALIFIED AND EACH DIRECTOR OF ANY OTHER INSTITUTION SHALL
9 HOLD OFFICE UNTIL HE RESIGNS, IS REMOVED, BECOMES DISQUALIFIED
10 OR UNTIL HIS SUCCESSOR SHALL HAVE BEEN DULY ELECTED AND
11 QUALIFIED. DIRECTORS SHALL BE ELECTED BY THE SHAREHOLDERS FOR A
12 TERM OF ONE YEAR EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER OR
13 IN THE ARTICLES OR THE BY-LAWS.

14 * * *

15 Section 1414. Preferential Rates of Interest

16 (a) Preferences prohibited--An institution shall not pay to
17 any director, trustee, executive officer or attorney a higher
18 rate of interest on deposits than the rate paid to any other
19 depositor on similar deposits and shall not grant to any such
20 individual a lower rate of interest on a loan, or a lower rate
21 of charge on an agreement for the payment of money, than the
22 rate granted to other customers under similar circumstances.

23 (b) Limited definition--The term "executive officer" for the
24 purposes of this section shall be defined by regulation of the
25 Department of Banking.

26 ~~Section 6. Subsections (a), (b) and (d) of section 1609 of~~ <—
27 ~~the act, added August 1, 1969 (P.L.211, No.85), are amended to~~
28 ~~read:~~

29 SECTION 16. SUBSECTION (B) OF SECTION 1415 OF THE ACT, <—
30 AMENDED MAY 21, 1980 (P.L.173, NO.51), IS AMENDED TO READ:

1 SECTION 1415. LOANS TO, AND AGREEMENTS FOR THE PAYMENT OF MONEY
2 OF, DIRECTORS, TRUSTEES AND EXECUTIVE
3 OFFICERS OF INSTITUTIONS AND AFFILIATES

4 * * *

5 (B) LIMITATIONS AS TO EXECUTIVE OFFICERS OF THE INSTITUTION
6 OR AN AFFILIATE--AN INSTITUTION SHALL NOT MAKE A LOAN TO AN
7 EXECUTIVE OFFICER OF THE INSTITUTION OR OF AN AFFILIATE OF THE
8 INSTITUTION, OR ACQUIRE AN AGREEMENT FOR THE PAYMENT OF MONEY ON
9 WHICH HE IS LIABLE, IN AN AMOUNT IN EXCESS OF TEN THOUSAND
10 DOLLARS (\$10,000) EXCLUSIVE OF INTEREST AND CHARGES, EXCEPT ONE
11 WHICH EITHER:

12 (I) IS SECURED BY DEPOSITS IN THE INSTITUTION OR CASH
13 SURRENDER VALUE OF LIFE INSURANCE IN AN AMOUNT EQUAL TO, OR
14 BY OTHER COLLATERAL WITH A MARKET VALUE OF AT LEAST TWENTY
15 PERCENT MORE THAN, THE AMOUNT OF THE LOAN OR AGREEMENT FOR
16 THE PAYMENT OF MONEY,

17 (II) IS SECURED BY A MORTGAGE ON THE HOME OF SUCH
18 EXECUTIVE OFFICER,

19 (III) IS GUARANTEED, OR IS ONE FOR WHICH A WRITTEN
20 COMMITMENT TO GUARANTEE HAS BEEN MADE, BY THE VETERANS
21 ADMINISTRATION PURSUANT TO THE VETERANS' BENEFITS ACT,

22 (IV) IS INSURED, OR IS ONE FOR WHICH A WRITTEN
23 COMMITMENT TO INSURE HAS BEEN ISSUED, PURSUANT TO NATIONAL
24 HOUSING LEGISLATION, OR

25 (V) IS AN EXTENSION OF CREDIT NOT AT ANY TIME EXCEEDING
26 TWENTY THOUSAND DOLLARS (\$20,000) FOR THE PURPOSE OF
27 FINANCING THE EDUCATION OF A CHILD OR CHILDREN OF AN
28 EXECUTIVE OFFICER.

29 THE AGGREGATE OF ALL LOANS AND EXTENSIONS OF CREDIT TO ONE
30 EXECUTIVE OFFICER AND OF ALL AGREEMENTS FOR THE PAYMENT OF MONEY

1 ON WHICH HE IS LIABLE SHALL NOT AT ANY TIME EXCEED TEN PERCENT
2 OF THE AGGREGATE OF SURPLUS, UNDIVIDED PROFITS, UNALLOCATED
3 RESERVES AND SUBORDINATED SECURITIES IN THE CASE OF A MUTUAL
4 SAVINGS BANK AND TEN PERCENT OF THE AGGREGATE OF CAPITAL,
5 SURPLUS AND CAPITAL SECURITIES IN THE CASE OF ANY OTHER
6 INSTITUTION.

7 * * *

8 SECTION 17. SUBSECTIONS (A) AND (C) OF SECTION 1503,
9 SUBSECTION (A) OF SECTION 1504 AND SUBSECTIONS (A), (B) AND (C)
10 OF SECTION 1603 OF THE ACT, ARE AMENDED TO READ:

11 SECTION 1503. PROPOSAL AND ADOPTION OF AMENDMENTS

12 (A) PROPOSAL--AN AMENDMENT OF THE ARTICLES SHALL BE PROPOSED
13 BY ADOPTION OF A RESOLUTION:

14 (I) IN THE CASE OF A MUTUAL SAVINGS BANK, BY TWO-THIRDS
15 OF THE TRUSTEES PRESENT AT A DULY ORGANIZED MEETING,
16 DIRECTING THAT IT BE SUBMITTED TO A VOTE AT A MEETING OF THE
17 BOARD HELD UPON NOT LESS THAN TEN DAYS' NOTICE TO ALL THE
18 TRUSTEES, OR

19 (II) IN ANY OTHER CASE, BY THE BOARD OF DIRECTORS,
20 DIRECTING THAT IT BE SUBMITTED TO A VOTE AT A MEETING OF
21 SHAREHOLDERS HELD UPON NOT LESS THAN TEN DAYS' NOTICE TO ALL
22 SHAREHOLDERS.

23 * * *

24 (C) REQUIRED VOTE--ADOPTION OF EACH AMENDMENT SHALL REQUIRE
25 THE AFFIRMATIVE VOTE:

26 (I) IN THE CASE OF A MUTUAL SAVINGS BANK, OF AT LEAST
27 TWO-THIRDS OF ALL THE TRUSTEES, OR

28 (II) IN ANY OTHER CASE, OF THE SHAREHOLDERS ENTITLED TO
29 CAST AT LEAST A MAJORITY OF THE VOTES WHICH ALL SHAREHOLDERS
30 ARE ENTITLED TO CAST THEREON AND, IF ANY CLASS IS ENTITLED TO

VOTE THEREON AS A CLASS, OF THE HOLDERS OF AT LEAST A
MAJORITY OF THE OUTSTANDING SHARES OF SUCH CLASS.

* * *

SECTION 1504. ARTICLES OF AMENDMENT

(A) UPON THE ADOPTION OF AN AMENDMENT, ARTICLES OF AMENDMENT
SHALL BE SIGNED BY TWO DULY AUTHORIZED OFFICERS OF THE
INSTITUTION UNDER ITS SEAL AND SHALL CONTAIN:

(I) THE NAME OF THE INSTITUTION,

(II) THE LOCATION AND POST OFFICE ADDRESS OF ITS
PRINCIPAL PLACE OF BUSINESS,

(III) THE ACT OF ASSEMBLY UNDER WHICH THE INSTITUTION WAS
INCORPORATED AND THE DATE OF ITS INCORPORATION.

(IV) THE TIME AND PLACE OF THE MEETING OF SHAREHOLDERS OR
TRUSTEES AT WHICH THE AMENDMENT WAS ADOPTED AND THE KIND AND
PERIOD OF NOTICE GIVEN TO THE SHAREHOLDERS OR TRUSTEES,

(V) EXCEPT IN THE CASE OF A MUTUAL SAVINGS BANK, THE
NUMBER OF SHARES ENTITLED TO VOTE ON THE AMENDMENT AND IF THE
SHARES OF ANY CLASS ARE ENTITLED TO VOTE AS A CLASS, THE
NUMBER OF SHARES OF EACH SUCH CLASS,

(VI) IN THE CASE OF A MUTUAL SAVINGS BANK THE NUMBER OF
TRUSTEES WHO VOTED FOR AND AGAINST THE AMENDMENT AND, IN ANY
OTHER CASE, THE NUMBER OF SHARES VOTED FOR OR AGAINST THE
AMENDMENT AND IF SHARES OF ANY CLASS ARE ENTITLED TO VOTE AS
A CLASS, THE NUMBER OF SHARES OF EACH SUCH CLASS VOTED FOR
AND AGAINST THE AMENDMENT, AND

(VII) THE AMENDMENT ADOPTED WHICH SHALL BE SET FORTH IN
FULL.

* * *

SECTION 1603. REQUIREMENTS FOR A MERGER OR CONSOLIDATION

THE REQUIREMENTS FOR A MERGER OR CONSOLIDATION WHICH MUST BE

1 SATISFIED BY THE PARTIES THERETO ARE AS FOLLOWS:

2 (A) PLAN--THE PARTIES SHALL ADOPT A PLAN STATING THE METHOD,
3 TERMS AND CONDITIONS OF THE MERGER OR CONSOLIDATION, INCLUDING
4 (EXCEPT IN THE CASE OF A MUTUAL SAVINGS BANK) THE RIGHTS UNDER
5 THE PLAN OF THE SHAREHOLDERS OF EACH OF THE PARTIES, AND ANY
6 AGREEMENT CONCERNING THE MERGER OR CONSOLIDATION.

7 (B) REQUIRED VOTE--ADOPTION OF THE PLAN BY EACH PARTY THERETO
8 SHALL REQUIRE THE AFFIRMATIVE VOTE

9 (I) IN THE CASE OF A MUTUAL SAVINGS BANK, OF AT LEAST

10 (A) TWO-THIRDS OF THE TRUSTEES PRESENT AT A MEETING
11 AT WHICH THE PLAN IS PROPOSED, AND

12 (B) TWO-THIRDS OF ALL THE TRUSTEES AT A SUBSEQUENT
13 MEETING HELD UPON NOT LESS THAN TEN DAYS' NOTICE TO ALL
14 THE TRUSTEES;

15 (II) IN THE CASE OF ANY OTHER INSTITUTION, IF THE
16 PROPOSED MERGER OR CONSOLIDATION WILL RESULT IN AN
17 INSTITUTION SUBJECT TO THIS ACT, OF AT LEAST

18 (A) A MAJORITY OF THE DIRECTORS, AND

19 (B) THE SHAREHOLDERS ENTITLED TO CAST AT LEAST TWO-
20 THIRDS OF THE VOTES WHICH ALL SHAREHOLDERS ARE ENTITLED
21 TO CAST THEREON, AND, IF ANY CLASS OF SHARES IS ENTITLED
22 TO VOTE THEREON AS A CLASS, THE HOLDERS OF AT LEAST TWO-
23 THIRDS OF THE OUTSTANDING SHARES OF SUCH CLASS, AT A
24 MEETING HELD UPON NOT LESS THAN TEN DAYS' NOTICE TO ALL
25 SHAREHOLDERS; AND

26 (III) IN THE CASE OF ANY OTHER INSTITUTION IF THE
27 PROPOSED MERGER OR CONSOLIDATION WILL RESULT IN A NATIONAL
28 BANK, OR IN THE CASE OF A NATIONAL BANK, OF AT LEAST SUCH
29 DIRECTORS AND SHAREHOLDERS WHOSE VOTE THEREON IS REQUIRED
30 UNDER THE LAWS OF THE UNITED STATES.

(C) NOTICES--THE NOTICE REQUIRED TO BE GIVEN TO THE TRUSTEES OF A MUTUAL SAVINGS BANK OR TO THE SHAREHOLDERS OF ANY OTHER INSTITUTION OR NATIONAL BANK SHALL INCLUDE A COPY OR SUMMARY OF THE PLAN. IN ANY CASE IN WHICH DISSENTERS' RIGHTS UNDER SECTION 1222 OF THIS ACT ARE GIVEN BY SECTION 1607, THE NOTICE TO SHAREHOLDERS SHALL INCLUDE A FULL STATEMENT OF THE RIGHTS AND REMEDIES OF DISSENTING SHAREHOLDERS, THE METHODS OF EXERCISING THEM AND THE LIMITATIONS ON SUCH RIGHTS AND REMEDIES.

* * *

SECTION 18. SECTION 1609 OF THE ACT, ADDED AUGUST 1, 1969 (P.L.211, NO.85), IS AMENDED TO READ:

Section 1609. Mergers, Consolidations and Conversions of
Savings Banks

(a) Authority to merge, consolidate or convert--

(i) upon compliance with the requirements of sections 1602, 1603, 1604, 1605 and 1606, a savings bank may enter into a merger or consolidation with one or more other savings banks.

(ii) upon compliance with the requirements of this section and other applicable law, one or more savings banks and one or more associations may merge into a savings bank or into an association or consolidate into a new savings bank or a new association. The word "association" in this chapter shall mean an association subject to the Savings Association Code of 1967.

(iii) upon compliance with the requirements of this section, one or more savings banks, one or more Federal mutual savings banks and one or more Federal savings and loan associations may merge into a savings bank, Federal mutual savings bank or a Federal savings and loan association or

consolidate into a new savings bank, a new Federal mutual savings bank or a new Federal savings and loan association.

(iv) the authority of a savings bank to merge or consolidate into a Federal mutual savings bank or Federal savings and loan association shall be subject to the condition that at the time of the transaction the laws of the United States shall authorize a Federal mutual savings bank or Federal savings and loan association to merge or consolidate into a savings bank.

(v) upon compliance with the requirements of this section and other applicable law, a savings bank may be converted into a Federal mutual savings bank, a Federal savings and loan association or an association, subject to the condition that at the time of the transaction the laws of the United States shall authorize a Federal mutual savings bank or a Federal savings and loan association to convert into a savings bank.

(vi) upon compliance with the requirements of this section and other applicable law and subject to the laws of the United States, a Federal mutual savings bank or a Federal savings and loan association may be converted into a savings bank or an association.

(VII) UPON COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION, A MUTUAL SAVINGS BANK MAY BE CONVERTED INTO A STOCK SAVINGS BANK.

~~[(vii)]~~ (VIII) all mergers, consolidations and conversions in which the resulting corporation is a savings bank or an association shall be subject to the approval of the department.

(b) Requirements for a merger, consolidation or conversion--

1 The requirements for a merger, consolidation or conversion under
2 clauses (ii), (iii), (v) [or], (vi) OR (VII) of subsection (a) <—
3 which must be satisfied by the parties thereto are as follows:

4 (i) the parties shall adopt a plan stating the method,
5 terms and conditions of the merger, consolidation or
6 conversion, including the rights under the plan of the
7 members [and], depositors AND SHAREHOLDERS, IF ANY, of each <—
8 of the parties, and any agreement concerning the merger or
9 consolidation.

10 (ii) if the proposed merger, consolidation or conversion
11 will result in a Federal mutual savings bank, a savings bank,
12 a Federal savings and loan association or an association,
13 adoption of the plan by each party thereto shall require the
14 affirmative vote, ~~in the case of a savings bank, of at least~~ <—

15 (A) IN THE CASE OF A MUTUAL SAVINGS BANK, OF AT <—
16 LEAST two-thirds of the trustees present at a meeting at
17 which the plan is proposed, and two-thirds of all the
18 trustees at a subsequent meeting held upon not less than
19 ten days' notice to all the trustees, [and]

20 (B) IN THE CASE OF A STOCK SAVINGS BANK, OF AT LEAST <—
21 A MAJORITY OF THE TRUSTEES, AT A MEETING HELD UPON NOT
22 LESS THAN TEN DAYS' NOTICE TO ALL THE TRUSTEES, AND OF
23 THE SHAREHOLDERS ENTITLED TO CAST AT LEAST TWO-THIRDS OF
24 THE VOTES WHICH ALL SHAREHOLDERS ARE ENTITLED TO CAST
25 THEREON, AT A MEETING HELD UPON NOT LESS THAN TEN DAYS'
26 NOTICE TO ALL SHAREHOLDERS, AND

27 (C) in the case of any other party, of two-thirds of
28 the entire membership of the board of directors of each
29 Federal mutual savings bank, Federal savings and loan
30 association, or association. The notice required to be

1 given to the trustees of a savings bank AND TO THE <—
2 SHAREHOLDERS OF A STOCK SAVINGS BANK shall include a copy
3 or summary of the plan. The department may require such
4 vote of the members of an association as it deems proper.

5 (iii) any modification of a plan which has been adopted
6 shall be made by any method provided therein, or in the
7 absence of such provision by the same vote as that required
8 for adoption.

9 (iv) if a proposed merger, consolidation or conversion
10 will result in a savings bank or an association, an
11 application for the required approval thereof by the
12 department shall be made in a manner prescribed by the
13 department. The department may require notice to be given to
14 such persons as it designates. There shall also be delivered
15 to the department:

16 (A) articles of merger, consolidation or conversion,

17 (B) applicable fees payable to the department in
18 connection with the articles and with the conduct of the
19 investigation required by subsection (e),

20 (C) if the resulting corporation is an association,
21 any documents or other items required under the Savings
22 Association Code of 1967.

23 (D) if the proposed name of the resulting savings
24 bank or association is not identical with the name of one
25 of the parties to the plan, evidence of reservation of
26 such name in the Department of State, and

27 (E) if there is any modification of the plan at any
28 time prior to the approval by the department, an
29 amendment of the application and, if necessary, of the
30 articles, signed in the same manner as the originals,

1 setting forth the modification of the plan, the method by
2 which such modification was adopted and any related
3 change in the provisions of the articles of merger,
4 consolidation or conversion.

5 * * *

6 (C) ARTICLES OF MERGER, CONSOLIDATION OR CONVERSION--THE
7 ARTICLES OF A MERGER, CONSOLIDATION OR CONVERSION UNDER CLAUSES
8 (II), (III), (V) [OR] (VI) OR (VII) OF SUBSECTION (A) SHALL BE
9 SIGNED BY TWO DULY AUTHORIZED OFFICERS OF EACH PARTY TO THE PLAN
10 UNDER THEIR RESPECTIVE SEALS AND SHALL CONTAIN:

11 (I) THE NAMES OF THE PARTIES TO THE PLAN AND OF THE
12 RESULTING SAVINGS BANK OR ASSOCIATION,

13 (II) THE LOCATION AND POST OFFICE ADDRESS OF THE
14 PRINCIPAL PLACE OF BUSINESS OF EACH,

15 (III) THE VOTES BY WHICH THE PLAN WAS ADOPTED AND THE
16 TIME, PLACE AND NOTICE OF EACH MEETING IN CONNECTION WITH
17 SUCH ADOPTION,

18 (IV) THE NAMES AND ADDRESSES OF THE FIRST TRUSTEES OF THE
19 SAVINGS BANK OR THE NAMES AND ADDRESSES OF THE FIRST
20 DIRECTORS OF THE RESULTING ASSOCIATION,

21 (V) IN CASE OF A MERGER, ANY AMENDMENT OF THE ARTICLES OF
22 THE RESULTING SAVINGS BANK OR ASSOCIATION,

23 (VI) IF THE RESULTING CORPORATION IS AN ASSOCIATION, A
24 RECORD OF THE EMPLOYMENT CONTRACTS WHICH ARE TO BE LEGALLY
25 BINDING ON THE RESULTING ASSOCIATION,

26 (VII) IN THE CASE OF A CONSOLIDATION, THE PROVISIONS
27 REQUIRED IN ARTICLES OF INCORPORATION OF A NEW SAVINGS BANK
28 OR ASSOCIATION AS THE CASE MAY BE,

29 (VIII) IN THE CASE OF A CONVERSION, THE PROVISIONS
30 REQUIRED IN THE ARTICLES OF INCORPORATION OF A NEW SAVINGS

1 BANK OR ASSOCIATION AS THE CASE MAY BE,

2 (IX) THE PLAN.

3 (d) Action where approval by department not required--If a
4 proposed merger, consolidation or conversion will result in a
5 Federal mutual savings bank or a Federal savings and loan
6 association, a savings bank which is a party to a plan shall:

7 (i) notify the department of the proposed merger,
8 consolidation or conversion,

9 (ii) provide such evidence of the adoption of the plan as
10 the department may request,

11 (iii) notify the department of any abandonment or
12 disapproval of the plan,

13 (iv) file with the department and with the Department of
14 State a certificate of the approval of the merger [or],
15 consolidation or conversion by the Federal Home Loan Bank
16 Board or its successor which has the right on behalf of the
17 United States to approve such mergers, consolidations or
18 conversions into Federal mutual savings banks or Federal
19 savings and loan associations.

20 * * *

21 (E) APPROVAL OF MERGER, CONSOLIDATION OR CONVERSION BY
22 DEPARTMENT--

23 (I) UPON RECEIPT OF AN APPLICATION FOR APPROVAL OF A
24 MERGER, CONSOLIDATION OR CONVERSION UNDER CLAUSES (II),
25 (III), (V) [OR], (VI) OR (VII) OF SUBSECTION (A) AND OF THE
26 SUPPORTING ITEMS REQUIRED BY CLAUSE (IV) OF SUBSECTION (B),
27 THE DEPARTMENT SHALL CONDUCT SUCH INVESTIGATION AS IT MAY
28 DEEM NECESSARY TO ASCERTAIN WHETHER:

29 (A) THE ARTICLES OF MERGER, CONSOLIDATION OR
30 CONVERSION AND SUPPORTING ITEMS SATISFY THE REQUIREMENTS

1 OF THIS ACT, AND IF THE SAVINGS ASSOCIATION CODE OF 1967
2 IS APPLICABLE, THE REQUIREMENTS OF THAT ACT ARE
3 SATISFIED,

4 (B) THE NAME OF THE RESULTING, NEW OR CONVERTED
5 SAVINGS BANK OR ASSOCIATION CONFORMS WITH THE
6 REQUIREMENTS OF LAW,

7 (C) THE PLAN AND ANY MODIFICATION THEREOF ADEQUATELY
8 PROTECT THE INTERESTS OF DEPOSITORS [AND], OTHER
9 CREDITORS AND SHAREHOLDERS, IF ANY, OF A SAVINGS BANK
10 WHICH IS A PARTY TO THE PLAN,

11 (D) THE REQUIREMENTS FOR A MERGER, CONSOLIDATION OR
12 CONVERSION UNDER ALL APPLICABLE LAWS HAVE BEEN SATISFIED
13 AND THE RESULTING CORPORATION WOULD SATISFY THE
14 REQUIREMENTS OF THIS ACT APPLICABLE TO IT, AND

15 (E) THE MERGER, CONSOLIDATION OR CONVERSION WOULD BE
16 CONSISTENT WITH ADEQUATE AND SOUND BANKING AND IN THE
17 PUBLIC INTEREST ON THE BASIS OF

18 (1) THE FINANCIAL HISTORY AND CONDITION OF THE
19 PARTIES TO THE PLAN,

20 (2) THEIR PROSPECTS,

21 (3) THE CHARACTER OF THEIR MANAGEMENT,

22 (4) THE POTENTIAL EFFECT OF THE MERGER,
23 CONSOLIDATION OR CONVERSION ON COMPETITION, AND

24 (5) THE CONVENIENCE AND NEEDS OF THE AREA
25 PRIMARILY TO BE SERVED BY THE RESULTING CORPORATION.

26 (II) WITHIN SIXTY DAYS AFTER RECEIPT OF THE APPLICATION,
27 ARTICLES OF MERGER, CONSOLIDATION OR CONVERSION AND THE
28 APPLICABLE FEE PAYABLE TO THE DEPARTMENT, OR WITHIN AN
29 ADDITIONAL PERIOD OF NOT MORE THAN THIRTY DAYS AN AMENDMENT
30 TO THE APPLICATION, THE DEPARTMENT SHALL APPROVE OR

1 DISAPPROVE THE APPLICATION ON THE BASIS OF ITS INVESTIGATION.
2 THE DEPARTMENT SHALL IMMEDIATELY GIVE TO THE PARTIES TO THE
3 PLAN WRITTEN NOTICE OF ITS DECISION AND, IN THE EVENT OF
4 DISAPPROVAL, A STATEMENT IN DETAIL OF THE REASONS FOR ITS
5 DECISION.

6 (F) PROCEDURE AFTER APPROVAL BY DEPARTMENT; ISSUANCE OF
7 CERTIFICATE OF MERGER, CONSOLIDATION OR CONVERSION--

8 (I) IF THE LAWS OF THE UNITED STATES REQUIRE THE APPROVAL
9 OF THE MERGER, CONSOLIDATION OR CONVERSION BY ANY FEDERAL
10 AGENCY, THE DEPARTMENT SHALL AFTER ITS APPROVAL RETAIN THE
11 ARTICLES OF MERGER, CONSOLIDATION OR CONVERSION UNTIL IT
12 RECEIVES NOTICE OF THE DECISION OF SUCH AGENCY. IF SUCH
13 AGENCY SHALL REFUSE TO GIVE ITS APPROVAL, THE DEPARTMENT
14 SHALL NOTIFY THE PARTIES TO THE PLAN THAT THE DEPARTMENT'S
15 APPROVAL HAS BEEN RESCINDED FOR THAT REASON. IF SUCH AGENCY
16 GIVES ITS APPROVAL, THE DEPARTMENT OF BANKING SHALL
17 IMMEDIATELY DELIVER THE ARTICLES OF MERGER, CONSOLIDATION OR
18 CONVERSION WITH ITS WRITTEN APPROVAL TO THE DEPARTMENT OF
19 STATE FOR FILING AS OF A DATE AND TIME SPECIFIED BY THE
20 DEPARTMENT OF BANKING AND SHALL NOTIFY THE PARTIES TO THE
21 PLAN.

22 (II) IF ALL THE TAXES, FEES AND CHARGES REQUIRED BY LAW
23 SHALL HAVE BEEN PAID AND IF THE NAME OF THE RESULTING SAVINGS
24 BANK OR ASSOCIATION CONTINUES TO BE RESERVED OR IS AVAILABLE
25 ON THE RECORDS OF THE DEPARTMENT OF STATE, THE RECEIPT OF THE
26 ARTICLES BY THE DEPARTMENT OF STATE WITH THE WRITTEN APPROVAL
27 OF THE DEPARTMENT OF BANKING SHALL CONSTITUTE FILING OF THE
28 ARTICLES OF MERGER, CONSOLIDATION OR CONVERSION AS OF THE
29 DATE AND TIME OF RECEIPT OR AS OF ANY LATER DATE AND TIME
30 SPECIFIED BY THE DEPARTMENT OF BANKING. THE DEPARTMENT OF

1 STATE SHALL ISSUE TO THE RESULTING CORPORATION A CERTIFICATE
2 OF MERGER, CONSOLIDATION OR CONVERSION AS OF THE DATE AND
3 TIME OF FILING WITH THE APPROVED ARTICLES OF MERGER,
4 CONSOLIDATION OR CONVERSION ATTACHED THERETO AND SHALL MAKE
5 AND RETAIN A COPY OF SUCH CERTIFICATE AND ARTICLES.

6 (G) EFFECT OF MERGER, CONSOLIDATION OR CONVERSION--

7 (I) AS OF THE FILING OF THE ARTICLES OF MERGER,
8 CONSOLIDATION OR CONVERSION IN THE DEPARTMENT OF STATE, THE
9 MERGER, CONSOLIDATION OR CONVERSION SHALL BE EFFECTIVE.

10 (II) THE CERTIFICATE OF MERGER, CONSOLIDATION OR
11 CONVERSION SHALL BE CONCLUSIVE EVIDENCE OF THE PERFORMANCE OF
12 ALL CONDITIONS PRECEDENT TO THE MERGER, CONSOLIDATION OR
13 CONVERSION AND OF THE EXISTENCE OR CREATION OF THE RESULTING
14 SAVINGS BANK OR ASSOCIATION, EXCEPT AS AGAINST THE
15 COMMONWEALTH.

16 (III) WHEN A MERGER, CONSOLIDATION OR CONVERSION BECOMES
17 EFFECTIVE, THE EXISTENCE OF EACH PARTY TO THE PLAN, EXCEPT
18 THE RESULTING SAVINGS BANK OR ASSOCIATION, SHALL CEASE AS A
19 SEPARATE ENTITY BUT SHALL CONTINUE IN, AND THE PARTIES TO THE
20 PLAN SHALL BE, A SINGLE CORPORATION WHICH SHALL BE THE
21 RESULTING SAVINGS BANK OR ASSOCIATION AND WHICH SHALL HAVE
22 WITHOUT FURTHER ACT OR DEED, ALL THE PROPERTY, RIGHTS,
23 POWERS, DUTIES AND OBLIGATIONS OF EACH PARTY TO THE PLAN.

24 (IV) THE ARTICLES OF THE RESULTING SAVINGS BANK OR
25 ASSOCIATION SHALL BE, IN THE CASE OF A MERGER, THE SAME AS
26 ITS ARTICLES PRIOR TO THE MERGER WITH ANY CHANGE STATED IN
27 THE ARTICLES OF MERGER, OR IN THE CASE OF A CONSOLIDATION,
28 THE PROVISIONS STATED IN THE ARTICLES OF CONSOLIDATION.

29 (V) IF THE RESULTING CORPORATION SHALL BE A SAVINGS BANK
30 IT SHALL ENGAGE ONLY IN SUCH BUSINESS AND IT SHALL HAVE ONLY

1 SUCH POWERS AS IT WOULD HAVE IF IT HAD BEEN ORIGINALLY
2 INCORPORATED UNDER THIS ACT, EXCEPT THAT IT MAY ENGAGE IN ANY
3 BUSINESS AND EXERCISE ANY RIGHT THAT ANY PARTY TO THE PLAN
4 WHICH WAS AN INSTITUTION SUBJECT TO THIS ACT COULD LAWFULLY
5 EXERCISE OR ENGAGE IN IMMEDIATELY PRIOR TO THE MERGER,
6 CONSOLIDATION OR CONVERSION. IF THE RESULTING CORPORATION
7 SHALL BE A SAVINGS ASSOCIATION SUCH ASSOCIATION SHALL HAVE
8 THE AUTHORITY TO ENGAGE THEREAFTER ONLY IN SUCH BUSINESS AND
9 EXERCISE ONLY SUCH POWERS AS IT WOULD HAVE UNDER ORIGINAL
10 INCORPORATION UNDER THE SAVINGS ASSOCIATION CODE OF 1967.

11 (VI) NO LIABILITY OF ANY PARTY TO THE PLAN OR OF ITS
12 TRUSTEES, OFFICERS, MEMBERS OR DIRECTORS SHALL BE AFFECTED,
13 NOR SHALL ANY LIEN ON ANY PROPERTY OF A PARTY TO THE PLAN BE
14 IMPAIRED, BY THE MERGER, CONSOLIDATION OR CONVERSION. ANY
15 CLAIM EXISTING OR ACTION PENDING BY OR AGAINST ANY PARTY TO
16 THE PLAN MAY BE PROSECUTED TO JUDGMENT AS IF THE MERGER,
17 CONSOLIDATION OR CONVERSION HAD NOT TAKEN PLACE OR THE
18 RESULTING CORPORATION MAY BE SUBSTITUTED IN ITS PLACE.

19 (H) RIGHTS OF DEPOSITORS OR SHAREHOLDERS IN A MERGER,
20 CONSOLIDATION OR CONVERSION--A DEPOSITOR OF A MUTUAL SAVINGS
21 BANK THAT IS A PARTY TO THE PLAN SHALL BE ENTITLED TO
22 NOTIFICATION OF THE EFFECTIVE DATE OF THE MERGER, CONSOLIDATION
23 OR CONVERSION AND SHALL HAVE THE RIGHT, WITHIN THIRTY DAYS OF
24 THE RECEIPT OF SUCH NOTICE, TO MAKE WRITTEN CLAIM FOR PAYMENT IN
25 FULL OF HIS DEPOSIT ACCOUNT TOGETHER WITH ALL INTEREST ACCRUED
26 THEREON TO THE DATE OF WITHDRAWAL, LESS ANY PENALTIES PAYABLE
27 UNDER FEDERAL LAW. A SHAREHOLDER OF A STOCK SAVINGS BANK THAT IS
28 A PARTY TO A PLAN WHICH WILL RESULT IN AN INSTITUTION SUBJECT TO
29 THIS ACT WHO OBJECTS TO THE PLAN SHALL BE ENTITLED TO THE RIGHTS
30 AND REMEDIES OF A DISSENTING SHAREHOLDER PROVIDED UNDER, AND

1 SUBJECT TO COMPLIANCE WITH, THE PROVISIONS OF SECTION 1222.

2 (I) REVIEW OF APPROVAL OF A MERGER, CONSOLIDATION OR
3 CONVERSION THAT RESULTS IN A STOCK SAVINGS BANK--THE
4 DEPARTMENT'S APPROVAL OF A MERGER, CONSOLIDATION OR CONVERSION
5 THAT RESULTS IN A STOCK SAVINGS BANK SHALL NOT BE REVIEWABLE
6 EXCEPT BY AN APPEAL TO THE COMMONWEALTH COURT FILED WITHIN
7 TWENTY DAYS AFTER NOTICE OF THE APPROVAL APPEARS IN THE
8 PENNSYLVANIA BULLETIN. IN ANY SUCH APPEAL, THE DEPARTMENT'S
9 DETERMINATION THAT THE PLAN ADEQUATELY PROTECTS THE INTERESTS OF
10 DEPOSITORS OF A MUTUAL SAVINGS BANK WHICH IS A PARTY TO THE PLAN
11 SHALL BE CONCLUSIVE IF:

12 (I) SUCH DEPOSITORS ARE GIVEN THE RIGHT TO BUY SHARES OF
13 THE STOCK SAVINGS BANK AT FAIR MARKET VALUE, OR

14 (II) THE PLAN MAKES AVAILABLE TO THE SAVINGS BANK
15 SIGNIFICANT ADDITIONAL FUNDS WHICH ARE JUNIOR IN RIGHT TO THE
16 DEPOSITS, AND THE MARKET VALUE OF THE MUTUAL SAVINGS BANK'S
17 ASSETS DOES NOT EXCEED THE DOLLAR AMOUNT OF ITS TOTAL
18 LIABILITIES.

19 Section 7 19. Subsection (a) of section 2004 of the act is <—
20 amended to read:

21 Section 2004. Relationship of Institutions and Their Personnel
22 with Officials and Employees of Department

23 (a) Loans and Gifts--Except as provided in subsection (d) of
24 this section, an institution or any director, trustee, officer,
25 employe or attorney thereof shall not grant or give to the
26 Secretary of Banking, any official or employe of the department,
27 any deputy receiver or any employe of the Secretary of Banking
28 as receiver, none of whom shall receive, any sum of money or any
29 property as a gift or loan or otherwise, directly or
30 indirectly--subject to the penalty provisions of this act. This

1 subsection shall not apply to loans to employes of the
2 Department of Banking who function in a clerical or nondecision
3 making capacity with regard to institutions, including but not
4 limited to clerks, typists and stenographers.

5 * * *

6 Section 8 20. This act shall take effect immediately.

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