

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 455 Session of 2013

INTRODUCED BY MARSHALL, HESS, MACKENZIE, MILNE, MATZIE, GABLER AND THOMAS, JANUARY 30, 2013

AS REPORTED FROM COMMITTEE ON COMMERCE, HOUSE OF REPRESENTATIVES, AS AMENDED, MARCH 20, 2013

AN ACT

1 Repealing 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," eliminating
18 provisions for incorporation and organization, for names, for
19 offices, for directors, officers, employees and attorneys,
20 for members, for corporate powers, for savings operations,
21 earnings, account insurance and reserves, for investment
22 operations, for amendment of articles, for mergers,
23 consolidations, conversions and reorganizations, for
24 voluntary and involuntary dissolution and distribution of
25 assets upon insolvency, for foreign and Federal associations,
26 for provisions applicable to Department of Banking AND <--
27 SECURITIES and for penalties and criminal provisions.

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

30 Section 1. Article I heading of the act of December 14, 1967

1 (P.L.746, No.345), known as the Savings Association Code of  
2 1967, is repealed:

3 [ARTICLE I

4 GENERAL PROVISIONS]

5 Section 2. Section 101 of the act is repealed:

6 [Section 101. Short Title.--This act shall be known, and may  
7 be cited, as the "Savings Association Code of 1967."]

8 Section 3. Section 102 of the act, amended, added or  
9 renumbered July 30, 1975 (P.L.105, No.55), July 11, 1980  
10 (P.L.638, No.132), June 5, 1981 (P.L.81, No.28), April 9, 1982  
11 (P.L.334, No.94), December 21, 1988 (P.L.1427, No.174) and  
12 December 21, 1998 (P.L.1002, No.132), is repealed:

13 [Section 102. Definitions.--The following words and phrases  
14 when used in this act shall have, unless the context clearly  
15 indicates otherwise, the meanings given to them in this section:

16 (1) "Articles," the original articles of incorporation, any  
17 or all amendments thereto, articles of merger, consolidation,  
18 conversion or dissolution.

19 (2) "Assets," all the property and rights of every kind of  
20 the association.

21 (3) "Association," any mutual or permanent reserve fund  
22 stock savings association organized under this act and includes  
23 also any building and loan association or savings and loan  
24 association heretofore organized under or by virtue of any other  
25 act or law of this Commonwealth.

26 (4) "Attorney," an attorney at law who is, or is a member of  
27 the firm which is, regularly retained as counsel for an  
28 association.

29 (4.1) "Authorized capital," the permanent reserve fund stock  
30 authorized in an association's articles.

1 (5) "Branch," an office or place of business other than the  
2 principal place of business of a savings association for the  
3 transaction of any business of the association except an agency  
4 existing at the effective date of this act in which an  
5 association had authorized any corporation or person to collect  
6 dues, interest, premiums and fines in any city, borough or  
7 township in the Commonwealth other than a place of business of  
8 the association.

9 (5.1) "Capital," the sum of the par value of the permanent  
10 reserve fund stock of a savings association issued and  
11 outstanding.

12 (5.2) "Capital deposit," the contributions paid by a  
13 savings association to the Pennsylvania Savings Association  
14 Insurance Corporation's central insurance fund, consisting of  
15 capital contributions by each member savings association in an  
16 amount equal to not less than two percent of the total savings  
17 on deposit with each member.

18 (5.3) "Capital surplus," the amount paid to an association  
19 for the purchase of permanent reserve fund stock in excess of  
20 its par value.

21 (6) "Collateral," personal property pledged to secure  
22 payment of an obligation.

23 (7) "Department," the Department of Banking of this  
24 Commonwealth.

25 (8) "Evidence of indebtedness," a bond, note or similar  
26 instrument evidencing obligation of a borrower or debtor.

27 (9) "Fair market value," the value determined by an  
28 appraisal made in accordance with regulations to be issued by  
29 the Department of Banking. In the event such regulations are not  
30 issued the appraisal may be by two or more members of the board

1 of directors or officers of the association or by an independent  
2 appraiser, who is acceptable to the department. Said appraisal  
3 shall be retained in the files of the association.

4 (9.1) "Federal savings and loan association," a savings and  
5 loan association or savings bank chartered by the Federal Home  
6 Loan Bank Board under section 5 of the Home Owners' Loan Act of  
7 1933 (12 U.S.C. § 1461 et seq., 48 Stat. 128).

8 (10) "Housing facilities for the aging," housing  
9 accommodations, individual or multiple, designed for the purpose  
10 of providing accommodations for occupancy by aging persons or  
11 providing rest homes or nursing homes existing, constructed or  
12 altered, so as to be suitable primarily for the occupancy of  
13 persons of fifty-five years of age and older and limited  
14 principally to the occupancy of such persons.

15 (11) "Incorporator," a signer of the original articles of  
16 incorporation.

17 (12) "Insured association," an association whose savings are  
18 insured as provided by the National Housing Act of 1934,  
19 approved the twenty-seventh day of June, 1934, its amendments  
20 and supplements or by the Pennsylvania Savings Association  
21 Insurance Corporation established by the act of April 6, 1979  
22 (P.L.17, No.5), entitled "An act establishing the Pennsylvania  
23 Savings Association Insurance Corporation and providing for its  
24 powers and duties."

25 (13) "Leasehold interest," a lease upon real estate which is  
26 security for the payment of an obligation and which by its terms  
27 as a lease has a period of not less than five years to run after  
28 the date of the maturity of the obligation, or is renewable for  
29 a period terminating not less than five years after the date of  
30 the maturity of the obligation. It must also provide that the

1 right of renewal of the lease may be exercised by the mortgagee  
2 until the obligation is discharged.

3 (14) "Loans on the security of savings accounts," loans  
4 which are secured pursuant to the provisions of this act by a  
5 note of the borrower and the pledge of a savings account.

6 (15) "Loss reserves," the aggregate amount of the reserves  
7 allocated by an association for the sole purpose of absorbing  
8 losses.

9 (16) "Maturity date," the date on which the last payment  
10 required to be made to retire an indebtedness or obligation is  
11 due and payable.

12 (17) "Member," a person holding a savings account of a  
13 mutual association, a person owning one or more shares of  
14 permanent reserve fund stock of a permanent reserve fund stock  
15 association and a person borrowing on the security of a mortgage  
16 or purchasing property upon which a mortgage lien is held by a  
17 mutual association. A joint and survivorship relationship  
18 whether savers or borrowers constitute a single membership.

19 (17.1) "Mortgage backed bonds," any borrowing (except  
20 borrowings from Federal Home Loan Banks) secured in whole or in  
21 part by one or more real estate loans.

22 (18) "Mortgage loans," loans which are secured pursuant to  
23 the provisions of this act with a bond or note or other evidence  
24 of indebtedness of the borrower, and by a mortgage on real  
25 estate in fee simple or leasehold.

26 (19) "Net worth," in the case of a mutual association, the  
27 sum of the association's general reserves, surplus and, to the  
28 extent they would be includable as regulatory capital for an  
29 association insured by the Federal Savings and Loan Insurance  
30 Corporation, or as permitted by the department, mutual capital

1 certificates and subordinated debt securities; or, in the case  
2 of a permanent reserve fund stock association, the sum of the  
3 association's general reserves, capital, capital surplus and, to  
4 the extent they would be includable as regulatory capital for an  
5 association insured by the Federal Savings and Loan Insurance  
6 Corporation, or as permitted by the department, subordinated  
7 debt securities.

8 (19.1) "Permanent reserve fund stock," the shares of stock  
9 issued by an association whose articles permit the issuance of  
10 stock which will share in the earnings of the association and  
11 for which there is set up from the money paid to the association  
12 for such stock a capital surplus. The total amount paid to the  
13 association for such stock and all earnings credited to it shall  
14 be a secondary fund for securing the payment of the savings  
15 liability of the association.

16 (19.2) "PSAIC," the Pennsylvania Savings Association  
17 Insurance Corporation established by the act of April 6, 1979  
18 (P.L.17, No.5), referred to as the Pennsylvania Savings  
19 Association Insurance Corporation Act.

20 (20) "Regular lending area," this Commonwealth and within  
21 fifty miles of the boundary thereof or within one hundred miles  
22 of the main office of an association without regard to the  
23 Commonwealth boundary lines.

24 (21) "Resulting association," the association which  
25 continues after a merger or after the conversion of a Federal  
26 savings and loan association or a savings bank to an  
27 association.

28 (22) "Savings account," the amount paid in cash to an  
29 association for deposit plus all earnings or interest credited  
30 thereto, less all withdrawals, redemptions and charges.

1 (23) "Savings bank," a corporation existing under the laws  
2 of this Commonwealth as a savings bank and authorized under the  
3 Banking Code of 1965 to receive savings deposits.

4 (24) "Savings liability," the aggregate amount of savings  
5 accounts of members including earnings credited to such accounts  
6 less redemptions and withdrawals.

7 (25) "Service corporation," a corporation organized under  
8 the laws of the Commonwealth of Pennsylvania the entire capital  
9 stock of which corporation is available for purchase only by  
10 savings associations organized and existing under the laws of  
11 the Commonwealth of Pennsylvania and by Federal savings and loan  
12 associations having their home office in the Commonwealth of  
13 Pennsylvania and by savings banks.

14 (25.1) "Shares," the units into which the permanent reserve  
15 fund stock is divided.

16 (25.2) "Subscriber," a person who subscribes to shares of  
17 the permanent reserve fund stock.

18 (26) "Surplus," the earnings and profits of an association  
19 which have not been allocated to savings accounts or to a loss  
20 reserve.

21 (27) "Withdrawal value of a savings account," the credit  
22 balance of a savings account at any particular time as shown by  
23 the books of an association.

24 (28) "Travelers' convenience withdrawals," the right of an  
25 account holder of an association as a convenience when fifty  
26 miles or more from his or her principal residence to make a  
27 withdrawal from his or her regular savings account at the office  
28 of a financial institution, the accounts of which are insured by  
29 the Federal Savings and Loan Insurance Corporation or the  
30 Pennsylvania Savings Association Insurance Corporation.

1 (29) "Corporate debt security," a marketable obligation  
2 evidencing the indebtedness of any corporation in the form of a  
3 bond, note and/or debenture which is commonly regarded as debt  
4 security and is not predominantly speculative in nature. A  
5 security is marketable if it may be sold with reasonable  
6 promptness at a price which corresponds reasonably to its fair  
7 value.]

8 Section 4. Sections 103, 104, 105, 106, 107, 108, 109, 110,  
9 111, 112 and 113 of the act are repealed:

10 [Section 103. Declaration of Purposes; Standard for Exercise  
11 of Power and Discretion by Department.--(a) The General  
12 Assembly declares as its purposes in adopting this act to  
13 provide for:

14 (1) The safe and sound conduct of the business of  
15 associations subject to this act,

16 (2) The conservation of their assets,

17 (3) The maintenance of public confidence in them,

18 (4) The protection of the interests of the owners of savings  
19 accounts, creditors and of the interest of the public in the  
20 soundness and preservation of the savings and loan system,

21 (5) The opportunity for associations subject to this act to  
22 remain competitive with each other, with financial organizations  
23 existing under other laws of this Commonwealth, and with savings  
24 and financial organizations existing under the laws of other  
25 states, the United States and foreign countries,

26 (6) The opportunity for associations subject to this act to  
27 serve effectively the convenience and needs of owners of savings  
28 accounts, borrowers and other customers, to participate in and  
29 promote the economic progress of Pennsylvania and the United  
30 States and to improve and expand their services and facilities



1 for those purposes,

2 (7) The opportunity for managements of associations to  
3 exercise business judgment, subject to the provisions of this  
4 act, in conducting the affairs of associations, to the extent  
5 compatible with, and subject to, the purposes recited in the  
6 preceding clauses of this subsection (a),

7 (8) A delegation to the department of adequate rule-making  
8 power and administrative discretion, subject to the provisions  
9 of this act and to the purposes stated in this subsection (a),  
10 in order that the supervision and regulation of associations  
11 subject to this act may be flexible and readily responsive to  
12 changes in economic conditions and to changes in savings and  
13 loan practices, and

14 (9) Simplification and modernization of the law governing  
15 savings associations.

16 (b) The purposes of this act stated in subsection (a) of  
17 this section shall constitute standards to be observed by the  
18 department in the exercise of its discretionary powers under  
19 this act, in the promulgation of rules and regulations, in the  
20 examination and supervision of associations subject to this act  
21 and in all matters of construction and application of this act  
22 required for any determination or action of the department.

23 Section 104. Rules of Construction.--In the interpretation  
24 and construction of this act:

25 (a) The comments of the commission which drafted this act  
26 may be consulted in the construction and application of its  
27 original provisions but the text of the act will control in the  
28 event of a conflict between text and comments.

29 (b) A reference in this act to a statute or to a regulation  
30 issued by a governmental agency includes the statute or

1 regulation with all amendments and supplements thereto and any  
2 new statute or regulation substituted for such statute or  
3 regulation, as in force at the time of application of the  
4 provision of this act in which such reference is made, unless  
5 the specific language or the context of the reference in this  
6 act clearly includes only the statute or regulation as in force  
7 on the effective date of this act.

8 (c) A reference in this act to a governmental agency,  
9 department, board, commission or other public body or to a  
10 public officer includes an entity or officer succeeding to  
11 substantially the same functions as those performed by such  
12 public body or officer on the effective date of this act, unless  
13 the specific language or the context of the reference in this  
14 act clearly includes only the public body or officer on the  
15 effective date of this act.

16 (d) A power of an association stated in this act to be  
17 subject to regulation of the department may be exercised,  
18 subject to the provisions of this act, in the absence of such  
19 regulation but a power which is stated to be subject to approval  
20 or permission of the department may not be exercised in the  
21 absence of such written approval or permission.

22 (e) The provisions of this act are severable so that if any  
23 provision or the application of this act in particular  
24 circumstances should be held to be invalid, such invalidity will  
25 not affect any other provision or application of this act which  
26 can be given effect without the invalid provision or  
27 application.

28 (f) Provisions of this act for the violation of which  
29 specific penalties are imposed under Article XV of this act are  
30 indicated by inclusion in the provisions of the phrase "subject

1 to the penalty provisions of this act" or its equivalent.

2 Section 105. Emergency Powers.--In the event a nuclear  
3 attack or other disaster results in the declaration of an  
4 emergency an association may during the continuance of such  
5 emergency, without regard to any restriction or limitation of  
6 this act, take any action to preserve the assets of the  
7 association and to continue or resume its business, including  
8 any action to obtain the benefit of, or participate in,  
9 emergency action authorized by the Federal government.

10 Section 106. Certificates and Certified Copies of Documents  
11 to be Received in Evidence.--All certificates issued by the  
12 Department of Banking and by the Department of State and all  
13 copies of articles, papers and other documents filed in either  
14 department and certified by the Secretary of the Department of  
15 Banking or by the Secretary of the Commonwealth shall be taken  
16 and received by all courts, public offices, and official bodies  
17 as prima facie evidence of the facts therein stated.

18 Section 107. Advertisement.--(a) Every advertisement  
19 required by this act shall be published, except as otherwise  
20 provided in this act, once in a newspaper of general circulation  
21 and once in a legal newspaper.

22 (b) The newspaper of general circulation for publication of  
23 advertisement shall be one published in the English language,  
24 shall satisfy the requirements of the Newspaper Advertising Act  
25 and shall be:

26 (1) A newspaper which is one of general circulation in the  
27 county and is published in the city, borough or township in  
28 which the principal office of each association required to  
29 publish the advertisement is, or the principal office of such a  
30 proposed association will be, located, or if there is none,

1 (2) A newspaper of general circulation in such county,  
2 published at the county seat, or if there is none,

3 (3) The newspaper of general circulation published in the  
4 county at the place nearest such city, borough or township, or  
5 if there is none,

6 (4) The newspaper of general circulation published at the  
7 place nearest such city, borough or township in an adjoining  
8 county.

9 (c) The legal newspaper for publication of advertisements  
10 shall satisfy the requirements of the Newspaper Advertising Act  
11 and shall be one published in the county in which the principal  
12 office of each association required to publish the advertisement  
13 is, or the principal office of such a proposed association will  
14 be, located. If there is no legal newspaper published in such  
15 county, the advertisement shall be published in an additional  
16 newspaper of general circulation in the county but if there are  
17 not two such newspapers, then only the advertisement provided  
18 for under subsection (b) of this section shall be required.

19 Section 108. Notices.--(a) Written notice required to be  
20 given to any person under the provisions of this act or under  
21 the articles or bylaws of an association may be given to such  
22 person, either personally or by sending a copy thereof through  
23 the mail, or by telegram, charges prepaid, to his address  
24 appearing on the books of the association, or supplied by him to  
25 the association for the purpose of notice. If the notice is sent  
26 by mail or by telegraph, it shall be deemed to have been given  
27 to the person entitled thereto when deposited in the United  
28 States mail or with a telegraph office for transmission to such  
29 person. If such notice is of a meeting, it shall specify the  
30 place, date and hour of the meeting, and, in the case of a

1 special meeting of members, the general nature of the business  
2 to be transacted.

3 (b) Any written notice required to be given under the  
4 provisions of this act or the articles or bylaws of an  
5 association need not be given if there is a waiver thereof in  
6 writing, signed by the person entitled to such notice, whether  
7 before or after the time when the notice would otherwise be  
8 required to be given. If the notice is of a meeting other than a  
9 special meeting of members, neither the business to be  
10 transacted at, nor the purpose of, the meeting need be specified  
11 in the waiver of notice.

12 (c) Attendance of a person, either in person or by proxy, at  
13 any meeting shall constitute a waiver of notice of such meeting,  
14 except where a person attends a meeting for the express purpose  
15 of objecting to the transaction of any business because the  
16 meeting was not lawfully called or convened.

17 (d) If the language of a proposed resolution or a proposed  
18 plan requiring approval by members is included in a written  
19 notice of a meeting of members, the members' meeting considering  
20 the resolution or plan may adopt it with such clarifying or  
21 other amendments as do not enlarge its original purpose without  
22 further notice to members not present in person or by proxy.

23 Section 109. Execution of Instruments.--Without regard to  
24 any other form of execution provided in the bylaws, an  
25 instrument in writing, or any assignment or endorsement thereof,  
26 executed or entered into between an association and any person  
27 and signed by the president or vice-president and by the  
28 secretary or treasurer of the association, shall be held to have  
29 been properly executed by and in behalf of the association.  
30 Except as otherwise required by statute, the affixation of the

1 corporate seal shall not be necessary to the valid execution,  
2 assignment or endorsement by an association of any instrument in  
3 writing.

4 Section 110. Books, Records and Accounts of Associations.--

5 (a) An association may maintain its books of account on a cash,  
6 accrual, or modified accrual basis, as determined by the board  
7 of directors.

8 (b) An association shall enter on its books a complete and  
9 accurate account of all its assets, whether the assets are in  
10 its name or the names of others, at values which shall not  
11 exceed the actual cost of the assets to the association unless  
12 prior approval so to do is received from the department.

13 (c) An association shall enter on its books a complete and  
14 accurate account of its liabilities and of its savings accounts  
15 and of its members.

16 (d) An association shall set out in full on its records any  
17 pledge or assignments of assets.

18 (e) An association may not cause to be performed by contract  
19 or otherwise, accounting or bookkeeping services for itself,  
20 whether on or off its premises, unless assurances satisfactory  
21 to the department are furnished to the department by both the  
22 association and the person performing such service that the  
23 performance thereof will be subject to regulation and  
24 examination by the department to the same extent as if such  
25 service were being performed by the association itself on its  
26 own premises. For the purpose of this subsection (e) "services"  
27 shall mean clerical, bookkeeping, accounting and statistical.

28 (f) Any officer, director or employe of an association who  
29 knowingly violates any of the provisions of this section shall  
30 be subject to the penalty provisions of this act.

1 Section 111. Retention of Records and Admissibility of  
2 Copies in Evidence.--(a) Every association shall preserve in  
3 such form and manner that they may be readily produced upon  
4 proper demand, all of its records of original or final entries  
5 for a period of seven years from the date of making the last  
6 entry thereon, except that coupons accompanying deposits in a  
7 club account, such as a Christmas club or a vacation club, need  
8 not be so retained for more than two years from the date of  
9 closing of such account.

10 (b) All records required to be retained under subsection (a)  
11 of this section shall be retained in their original form except  
12 that, in lieu of the originals, film, photographic, photostatic  
13 or other copies which accurately reproduce all lines and  
14 markings on the originals may be retained.

15 (c) Any copy of a record permitted to be kept in lieu of the  
16 original under subsection (b) of this section shall be  
17 admissible in evidence in any proceeding with the same effect as  
18 though it were the original.

19 Section 112. Repledging of Collateral.--(a) An association  
20 shall not repledge any property held by it in pledge or as  
21 collateral.

22 (b) Any officer, director or employe of an association who  
23 knowingly repledges any such property shall be subject to the  
24 penalty provisions of this act.

25 Section 113. Statutory Amendment of Existing Charters.--The  
26 charters of all existing building and loan associations and  
27 savings and loan associations heretofore granted shall be deemed  
28 to be amended to the extent necessary to give effect to the  
29 provisions of this act and to conform thereto.]

30 Section 5. Section 115 of the act, added December 21, 1988

1 (P.L.1427, No.174), is repealed:

2 [Section 115. Savings Association Holding Companies.--(a)  
3 The following words and phrases when used in this section shall  
4 have, unless the context clearly indicates otherwise, the  
5 following meanings:

6 (1) "Savings association holding company," any entity:

7 (i) which directly or indirectly owns, controls or holds  
8 with power to vote twenty-five percent or more of the voting  
9 shares of one or more savings association or of a company which  
10 is or becomes a savings association holding company; or

11 (ii) which controls in any manner the selection of a  
12 majority of the directors of one or more savings associations or  
13 of a majority of the directors of a savings association holding  
14 company.

15 (2) "Entity," any corporation, partnership, association or  
16 similar organization, including banks and thrift institutions.

17 (3) "Savings association," an association as defined in  
18 section 102(3) of this act.

19 (4) "Subsidiary," with respect to a specified holding  
20 company, means any company twenty-five percent or more of whose  
21 voting shares are directly or indirectly owned, controlled or  
22 held by the holding company with the power to vote such shares,  
23 or in which the selection of a majority of the directors of the  
24 company is controlled by the holding company.

25 (b) The Secretary of Banking may require any savings  
26 association holding company to furnish such reports as the  
27 secretary deems appropriate to the proper supervision of such  
28 companies. Unless the secretary determines otherwise, reports  
29 prepared for Federal authorities may be submitted by the savings  
30 association holding company in satisfaction of the requirements



1 of this section. The secretary may make examinations of each  
2 savings association holding company and each subsidiary thereof,  
3 the cost of which shall be assessed against and paid by such  
4 savings association holding company.

5 (c) The secretary shall have the authority to issue rules,  
6 regulations and orders as may be necessary to properly  
7 administer this section, including the authority to order a  
8 savings association holding company to cease and desist from  
9 engaging in any activity which constitutes a serious risk to the  
10 financial safety, soundness or stability of the savings  
11 association.]

12 Section 6. Section 116 of the act, added July 9, 1992  
13 (P.L.414, No.89), is repealed:

14 [Section 116. Federal Agency References.--(a) Any reference  
15 in this act to the Federal Home Loan Bank Board shall mean the  
16 Office of Thrift Supervision under section 3 of the Home Owners'  
17 Loan Act (48 Stat. 128, 12 U.S.C. § 1462a).

18 (b) Any reference in this act to the Federal Savings and  
19 Loan Insurance Corporation shall mean the Savings Association  
20 Insurance Fund of the Federal Deposit Insurance Corporation.]

21 Section 7. Article II heading of the act is repealed:

22 [ARTICLE II  
23 INCORPORATION AND ORGANIZATION]

24 Section 8. Section 201 of the act, amended December 21, 1988  
25 (P.L.1427, No.174), is repealed:

26 [Section 201. Incorporators.--(a) A savings association may  
27 be incorporated by three or more adults.

28 (b) At least two-thirds of the incorporators shall be  
29 citizens of the United States or of its territories or  
30 possessions and residents of Pennsylvania.]

1 Section 9. Section 202 of the act, amended April 9, 1982  
2 (P.L.334, No.94), is repealed:

3 [Section 202. Prohibition of Promoters' Fees.--(a) A  
4 savings association shall not pay any fee, compensation or  
5 commission for the promotion or organization of an association  
6 or for any part of the money collected from members, except  
7 legal fees and other usual and ordinary expenses necessary for  
8 its organization. Any incorporator, officer, director or employe  
9 paying or receiving any such fee, compensation or commission  
10 shall be subject to the penalty provisions of this act.

11 (b) A majority of the incorporators shall file with the  
12 department at the time of the filing of the articles an  
13 affidavit:

14 (1) Setting forth all expenses incurred or to be incurred in  
15 connection with the organization of the association. If the  
16 association is a permanent reserve fund stock association there  
17 shall also be stated any expense in connection with the  
18 subscription for its shares and sale of its shares, if any, and

19 (2) Stating that no fee, compensation or commission  
20 prohibited by subsection (a) of this section has been paid or  
21 incurred.

22 (c) In the event of a violation of this section, the  
23 department may disapprove the articles on account of such  
24 violation.]

25 Section 10. Section 203 of the act, amended April 9, 1982  
26 (P.L.334, No.94) and December 21, 1988 (P.L.1427, No.174), is  
27 repealed:

28 [Section 203. Articles of Incorporation.--(a) Articles of  
29 incorporation shall be signed and acknowledged by each of the  
30 incorporators.

1 (b) The articles shall set forth, in the English language:

2 (1) The name of the association,

3 (2) The county in which its first principal place of  
4 business is to be located,

5 (3) A precise and accurate statement of the purpose or  
6 purposes for which it is organized, as well as a statement that  
7 it is organized under the provisions of this act,

8 (4) The term for which it is to exist, which may be  
9 perpetual,

10 (5) The name, occupation, citizenship, place of residence,  
11 and post office address of each incorporator,

12 (6) The name, occupation, citizenship, place of residence,  
13 post office address, and term of office of each of the first  
14 directors,

15 (7) The aggregate number of permanent reserve fund shares  
16 which the association shall have authority to issue. If the  
17 articles provide for the issuance of permanent reserve fund  
18 stock it shall specify the par value of each share, the number  
19 of shares and the kinds or classes which the association is  
20 authorized to issue. There shall also be specified the capital  
21 surplus to be contributed by each subscriber to permanent  
22 reserve fund stock. All shares shall contribute a pro rata  
23 proportion of the capital surplus. The authorized capital may be  
24 in any amount but may not be less than is required by the  
25 department.]

26 Section 11. Sections 204 and 205 of the act are repealed:

27 [Section 204. Application for Approval by Department.--The  
28 incorporators shall make an application to the department for  
29 approval of the proposed association in a manner prescribed by  
30 the department and shall deliver to the department when

1 available:

2 (1) The articles of incorporation,

3 (2) The affidavit required by section 202,

4 (3) Evidence of reservation in the Department of State of  
5 the name of the proposed association,

6 (4) Applicable fees payable to the department in connection  
7 with the articles and with the conduct of the investigation  
8 required by section 206,

9 (5) As soon as available proof of publication of the  
10 advertisement required by section 205.

11 Section 205. Advertisement.--(a) The incorporators shall  
12 advertise their intention to deliver, or the delivery of,  
13 articles of incorporation with the department once in each  
14 newspaper in which such advertisement is required to be made and  
15 published in accordance with section 107.

16 (b) The advertisement shall appear prior to, or within seven  
17 days after the date of delivery of the articles to the  
18 department and shall set forth briefly:

19 (1) The name of the proposed association,

20 (2) A statement that it is to be incorporated under the  
21 provisions of this act,

22 (3) The purpose or purposes of the association,

23 (4) The names and addresses of the first directors as they  
24 appear or will appear in the articles,

25 (5) The date of delivery of the articles to the department.]

26 Section 12. Section 206 of the act, amended April 9, 1982  
27 (P.L.334, No.94) and repealed in part June 3, 1971 (P.L.118,  
28 No.6), is repealed:

29 [Section 206. Approval of Proposed Association by

30 Department.--(a) Upon receipt of an application for approval of

1 a proposed association the department shall conduct such  
2 investigation as it may deem necessary to ascertain whether:

3 (1) The articles and supporting items satisfy the  
4 requirements of this act,

5 (2) The convenience and needs of the public will be served  
6 by the proposed association,

7 (3) The population density or other economic characteristics  
8 of the area primarily to be served by the association afford  
9 reasonable promise of adequate support for the association,

10 (4) The character and fitness of the incorporators, of the  
11 directors and of the proposed officers are such as to command  
12 confidence of the community and to warrant the belief that the  
13 business of the association will be honestly and efficiently  
14 conducted,

15 (5) There has not been nor will there be any violation of  
16 section 202,

17 (6) The amount of savings, which will be attracted to the  
18 association, shall be adequate properly to operate the  
19 association with safety to prospective members, and such savings  
20 will be insured by the Federal Savings and Loan Insurance  
21 Corporation or by any other public or private corporation  
22 authorized by law to insure accounts of savings associations and  
23 approved by the Department of Banking,

24 (7) The proposed association will have sufficient personnel  
25 with adequate knowledge and experience to administer the  
26 business of the association, and

27 (8) In the case of a permanent reserve fund stock  
28 association, the capital and capital surplus thereof are  
29 adequate in relation to the amount and character of the  
30 anticipated business of the association.

1 (b) Within sixty days after receipt of the articles, the  
2 department shall make a determination whether to approve or  
3 disapprove the proposed association on the basis of its  
4 investigation. In giving approval, the department may impose  
5 conditions to be satisfied prior to the issuance of a  
6 certificate of authorization under section 209. If the  
7 department shall approve the proposed association with or  
8 without conditions, it shall deliver the articles with its  
9 written approval to the Department of State and notify the  
10 incorporators of its action. If the department shall disapprove  
11 the association it shall give written notice to the  
12 incorporators of its disapproval and a statement in detail of  
13 the reasons for its decision.]

14 Section 13. Sections 207, 208, 209, 210 and 211 of the act  
15 are repealed:

16 [Section 207. Issuance of Certificate of Incorporation.--If  
17 all the taxes, fees and charges required by law shall have been  
18 paid and if the name of the proposed association continues to be  
19 reserved or is available on the records of the Department of  
20 State the receipt of the articles by the Department of State  
21 with the written approval of the department shall constitute  
22 filing of the articles with the Department of State as of the  
23 date and time of receipt or as of any later date and time  
24 specified by the department and the Department of State shall  
25 immediately issue to the incorporators a certificate of  
26 incorporation as of the date and time of filing with the  
27 approved articles attached thereto and shall make and retain a  
28 copy of such certificate and articles.

29 Section 208. Effect of Filing of Articles in Department of  
30 State and of Certificate of Incorporation.--(a) As of the

1 filing of the articles in the Department of State the corporate  
2 existence of the association shall begin.

3 (b) The certificate of incorporation shall be conclusive  
4 evidence of the fact that the association has been incorporated  
5 but proceedings may be instituted by the Commonwealth to  
6 dissolve, wind up and terminate an association which should not  
7 have been incorporated under this act or which was incorporated  
8 without a substantial compliance with the conditions prescribed  
9 by this act as precedent to incorporation.

10 Section 209. Certificate of Authorization to do Business.--

11 (a) Until receipt of a certificate of authorization issued by  
12 the department an association shall not open savings accounts  
13 for its members, incur indebtedness or transact any business  
14 except such business as is incident to its organization or to  
15 the obtaining of subscriptions. Any officer or director  
16 violating this prohibition shall be subject to the penalty  
17 provisions of this act.

18 (b) The department shall issue to the association a  
19 certificate of authorization to do business when:

20 (1) Bona fide applications or promises to open accounts in  
21 writing, signed by the prospective account holder, have been  
22 received in an amount satisfactory to the department.

23 (2) There shall have been paid in an expense fund in an  
24 amount fixed by the department and subject to such conditions as  
25 the department may impose,

26 (3) The bylaws of the association have been filed with the  
27 department,

28 (4) The association has been organized and is ready to begin  
29 the business for which it was incorporated,

30 (5) All conditions imposed by the department in giving its

1 approval of the proposed association under section 206 have been  
2 satisfied or provision satisfactory to the department made for  
3 meeting them,

4 (6) The department has received an affidavit signed by at  
5 least a majority of the directors of the association to the  
6 effect that all the foregoing requirements of this subsection  
7 have been satisfied.

8 Section 210. Organization Meetings.--(a) After the filing  
9 of the articles in the Department of State the first meeting of  
10 the members shall be held within this Commonwealth at the call  
11 of the incorporators, or the majority of them, for the purpose  
12 of adopting such bylaws as this act and the articles require to  
13 be adopted by the members, and for such other purposes as shall  
14 be stated in the notice of the meeting. The incorporators, at  
15 the call of the meeting, shall give to each member at least five  
16 days' written notice of the time and place of the meeting.

17 (b) After the filing of the articles in the Department of  
18 State, an organization meeting of the board of directors named  
19 in the articles shall be held within this Commonwealth at the  
20 call of a majority of the directors, for the purpose of adopting  
21 such bylaws as the articles authorize the directors to adopt, of  
22 electing officers and of transaction of such other business as  
23 may come before the meeting. The directors who call the meeting  
24 shall give to each director named in the articles at least five  
25 days' written notice of the time and place of the meeting.

26 Section 211. Adoption and Contents of Bylaws.--(a) The  
27 members shall have the power to make, alter, amend and repeal  
28 the bylaws of an association, but such authority may be  
29 expressly vested by the articles or by the bylaws in the board  
30 of directors (except as to bylaws fixing the qualification,



1 classification, or terms of office of directors), subject to the  
2 power of the members to change such action. Unless the articles  
3 or bylaws otherwise provide, the powers hereby conferred shall  
4 be exercised by a majority vote of the directors or by the  
5 majority vote of members of the association present in person or  
6 by proxy at any regular or special meeting. No notice shall be  
7 required to members for any regular meeting where such bylaw  
8 changes are to be considered.

9 (b) The bylaws of an association may contain provisions for  
10 the regulation and management of the affairs of the association  
11 not inconsistent with law or its articles.

12 (c) An association shall send to the department a copy of  
13 its bylaws and of all changes therein immediately after every  
14 adoption and change of its bylaws.]

15 Section 14. Section 212 of the act, amended July 9, 1992  
16 (P.L.414, No.89), is repealed:

17 [Section 212. Acquisitions and Offers to Acquire Shares of  
18 Permanent Reserve Fund Stock of Association.--(a) The following  
19 words and phrases when used in this section shall have, unless  
20 the context clearly indicates otherwise, the following meanings:

21 (1) "Acquire," obtaining legal or beneficial ownership of  
22 shares, or voting rights of shares, whether obtained directly or  
23 indirectly, through an intermediary or otherwise; beneficial  
24 ownership by a person shall be deemed to include ownership by  
25 another person which controls, is controlled by or is under  
26 common control with such person and to include ownership by a  
27 spouse or member of the family of such person; the acquisition  
28 of options, warrants and rights to subscribe for, or to  
29 purchase, shares and the acquisition of rights to obtain shares  
30 through conversion or exchange shall be deemed an acquisition of

1 such shares.

2 (2) "Control," the power to elect a majority of the board of  
3 directors of an institution or corporation.

4 (3) "Institution," a permanent reserve fund stock  
5 association.

6 (4) "Ownership change," the same meaning as in section 382  
7 of the Internal Revenue Code of 1986 (Public Law 99-514, 26  
8 U.S.C. § 1 et seq.), as amended.

9 (5) "Proposal to acquire," any offer or attempt to buy or  
10 solicitation of an offer to sell or other attempt or offer to  
11 acquire by any means, directly or indirectly, through an  
12 intermediary or otherwise.

13 (b) Except as provided in subsection (i), it shall be  
14 unlawful, without the prior written approval of the department  
15 pursuant to this section, for any person to acquire, or to make  
16 a proposal to acquire, shares of an institution or shares of a  
17 corporation which controls an institution if the aggregate  
18 number of shares held after such acquisition, whether or not any  
19 prior acquisition had been approved by the department pursuant  
20 to this section, would total more than:

21 (1) ten percent of any class of the outstanding shares of  
22 such institution; or

23 (2) five percent of any such class, if such institution or  
24 corporation had net operating loss carryforwards (as defined in  
25 the Internal Revenue Code of 1986) in excess of twenty percent  
26 of its total stockholders' equity, as reported in its most  
27 recent publicly available annual financial statements.

28 (c) If the approval of the department is required under  
29 subsection (b), a person who intends to acquire, or to make a  
30 proposal to acquire, shares of an institution or of a

1 corporation which controls an institution shall:

2 (1) File an application for approval in such form as the  
3 department may prescribe,

4 (2) Deliver to the department from time to time such other  
5 information as the department may require with such  
6 certification of financial information and such verification by  
7 oath or affirmation of other data as the department may specify,

8 (3) Pay such investigation fee as the department may  
9 specify, and

10 (4) Except in the case of an applicant which is a domestic  
11 corporation or a foreign corporation qualified to do business in  
12 Pennsylvania, deliver to the department a written consent to  
13 service of process in any action or suit arising out of or in  
14 connection with the proposed acquisition through service of  
15 process on the Secretary of Banking.

16 (d) Upon receipt of an application for approval and other  
17 items required under subsection (c) the department shall conduct  
18 an investigation to determine whether the acquisition, its  
19 purposes and probable effects would be consistent with the  
20 purposes of this act set forth in section 103(a), whether the  
21 applicant, or its directors and officers in the case of a  
22 corporation, and any proposed new officers or directors of the  
23 institution involved would satisfy the test for incorporators,  
24 directors and officers of a new institution under section  
25 206(a), and whether the proposed acquisition would be  
26 prejudicial to the interests of the depositors, creditors,  
27 beneficiaries of fiduciary accounts or shareholders of the  
28 institution or corporation involved. As part of its  
29 investigation, the department shall transmit to the institution  
30 or the corporation whose shares are proposed to be acquired a

1 copy of the application and all other information received from  
2 the applicant, except such information which the department  
3 determines should be kept confidential, for the purpose of  
4 receiving such comments thereon as such institution or  
5 corporation shall transmit to the department upon its request.

6 (e) Within sixty days after receipt of an application under  
7 subsection (c) or within a longer period not in excess of thirty  
8 days after receipt from the applicant of additional information  
9 required by the department, the department shall approve or  
10 disapprove the proposed acquisition and give written notice of  
11 its decision to the applicant and the institution or corporation  
12 whose shares are proposed to be acquired. If the department  
13 approves a proposed acquisition which may result in a change of  
14 control or ownership change of such institution or corporation  
15 it may impose conditions to be observed after such acquisition  
16 with respect to transactions between the institution involved  
17 and the applicant or affiliate of the applicant, with respect to  
18 dividends or distributions by such institutions, with respect to  
19 employe relations, with respect to reimbursement for any loss  
20 occasioned by such ownership change or with respect to such  
21 other matters as the department may deem advisable on the basis  
22 of the purposes of this act set forth in section 103(a). The  
23 decision of the department shall be subject to review by the  
24 Commonwealth Court in the manner provided by law.

25 (f) A proposal to acquire shares which is made to all or  
26 substantially all of the shareholders of an institution or a  
27 corporation which controls an institution shall, to the extent  
28 required by the department in approving the proposal, provide  
29 that the proposal will remain open for a specified minimum  
30 period of time, that shares may be withdrawn from deposit prior

1 to the time the person making the proposal becomes bound to  
2 acquire them and that there will be pro rata acceptance of  
3 shares offered or deposited if they exceed the number proposed  
4 to be acquired.

5 (g) It shall be unlawful for any person directly or  
6 indirectly to make any untrue statement of a material fact or to  
7 omit to state a material fact necessary in order to make the  
8 statements made, in the light of the circumstances in which they  
9 were made, not misleading in connection with any acquisition of,  
10 or proposal to acquire, shares within the scope of this section  
11 or in any application or submission of information to the  
12 department under subsection (c).

13 (h) The enforcement and implementation of this section shall  
14 be subject to regulation by the department.

15 (i) No approval under this section shall be required for an  
16 acquisition or proposal to acquire shares in the case of either:

17 (1) An acquisition or proposal to acquire shares by the  
18 issuer thereof or by a person who at the time controls the  
19 institution or corporation whose shares are proposed to be  
20 acquired,

21 (2) A merger or consolidation which requires the approval of  
22 the department or the Office of Thrift Supervision,

23 (3) A transaction by a broker-dealer who does no more than  
24 perform the customary broker's function in transactions on a  
25 stock exchange or in the over-the-counter market, who receives  
26 no more than the customary broker's commission and who does not  
27 solicit, or arrange for the solicitation of orders, or

28 (4) A transaction of a type exempted by regulation of the  
29 department in the light of the purposes of this act set forth in  
30 section 103(a).

1 (5) An acquisition or proposal to acquire shares by the  
2 issuer's tax-qualified employe benefit program.

3 (j) (1) Any person who acquires or proposes to acquire  
4 shares of an institution or of a corporation which controls an  
5 institution in violation of this section or who violates  
6 subsection (g) shall be guilty of a misdemeanor and shall upon  
7 conviction be subject, in the case of an individual, to  
8 imprisonment for a period not exceeding five years or a fine not  
9 exceeding five thousand dollars (\$5,000), or both, and, in the  
10 case of any other person, to a fine not exceeding fifty thousand  
11 dollars (\$50,000).

12 (2) Any person who violates any provision of this section  
13 shall be liable to any institution or corporation or shareholder  
14 thereof damaged thereby and, in the discretion of the court, for  
15 punitive damages. The provisions of this section shall be  
16 enforceable in any administrative action, action or suit  
17 instituted by the department or by any such institution,  
18 corporation or shareholder to enjoin or restrain any violation  
19 or threatened violation of that section.]

20 Section 15. Article III heading of the act is repealed:

21 [ARTICLE III  
22 NAMES]

23 Section 16. Sections 301, 302 and 303 of the act are  
24 repealed:

25 [Section 301. Names permitted to be Used.--(a) The name of  
26 an association:

27 (1) May be in any language but shall be expressed in English  
28 letters or characters,

29 (2) It shall contain the words "savings association,"  
30 "savings and loan association" or "building and loan

1 association."

2 (3) The name of the association shall not contain the words  
3 "trust," "bank," "deposit," "discount" or any other words which  
4 may deceptively lead to the conclusion that it is authorized to  
5 perform any act or conduct any business which is forbidden to it  
6 by law, its articles or otherwise. The name of the association  
7 shall not contain the words "Government," "Official," "Federal,"  
8 "National," "United States," or "insured."

9 (4) The name of an association shall not be the same as, or  
10 deceptively similar to, that of any other corporation authorized  
11 to transact business in this Commonwealth.

12 (b) An association may without regard to the provisions of  
13 subsection (a) of this section use:

14 (1) Its name legally in use on the effective date of this  
15 act, or

16 (2) A name legally in use on the effective date of this act  
17 by another association which is adopted by the resulting  
18 association in a plan of merger or consolidation to which the  
19 association using the name is a party.

20 (c) The Department of State shall not approve as a corporate  
21 name or register as a fictitious name, any name which would  
22 violate the provisions of this section.

23 Section 302. Change of Name of an Association.--(a) If an  
24 association makes any change in its name the new name shall  
25 comply with the provisions of section 301.

26 (b) An association may change its name by an amendment of  
27 its articles.

28 Section 303. Reservation of Name.--(a) The exclusive right  
29 to use a name permitted to be used by an association under this  
30 act may be reserved by an individual intending to incorporate an

1 association, by an association intending to change its name, or  
2 by a Federal savings and loan association intending to convert  
3 into a State association.

4 (b) Such reservation may be made by filing with the  
5 Department of State an application executed by the applicant. If  
6 the Department of State finds that the name applied for is  
7 available it shall send a copy of the application to the  
8 department. If the department determines that the use of the  
9 name complies with the requirements of this article and is  
10 otherwise consistent with the purposes and provisions of this  
11 act it shall give its written consent to the Department of State  
12 which shall then reserve the name for the exclusive use of the  
13 applicant for a period of six months.

14 (c) A name which has been reserved for a period of six  
15 months pursuant to this section may be reserved for additional  
16 successive periods of six months each, if prior to the  
17 expiration of each such period of six months the applicant files  
18 with the Department of State a statement executed by the  
19 applicant to the effect that the proposed association for which  
20 the name is intended has taken appropriate action to obtain, but  
21 has not received, all approvals of regulatory authorities  
22 required for the business in which the name would be used.

23 (d) The right to the exclusive use of a name reserved  
24 pursuant to this section may be transferred to anyone who would  
25 be entitled to reserve such name under this section except for  
26 such prior reservation, by filing with the Department of State a  
27 notice of the transfer which shall be executed by the transferor  
28 who reserved the name and which shall set forth the name of the  
29 transferee. The Department of State shall send a copy of such  
30 notice to the department.]



1 Section 17. Article IV heading of the act is repealed:

2 [ARTICLE IV  
3 OFFICES]

4 Section 18. Section 401 of the act is repealed:

5 [Section 401. Authorized Offices.--(a) An association may  
6 not maintain any office for the conduct of its business other  
7 than:

8 (1) Its principal place of business,

9 (2) Branches authorized prior to the effective date of this  
10 act or authorized pursuant to this act.

11 (b) Any association which prior to January 1, 1954 had  
12 authorized any corporation or person to collect money on  
13 savings, mortgages, and other loans, in any city, borough or  
14 township in the Commonwealth other than a place of business of  
15 the association permitted by prior acts and, in the case of  
16 merger or consolidation, a resulting association, may continue  
17 to collect money on savings, mortgages and other loans in any  
18 such communities through any such corporations or persons and  
19 may appoint successors in their stead in any city, borough or  
20 township in the Commonwealth.]

21 Section 19. Section 402 of the act, amended April 9, 1982  
22 (P.L.334, No.94), is repealed:

23 [Section 402. Change of Location of Office.--

24 (b) An association with the prior written approval of the  
25 department and any necessary amendment to its articles may  
26 change its principal place of business to a location anywhere in  
27 Pennsylvania.

28 (c) An association may with the prior written approval of  
29 the department change the place of business of a branch to a new  
30 location in the same manner and subject to the same requirements

1 and limitations as are prescribed by this act for the  
2 establishment of branches.

3 (d) An association may with the prior written approval of  
4 the department designate a branch office as its main office and  
5 the original main office may thereafter be conducted as a branch  
6 office.

7 (e) An association which has changed the place of business  
8 of a branch shall discontinue operation of the branch at the  
9 previous location immediately upon commencing operation of the  
10 branch at the new location.

11 (f) In the event a place of business becomes unavailable an  
12 association with the prior written approval of the department  
13 may temporarily or permanently change its place of business to  
14 another place in close proximity thereto.]

15 Section 20. Section 403 of the act, amended April 9, 1982  
16 (P.L.334, No.94) and December 18, 1986 (P.L.1723, No.206), is  
17 repealed:

18 [Section 403. Authorization of New Branches.--(a) Upon a  
19 merger, consolidation or conversion of a Federal savings and  
20 loan association into a State association the resulting  
21 association may with the prior written approval of the  
22 department maintain as branches, in addition to its principal  
23 place of business, every office which was maintained prior to  
24 the merger or consolidation by the parties thereto or prior to  
25 the conversion by the Federal savings and loan association and  
26 which is located within Pennsylvania.

27 (b) Except as provided in subsection (a) of this section, an  
28 association may establish a branch after the effective date of  
29 this act anywhere in Pennsylvania and anywhere in the United  
30 States upon compliance with the following requirements:

1 (1) The proposed branch shall be authorized by resolution by  
2 its board of directors.

3 (2) If the location of the proposed branch is outside of the  
4 city, incorporated town, borough or township in which the  
5 principal place of business of the association is located, the  
6 association shall give notice of the filing of the application  
7 by advertisement in the county in which the proposed branch is  
8 to be located.

9 (3) The branch shall be approved by the department.]

10 Section 21. Section 404 of the act, amended April 9, 1982  
11 (P.L.334, No.94) and July 9, 1992 (P.L.414, No.89), is repealed:

12 [Section 404. Approval of Branch by Department.--(a) Upon  
13 receipt of an application for approval of a branch which  
14 satisfies the requirements of this act and the payment of all  
15 fees, and after such further notice as the department may  
16 require, the department shall conduct such investigation as it  
17 may deem necessary and in its discretion may hold hearings.

18 (c) Within sixty days after receipt of the application or  
19 such longer periods as may be required by any hearing which the  
20 department may hold, the department shall, approve the  
21 application if it finds that the establishment of the proposed  
22 branch would be consistent with the purposes of this act set  
23 forth in subsection (a) of section 103 and that the requirements  
24 of this act have been complied with, but shall otherwise  
25 disapprove the application. If the department approves the  
26 application it shall issue to the association a letter of  
27 authority to establish a branch. If the department disapproves  
28 the application it shall give the association written notice of  
29 its disapproval and a statement in detail of the reasons for its  
30 decision.

1 (d) An association may establish a branch pursuant to  
2 approval of the department under this section not later than  
3 twelve months after the date of the letter of authority or  
4 within such longer period as the department shall allow for good  
5 cause. Each such period of extension by the department shall not  
6 exceed six months. The association shall deliver to the  
7 department a certificate of the establishment of the branch in a  
8 form prescribed by the department.

9 (e) An association may, pursuant to a resolution of its  
10 board of directors and with prior written approval of the  
11 department, discontinue the operation of a branch upon such  
12 prior public notice of at least thirty days as the department  
13 shall prescribe. The association shall deliver to the department  
14 a certificate of the discontinuance of the branch in a form  
15 prescribed by the department.

16 (f) The department shall maintain a record of the number and  
17 location of all branches of associations.

18 (g) An association may establish and operate as a branch any  
19 principal place of business or branch of an affiliated State or  
20 Federal savings and loan association or State or National bank  
21 or State or Federal savings bank upon written approval by the  
22 department of an application for approval in a form prescribed  
23 by the department accompanied by any applicable fee. The  
24 department may issue regulations under this subsection. However,  
25 the absence of regulations shall not be a bar to consideration  
26 of an application filed under this subsection nor a basis for  
27 denial of such application.]

28 Section 22. Section 405 of the act, amended April 9, 1982  
29 (P.L.334, No.94), is repealed:

30 [Section 405. Branches Acquired from the Receiver of a

1 Closed Association.--Any association whose principal place of  
2 business is located in Pennsylvania may maintain as a branch any  
3 office which it acquires from the secretary, or public body of  
4 the United States, as receiver, in conjunction with an  
5 assumption of deposit liabilities of a closed association  
6 whether in connection with a purchase of assets, through a  
7 merger or consolidation or otherwise, without regard to the  
8 location of the principal place of business of the acquiring  
9 association.]

10 Section 23. Article V heading of the act is repealed:

11 [ARTICLE V  
12 DIRECTORS, OFFICERS, EMPLOYES AND ATTORNEYS]

13 Section 24. Section 501 of the act is repealed:

14 [Section 501. Board of Directors.--(a) The business and  
15 affairs of an association shall be managed by a board of  
16 directors.

17 (b) Subject to the provisions of this act and provisions of  
18 the articles, the number, qualifications, terms of office,  
19 manner of election, time and place of meetings, powers and  
20 duties of the directors may be prescribed by the bylaws.

21 (c) The board of directors of an association may appoint an  
22 individual as director emeritus or member emeritus of an  
23 advisory board. An individual so appointed may be compensated  
24 but may not vote at any meeting of the board of directors or  
25 advisory committee or be counted in determining a quorum. He  
26 shall not have any responsibility or be subject to any  
27 liability.]

28 Section 25. Section 502 of the act, amended July 9, 1992  
29 (P.L.414, No.89), is repealed:

30 [Section 502. Number and Qualifications of Directors.--(a)

1 The bylaws shall fix the number of directors at not less than  
2 five.

3 (b) Each director shall be a citizen of the United States.]

4 Section 26. Section 503 of the act is repealed:

5 [Section 503. Term of Office of Directors; Vacancies;  
6 Classification of Directors.--(a) Each director shall hold  
7 office for the term for which he is elected and until his  
8 successor shall have been duly elected and qualified. Directors  
9 shall be elected by the members for a term of one year except as  
10 otherwise provided in this article or in the articles or the  
11 bylaws.

12 (b) Except as otherwise provided in the articles or bylaws,  
13 vacancies in the board of directors may be filled by the  
14 remaining members of the board even though less than a quorum.  
15 Each person so designated as a director shall serve as such  
16 director for the unexpired term to which he is appointed.

17 (c) Directors may be classified, pursuant to the provisions  
18 of the articles or bylaws, according to the time for which they  
19 shall severally hold office, except that the directors named in  
20 the articles shall serve only until the first annual meeting of  
21 members. Each class shall be as nearly equal in number as  
22 possible, the term of office of at least one class shall expire  
23 in each year and the members of a class shall not be elected for  
24 a shorter period than one year or a longer period than four  
25 years. If directors of more than one class are to be elected at  
26 a meeting of members there shall be a separate election for each  
27 class of directors to be elected at the meeting.]

28 Section 27. Section 504 of the act, amended December 21,  
29 1988 (P.L.1427, No.174), is repealed:

30 [Section 504. Method of Action by Board of Directors,

1 Executive or Other Committee.--Except as otherwise provided in  
2 this act or in the articles or bylaws:

3 (a) The board of directors shall hold a regular meeting at  
4 least once in each month. Meetings of the board of directors  
5 shall be held upon such notice as the bylaws may prescribe.  
6 Unless the bylaws provide otherwise, written notice of any  
7 special meeting of the board of directors shall be given to each  
8 director. Notice of an adjourned meeting may be given by  
9 announcement at the meeting at which the adjournment is taken.  
10 Minutes shall be kept of all meetings.

11 (b) A majority of all the directors in office shall  
12 constitute a quorum for the transaction of business and actions  
13 of a majority of those present at a meeting at which a quorum is  
14 present shall be actions of the board.

15 (c) The board of directors may by resolution adopted by a  
16 majority of the whole board delegate three or more of its number  
17 to constitute an executive committee or other committee which to  
18 the extent provided in such resolution, shall have and exercise  
19 the authority of the board of directors in the management of the  
20 business of the association. Minutes shall be kept of all  
21 meetings.

22 (d) Any action which may be taken at a meeting of the  
23 directors or at an executive or other committee meeting may be  
24 taken without a meeting if a consent or consents in writing  
25 setting forth the action shall be signed by all the directors or  
26 all of the members of the executive or other committee and filed  
27 with the secretary of the association.

28 (e) The board of directors may by resolution adopted by a  
29 majority of the whole board designate one or more officers or  
30 personnel of the association to approve loans as to amount, type

1 of collateral, and other requirements, as shall be established  
2 in the resolution authorizing the approval of said loans.]

3 Section 28. Section 505 of the act is repealed:

4 [Section 505. Communications from Department of Banking.--  
5 Every official communication directed by the department to an  
6 association, or to any officer thereof, shall be transmitted by  
7 the officer receiving it to the board of directors at the next  
8 meeting of such board, and shall be duly noted in the minutes of  
9 such meeting.]

10 Section 29. Section 506 of the act, amended July 9, 1992  
11 (P.L.414, No.89), is repealed:

12 [Section 506. Removal of Directors.--(a) The board may  
13 remove a director from office if:

14 (1) He is adjudicated an incompetent by a court or is  
15 convicted of a felony,

16 (2) He does not within sixty days of his election, or such  
17 other time as the bylaws may specify, accept the office in  
18 writing or by attendance at a meeting and fulfill other  
19 requirements for holding the office,

20 (3) He fails to attend regular meetings of the board for six  
21 successive months or such shorter period as is established by  
22 the bylaws without having been excused by the board.

23 (b) The court of common pleas of the county where the  
24 principal place of business of the association is located may in  
25 a suit in which the association is a party filed by a majority  
26 of the board of directors or by the members holding at least ten  
27 percent of the voting rights of the association remove from  
28 office a director for fraudulent or dishonest acts or gross  
29 abuse of authority or discretion in the affairs of the  
30 association and may bar any director so removed from re-election



1 for a period prescribed by the court.

2 (c) The shareholders may remove a director from office  
3 subject to the provisions of the association's bylaws or  
4 articles of incorporation.]

5 Section 30. Sections 507, 508, 510 and 511 of the act are  
6 repealed:

7 [Section 507. Officers.--(a) An association shall have a  
8 president, a secretary and a treasurer and such other officers,  
9 including a conveyancer, as it may authorize. The bylaws may  
10 provide that the same individual may hold two offices except  
11 that the president shall not hold any other office. The  
12 president shall be a member of the board of directors.

13 (b) Except as otherwise provided in the bylaws, the board of  
14 directors shall elect the officers, fix their compensation and  
15 fill vacancies however occurring. An officer elected or  
16 appointed by the board may be removed by the vote of the  
17 majority of the board at any time.

18 (c) The officers shall, as between themselves and the  
19 association, have such authority and perform such duties as may  
20 be provided in the bylaws or in the absence of a provision in  
21 the bylaws as may be provided by the board.

22 Section 508. Bonds.--Each officer and employe and any  
23 director who is authorized to handle money or negotiable assets  
24 on behalf of the association shall be bonded and the association  
25 may pay the cost of such bond. The form, amount and surety of  
26 such bonds shall be such as is approved by the board of  
27 directors, but the department may require an additional amount  
28 or new or additional surety.

29 Section 510. Prohibitions Applicable to Directors, Officers,  
30 Employes and Attorneys.--(a) No director, officer, employe or

1 attorney of an association shall:

2 (1) Receive anything of value for procuring or attempting to  
3 procure any loan from or investment by an association,

4 (2) Purchase, lease, or directly or indirectly be interested  
5 in purchasing or leasing from the association for less than its  
6 fair market value any security or other property,

7 (3) Contract with an association upon terms less favorable  
8 to the association than those offered by any other corporation  
9 or person,

10 (4) Engage in any transaction under subsections (2) and (3)  
11 hereof unless the transaction is authorized by the vote of at  
12 least two-thirds of all the members of the board of directors  
13 who are not interested in such transaction except in their  
14 capacity as directors,

15 (5) Receive a mortgage loan from the association unless the  
16 real property securing the loan shall be occupied by such  
17 director, officer, attorney or employe at his home.

18 (b) A violation of any of the subsections (a) (1), (a) (2)  
19 or (a) (3), of this section shall be subject to the penalty  
20 provisions of this act.

21 Section 511. Audits and Reports.--(a) Except as provided in  
22 subsection (c) of this section the board of directors of an  
23 association shall cause an annual audit to be made of the books,  
24 papers, securities and affairs of an association and the loans  
25 thereof and such other matters as the department may require and  
26 such audit shall be made by an independent public accountant  
27 satisfactory to the department. The department may by regulation  
28 establish minimum standards for audits and reports under this  
29 subsection (a).

30 (b) A detailed written report of such audit certified to by

1 the accountant making such audit shall be promptly sent to the  
2 department. A signed copy thereof shall be placed on file with  
3 the association and noted in its minutes.

4 (c) In the case of an association which has a system of  
5 internal audit control approved by the department no audit under  
6 subsection (a) of this section shall be required and in lieu of  
7 a report required by subsection (b) the internal auditor of the  
8 association shall submit to the board an annual summary of the  
9 same matters as those required under subsection (a) of this  
10 section. Such report shall set forth the degree of compliance  
11 with the approved audit system and shall express the opinion of  
12 the internal auditor as to the adequacy of the internal  
13 controls. The report shall be kept in the files of the  
14 association and a copy shall be filed with the department.]

15 Section 31. Section 514 of the act, added July 9, 1992  
16 (P.L.414, No.89), is repealed:

17 [Section 514. Department Review of Additions of any Director  
18 or Senior Executive Officer.--(a) An insured association or a  
19 Pennsylvania thrift institution holding company shall notify the  
20 department of the proposed addition of any individual as a  
21 senior executive officer of such institution or holding company  
22 at least thirty days before such addition or employment becomes  
23 effective, if the insured association or the Pennsylvania thrift  
24 institution holding company:

25 (1) has been chartered less than two years in the case of an  
26 insured association;

27 (2) has undergone a change in control or a charter  
28 conversion within the preceding two years; or

29 (3) is not in compliance with the minimum capital  
30 requirement applicable to such insured association or is

1 otherwise in a troubled condition, as determined by the  
2 department on the basis of such insured association's or holding  
3 company's most recent report of condition or report of  
4 examination.

5 (b) An insured association or Pennsylvania thrift  
6 institution holding company may not add any individual to the  
7 board of directors or employ any individual as a senior  
8 executive officer if the department issues a notice of  
9 disapproval within thirty days following the receipt of the  
10 notice of proposed action pursuant to subsection (a).

11 (c) The department shall issue a notice of disapproval with  
12 respect to a notice submitted pursuant to subsection (a) if the  
13 competence, experience, character or integrity of the individual  
14 who is the subject of such notice indicates that it would not be  
15 in the best interests of the depositors of the insured  
16 association or in the best interest of the public to permit the  
17 individuals to be employed by or associated with the insured  
18 association or a Pennsylvania thrift institution holding  
19 company. The notice shall set forth the reason for such  
20 disapproval.

21 (d) The department may issue regulations regarding  
22 exceptions to prior notice required in subsection (a). The  
23 department shall publish a notice outlining the information  
24 required to be included in such notice as required in subsection  
25 (a).]

26 Section 32. Article VI heading of the act is repealed:

27 [ARTICLE VI  
28 MEMBERS]

29 Section 33. Sections 601, 602 and 603 of the act are  
30 repealed:

1 [Section 601. Meetings of Members.--(a) Meetings of the  
2 members of an association shall be held at such place within the  
3 Commonwealth as shall be fixed by the bylaws or by the board of  
4 directors pursuant to the bylaws, or if none is so fixed, at the  
5 principal place of business of the association.

6 (b) There shall be at least one annual meeting of members in  
7 each calendar year for the election of directors and any other  
8 business which members may present to that meeting. The time of  
9 such annual meeting shall be fixed by the bylaws or by the board  
10 of directors pursuant to the bylaws. If the annual meeting shall  
11 not be called and held within one month after the time  
12 designated in the bylaws or if the board of directors pursuant  
13 to the bylaws fails for a period of one month after the date  
14 they are required to fix the meeting, to so designate a time any  
15 member shall have the power to call upon the department to issue  
16 an order in the manner provided by law to compel the calling and  
17 holding of such meeting.

18 (c) Special meetings of the members may be called at any  
19 time by the president, by the board of directors, by the members  
20 entitled to cast at least one-fifth of the votes which all  
21 members are entitled to cast at the particular meeting or by  
22 such other officers or persons as the bylaws may provide. Upon  
23 the written request of a person or persons who are entitled to  
24 call a special meeting, the secretary shall fix a date of such  
25 meeting to be held not more than sixty days after receipt of the  
26 request and shall give due notice thereof. In the event of the  
27 secretary's failure within thirty days after the receipt of the  
28 request to fix the date or give the notice, the person or  
29 persons making the request shall have the power to call upon the  
30 department to issue an order to compel the calling and holding

1 of such meeting.

2 (d) Any meeting may be adjourned for any period except that  
3 a meeting at which directors are to be elected may be adjourned  
4 only from day to day until such directors have been elected.

5 Section 602. Notice of Meetings of Members.--(a) If the  
6 time and place of a regular meeting of the members are stated in  
7 the bylaws, it shall be sufficient, in addition to any other  
8 notice, if any, required by the bylaws, to post a notice at the  
9 place of business of the association during the month  
10 immediately preceding the date of such meeting. Written notice  
11 of each special meeting of members and of each regular meeting,  
12 the time and place of which are not stated in the bylaws, shall  
13 be given to each member of record entitled to vote at the  
14 meeting at least five days prior to the date thereof, unless a  
15 longer period of notice is required by the articles, bylaws, or  
16 other provisions of this act. The notice required by this  
17 section shall specify the place, day and hour of the meeting,  
18 and, in the case of a special meeting, the general nature of the  
19 business to be transacted. Notice of an adjourned meeting and of  
20 the business to be transacted at such meeting may be given by  
21 announcement at the meeting at which the adjournment is taken  
22 unless otherwise provided in the articles or bylaws.

23 (b) The time and place of the annual meeting of members  
24 shall be stated in a prominent place on the cover or inside  
25 cover of each passbook or other evidence of membership.

26 Section 603. Quorum and Action by Members.--(a) A meeting  
27 of the members duly called shall not be organized for the  
28 transaction of business unless a quorum is present.

29 (b) Unless otherwise provided in the articles or in a bylaw:

30 (1) The presence, in person or by proxy, of the members

1 entitled to cast a least a majority of the votes which all  
2 members are entitled to cast on a particular matter shall  
3 constitute a quorum for the purpose of considering such matter,  
4 except as provided in subsection (c) of this section,

5 (2) At a duly organized meeting, the acts of the members  
6 present who are entitled to cast at least a majority of the  
7 votes which all members present and entitled to cast shall be  
8 the acts of the members, except as otherwise provided in this  
9 act,

10 (3) The members present at a duly organized meeting may  
11 continue to do business until adjournment, notwithstanding the  
12 withdrawal of enough members to leave less than a quorum,

13 (4) If a meeting cannot be organized for lack of a quorum,  
14 those present may, except as otherwise provided in this act,  
15 adjourn the meeting to such time and place as they may  
16 determine.

17 (c) In the case of a meeting for the election of directors  
18 which is twice adjourned for lack of a quorum, those present at  
19 the second of such adjourned meetings shall constitute a quorum  
20 for the election of directors without regard to the other quorum  
21 requirements of this section, the articles or the bylaws.]

22 Section 34. Section 604 of the act, amended April 9, 1982  
23 (P.L.334, No.94) and July 9, 1992 (P.L.414, No.89), is repealed:

24 [Section 604. Voting Rights of Members.--(a) Except as  
25 otherwise provided in this act at every meeting of the members  
26 of an association the members shall have the right to vote as  
27 follows:

28 (1) In the case of a mutual association:

29 (i) Each borrowing member shall have one vote,

30 (ii) Each savings member shall have one vote. For each one

1 hundred dollars (\$100) in excess of the first one hundred  
2 dollars (\$100) in a savings account such saver shall be entitled  
3 to one additional vote,

4 (iii) A member who qualifies in more than one of the above  
5 classes shall be entitled to cast the total number of votes for  
6 which he qualifies. A member may vote in person or by proxy and  
7 shall not sell his vote nor execute a proxy for any sum of money  
8 or anything of value.

9 (2) In the case of a permanent reserve fund stock  
10 association each member shall have one vote for each share of  
11 permanent reserve fund stock, or as defined in association  
12 bylaws.

13 (3) If the bylaws of an association so provide, in each  
14 election of directors of an association each member entitled to  
15 vote shall have the right to multiply the number of votes to  
16 which he may be entitled by the total number of directors to be  
17 elected, and he may cast the whole number of such votes for one  
18 candidate or he may distribute them among any two or more  
19 candidates.

20 (b) A proxy:

21 (1) Shall be in writing and filed with the secretary of the  
22 association. Except as otherwise provided in the association's  
23 bylaws, a proxy shall be filed with the secretary not less than  
24 five days prior to the meeting at which the proxy is to be  
25 exercised.

26 (2) Shall, unless coupled with an interest, be revocable at  
27 will notwithstanding any agreement to the contrary, but the  
28 revocation of a proxy shall not be effective until written  
29 notice thereof has been given to the association,

30 (3) Shall not be revoked by the death or incompetency of the



1 maker unless, before the vote is counted or the authority  
2 exercised written notice of such death or of an adjudication of  
3 such incompetence is received by the secretary.]

4 Section 35. Sections 605, 606, 607, 608, 609, 610 and 611 of  
5 the act are repealed:

6 [Section 605. Voting by Fiduciaries and Pledgors.--(a)  
7 Savings accounts standing in the name of a fiduciary may be  
8 voted either in person or by proxy of the fiduciary.

9 (b) A member whose savings account is pledged shall be  
10 entitled to vote, in person or by proxy, until it has been  
11 transferred on the books of the association and thereafter the  
12 transferee shall be entitled to vote in person or by proxy.

13 Section 606. Voting by Joint Holders of Savings Accounts and  
14 by Joint Mortgagors.--(a) Voting rights which are held jointly  
15 or as tenants in common by two or more persons, as fiduciaries  
16 or otherwise, shall be deemed to be represented for the purpose  
17 of determining a quorum if one or more such persons are present  
18 in person or by proxy. Except as provided in subsection (b) of  
19 this section, the vote shall be the vote cast by such persons or  
20 a majority of such persons but if such persons are equally  
21 divided upon the manner of voting, the voting rights held by  
22 them shall be divided equally among such persons, without  
23 prejudice to the rights of such joint owners or the beneficial  
24 owners thereof among themselves.

25 (b) Upon the filing with the secretary of the association of  
26 a copy, certified by an attorney at law to be correct, of the  
27 relevant portions of the agreement under which such savings  
28 accounts are held or of the instrument or decree of court by  
29 which the fiduciaries were appointed, or by decree of court  
30 directing the voting of such savings accounts, the persons

1 specified as having such voting power in the latest such  
2 document shall be entitled to vote such savings accounts in  
3 accordance therewith.

4 Section 607. Voting Rights Held by Corporations.--An  
5 association or other corporation which holds voting rights of an  
6 association may vote the same by:

7 (1) Its president or a vice-president,

8 (2) A proxy appointed by its president or vice-president, or

9 (3) A person appointed its general or special proxy by

10 resolution of its board of directors or under a provision of its  
11 articles or bylaws a copy of which, certified to be correct by  
12 one of its officers, shall have been filed before the vote is  
13 taken with the secretary of the association in which the voting  
14 rights are held.

15 Section 608. Determination of Members of Record.--(a) The  
16 board of directors of an association may, except as otherwise  
17 provided in its bylaws, fix a date for the determination of the  
18 members entitled to receive notice of and to vote at any meeting  
19 or to receive any distribution or allotment of rights or a date  
20 for any change, conversion or exchange of savings accounts by:

21 (1) Fixing a record date not more than forty days prior  
22 thereto, or

23 (2) Closing the books of the association against transfers  
24 for all or part of such period by giving notice to each member  
25 of record at least ten days before the closing of the books.

26 (b) If no date for determination of members of record is  
27 fixed by the bylaws or pursuant to subsection (a) of this  
28 section, transferees of voting rights which are transferred on  
29 the books of the association within ten days of the date of a  
30 meeting of members shall not be entitled to receive notice of,

1 or to vote at, the meeting.

2 (c) Holders of savings accounts which have been voluntarily  
3 or involuntarily withdrawn, or holders of savings accounts who  
4 have not assented to or have dissented from a merger or a  
5 consolidation, shall be entitled to notice of, and to vote at,  
6 any meeting of members, until they shall have been paid in full  
7 the amount lawfully due them on account of their savings  
8 accounts. The exercise of such right to vote at such a meeting  
9 shall not constitute waiver of, nor in any way affect, any  
10 rights granted by law to such members by virtue of their savings  
11 accounts having become fully paid, or of their withdrawal from  
12 the association, either voluntarily or involuntarily, or of  
13 their failure to assent to, or their dissent from, a plan of  
14 merger or consolidation.

15 Section 609. Judges of Election.--(a) One judge or three  
16 judges of election may be appointed:

17 (1) In advance of each meeting of members by the board of  
18 directors, or

19 (2) If the board of directors has not done so, at the  
20 meeting by the chairman of the meeting except that in such case,  
21 the holders of a majority of the voting rights present shall  
22 determine whether one or three judges are to be appointed. A  
23 judge of election need not be a member and a candidate for  
24 office shall not act as a judge.

25 (b) The judge or judges of election shall perform his or  
26 their duties impartially, expeditiously and in good faith and  
27 shall:

28 (1) Determine the number of voting rights entitled to be  
29 voted, the number represented at the meeting, the voting power  
30 of each and the existence of a quorum,

1 (2) Determine the authenticity, validity and effect of  
2 proxies,

3 (3) Receive votes or ballots, hear and determine all  
4 challenges and questions in any way arising in connection with  
5 the right to vote, count and tabulate the votes, and determine  
6 the result,

7 (4) Do whatever is appropriate to conduct the election or  
8 vote with fairness to all members,

9 (5) Act by majority vote, if there are three, and

10 (6) Upon request of the chairman or any person at the  
11 meeting, make a written report of any matter determined by him  
12 or them and execute a certificate of any fact found by him or  
13 them.

14 Section 610. Informal Action by Members.--Any action which  
15 may be taken at a meeting of members may, unless otherwise  
16 provided in the articles or bylaws, be taken without a meeting,  
17 if a consent or consents in writing, setting forth the action so  
18 taken, shall be signed by all the members who would be entitled  
19 to vote on such action at a meeting and shall be filed with the  
20 secretary of the association.

21 Section 611. Immunity of Savings Account Members.--A savings  
22 account member of an association shall not, merely by reason of  
23 his ownership of savings or voting rights, be personally liable  
24 for any debt or liability of the association.]

25 Section 36. Section 612 of the act, amended July 11, 1980  
26 (P.L.638, No.132), is repealed:

27 [Section 612. Disclosure of Information Concerning  
28 Accounts.--(a) Record books and accounts of associations are  
29 private and confidential and the contents thereof may not be  
30 divulged by any officer, director or employe of the association

1 except to:

2 (1) Authorized employes of the Department of Banking,

3 (2) Authorized employes of the Department of Revenue of the  
4 Commonwealth of Pennsylvania,

5 (3) Authorized representatives of the Federal Home Loan Bank  
6 Board,

7 (4) Members of the Savings Association Board during hearing  
8 before the board who shall have the right to inspect the records  
9 of the association.

10 (5) Authorized representatives of the Pennsylvania Savings  
11 Association Insurance Corporation.

12 (b) An association shall upon request furnish to any member  
13 information regarding his own account. The department shall by a  
14 regulation or ruling in any specific case, establish procedures  
15 for communication by one member of an association with other  
16 members of the same association, provided, that it determines  
17 that the request is made for legitimate purposes and can be  
18 complied with in such manner as not to disclose the investments  
19 of any members in the association. Any such communications shall  
20 be subject to the terms and conditions including payment of  
21 costs prescribed by the department.]

22 Section 37. Article VII heading of the act is repealed:

23 [ARTICLE VII  
24 CORPORATE POWERS]

25 Section 38. Section 701 of the act, amended August 1, 1969  
26 (P.L.208, No.84), July 11, 1980 (P.L.638, No.132), June 5, 1981  
27 (P.L.81, No.28), April 9, 1982 (P.L.334, No.94), December 21,  
28 1988 (P.L.1427, No.174) and July 9, 1992 (P.L.414, No.89) and  
29 repealed in part July 30, 1975 (P.L.105, No.55), is repealed:

30 [Section 701. Powers of Associations.--(a) Every

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

9 (1) To have perpetual existence: to adopt and use a  
10 corporate seal, which may be affixed by imprint, facsimile, or  
11 otherwise; and to adopt and amend bylaws.

12 (2) To sue and be sued, complain and defend in courts of law  
13 or equity in its corporate name.

14 (3) To acquire, hold, sell, dispose of and convey real and  
15 personal property consistent with its objects and powers on such  
16 terms as to the association seem most advantageous; to mortgage,  
17 pledge, or lease any real or personal property; and to take  
18 property by gifts, devise, or bequest.

19 (4) To elect or appoint and remove officers, agents and  
20 employes of the association and define their duties and fix  
21 their compensation, and enter into employment contracts with  
22 them for such period or periods, not exceeding five years, as  
23 the board of directors shall determine.

24 (5) An association may borrow from the Federal Home Loan  
25 Bank such sums as are permitted by the rules and regulations of  
26 the Federal Home Loan Bank and such borrowings shall be in  
27 accordance with such rules and regulations as may be prescribed  
28 by the Federal Home Loan Bank. An association may borrow from  
29 the Pennsylvania Savings Association Insurance Corporation such  
30 sums as are permitted by the rules and regulations of the

1 Pennsylvania Savings Association Insurance Corporation and such  
2 borrowings shall be in accordance with such rules and  
3 regulations as may be prescribed by the Pennsylvania Savings  
4 Association Insurance Corporation. An association may borrow  
5 from sources individual or corporate, an aggregate amount not in  
6 excess of fifty percent of its savings liability. An insured  
7 association shall also have the right to issue notes, bonds,  
8 debentures and other securities in accordance with such rules  
9 and regulations as are prescribed by the Office of Thrift  
10 Supervision, the Federal Deposit Insurance Corporation and the  
11 Department of Banking. Loans and other evidences of indebtedness  
12 may be secured by assets of the association. The pledge of  
13 assets may be with recourse. When authorized by statute, an  
14 association may also pledge its assets for public fund deposits  
15 to the extent the same are not insured.

16 (6) To qualify as and become a member of a Federal Home Loan  
17 Bank.

18 (7) To become a member of, deal with, or make reasonable  
19 payments or contribution to any organization to the extent that  
20 such organization assists in furthering or facilitating the  
21 association's purposes, powers or community responsibilities,  
22 and to comply with any reasonable conditions of eligibility.

23 (8) To maintain and let safes, boxes or other receptacles  
24 for the safekeeping of personal property upon such terms and  
25 conditions as may be agreed upon.

26 (9) To sell money orders, travelers checks and similar  
27 instruments as agent for any organization empowered to sell such  
28 instruments through agents within this Commonwealth and to  
29 receive money for transmission through a Federal Home Loan Bank,  
30 to issue credit cards, extend credit in connection therewith,

1 and otherwise engage in or participate in credit card operation  
2 and to honor withdrawals by travelers' convenience withdrawals,  
3 subject to regulations issued by the department after giving due  
4 consideration to the laws and regulations applicable to Federal  
5 savings and loan associations.

6 (10) To act as fiscal agent of the United States, and, when  
7 so designated by the Secretary of the Treasury, to perform,  
8 under such regulations as he may prescribe, all such reasonable  
9 duties as fiscal agent of the United States as he may require;  
10 and to act as agent for any instrumentality of the United States  
11 and as agent of this Commonwealth or any instrumentality  
12 thereof.

13 (11) To service loans and investments for others, provided  
14 that the loans or investments were sold by the association.

15 (12) To act as trustee of funds or contributions received  
16 under a trust plan or instrument prepared in accordance with the  
17 requirements of the Self Employed Individuals Tax Retirement Act  
18 of 1962, its amendments and supplements, and the regulations  
19 promulgated thereunder, and the Employee Retirement System  
20 Income Security Act of 1974, its amendments and supplements, and  
21 the regulations promulgated thereunder, and as such trustee to  
22 invest such funds or contributions only in savings accounts,  
23 deposits, obligations and securities of the association which is  
24 insured by the Federal Savings and Loan Insurance Corporation  
25 pursuant to the provisions of the National Housing Act, its  
26 amendments and supplements or by the Pennsylvania Savings  
27 Association Insurance Corporation established by the act of  
28 April 6, 1979 (P.L.17, No.5), entitled "An act establishing the  
29 Pennsylvania Savings Association Insurance Corporation and  
30 providing for its powers and duties."



1 (13) To act as agent for others in any transaction  
2 incidental to the operation of its business.

3 (14) To sell with or without recourse and to purchase  
4 mortgages or other loans authorized by this act, including  
5 participating interests therein.

6 (17) To make application for and to obtain insurance of  
7 loans pursuant to national housing legislation.

8 (18) To make contributions and donations for the public  
9 welfare or religious, scientific or educational purposes.

10 (19) To use abbreviations, words or symbols in connection  
11 with any document of any nature and on checks, proxies, notices  
12 and other instruments which abbreviations, words, or symbols  
13 shall have the same force and legal effect as though the  
14 respective words and phrases for which they stand were set forth  
15 in full for the purposes of all statutes of the Commonwealth and  
16 all other purposes.

17 (20) To enter into a contract with any corporation  
18 authorized to transact the business of insurance in this  
19 Commonwealth, or to participate in, or become a member of a  
20 trust, fund, plan or agreement to provide retirement benefits,  
21 death benefits, or disability benefits, and to make such  
22 contributions out of the earnings of the association, as may be  
23 required to provide these benefits; provided that an association  
24 shall send the department a copy of any such contract, trust,  
25 fund, plan or agreement and of all changes therein immediately  
26 after every adoption and change.

27 (21) To acquire savings and pay earnings or interest  
28 thereon, and to lend and invest its funds as provided in this  
29 code.

30 (22) Notwithstanding any other provision of this act,

1 associations shall have all powers granted to Federal savings  
2 and loan associations. Associations may invest in such bonds,  
3 capital stock obligations, and other securities that qualify for  
4 investment for any purposes by Federal savings and loan  
5 associations. The department may by regulation supervise the  
6 exercise of any additional powers which associations may acquire  
7 by virtue of this subsection.

8 (23) An insured association issuing mortgage backed bonds  
9 may reinvest the accumulated principal payments on the mortgage  
10 collateral under regulations prescribed by the Federal Savings  
11 and Loan Insurance Corporation, or the Pennsylvania Savings  
12 Association Insurance Corporation, or may establish a sinking  
13 fund with the accumulated principal payments on the mortgage  
14 collateral. Such sinking fund investments shall be in bonds or  
15 other interest bearing obligations of the United States, or  
16 those for the payment of the principal and interest on which the  
17 faith and credit of the United States is pledged.

18 (24) Upon receiving written approval of the department an  
19 association may act as trustee, executor, administrator,  
20 guardian, or in any other fiduciary capacity in which banks,  
21 trust companies or other corporations are permitted to act. Such  
22 approval and the exercise of such powers shall be subject to  
23 regulations issued by the department after giving due  
24 consideration to the laws and regulations applicable to Federal  
25 savings and loan associations. The department shall also  
26 promulgate regulations governing the surrender or revocation of  
27 such powers. Upon receiving written approval of the department,  
28 service corporations may invest in State or Federally chartered  
29 corporations which are located in Pennsylvania and which are  
30 engaged in trust activities.

1 (25) (i) In accordance with regulations issued by the  
2 department, mutual capital certificates may be issued and sold  
3 directly to subscribers or through underwriters. Such  
4 certificates shall constitute a part of the general reserve and  
5 net worth of the issuing association; and

6 (A) shall be subordinate to all savings accounts, savings  
7 certificates and debt obligations;

8 (B) shall constitute a claim in liquidation on the general  
9 reserves, surplus and undivided profits of the association  
10 remaining after the payment in full of all savings accounts,  
11 savings certificates and debt obligation;

12 (C) shall be entitled to the payment of dividends; and

13 (D) may have a fixed or variable dividend rate.

14 (ii) The department shall provide in its regulations for  
15 charging losses to the mutual capital certificate, reserves and  
16 other net worth accounts.

17 (26) Except as provided in clause (27) any loans authorized  
18 by this code may be made at such interest, finance charge, rate,  
19 and/or terms herein authorized or at any interest, finance  
20 charge, rate, and/or terms permitted any other lender regulated  
21 by the Commonwealth of Pennsylvania or Federally chartered  
22 institutions operating in Pennsylvania and regulated by the  
23 Federal Home Loan Bank Board. The department shall have power to  
24 issue regulations with respect to amounts, terms and conditions  
25 including prepayment penalties and late charges.

26 (27) The extension of credit through the issuance and use of  
27 credit cards may be made at such interest, finance charge, rate  
28 and/or terms as may lawfully be permitted State chartered  
29 institutions as defined by the act of November 30, 1965

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

1 accordance with the following:

2 (i) For cash advances such interest, finance charge, rate  
3 and/or terms shall be as provided in the "Banking Code of 1965."

4 (ii) For purchases of goods and services such interest,  
5 finance charge, rate and/or terms shall be as provided in the  
6 act of October 28, 1966 (1st Sp.Sess., P.L.55, No.7), known as  
7 the "Goods and Services Installment Sales Act."

8 (b) The powers granted in this section shall not be  
9 construed as limiting or enlarging any grant of authority made  
10 elsewhere by this act, or as a limitation on the purposes for  
11 which an association may be incorporated. It shall not be  
12 permissible or necessary to set forth any of such powers in the  
13 articles of the association. Except as otherwise provided in  
14 this act, or in the articles, or in the bylaws, such powers  
15 shall be exercised by the board of directors of the  
16 association.]

17 Section 39. Article VIII heading of the act, amended  
18 November 26, 1978 (P.L.1397, No.329), is repealed:

19 [ARTICLE VIII

20 SAVINGS OPERATIONS, EARNINGS, ACCOUNT

21 INSURANCE AND RESERVES]

22 Section 40. Sections 801, 802 and 803 of the act are  
23 repealed:

24 [Section 801. No Limitation on Savings Accounts.--An  
25 association may receive money for savings accounts without  
26 limitation as to number and amount of such accounts unless the  
27 board of directors shall fix limits therefor.

28 Section 802. Ownership.--Investments in savings accounts may  
29 be made only with cash and may be made by any person or persons  
30 in his or their own right or in a trust or other fiduciary

1 capacity and by any partnership, association, corporation,  
2 political subdivision, public or governmental unit or entity.

3 Section 803. Savings Contracts.--Each holder of a savings  
4 account opened or created after the effective date of this act  
5 shall execute a savings contract setting forth any special terms  
6 and provisions applicable to such account and the conditions  
7 upon which withdrawals may be made not inconsistent with the  
8 provisions of this act. Such savings contract shall be held by  
9 the association as part of its records pertaining to such  
10 account.]

11 Section 41. Section 804 of the act, amended December 21,  
12 1988 (P.L.1427, No.174), is repealed:

13 [Section 804. Types of Savings Contracts.--(a) An  
14 association may make any type of savings account contract  
15 including a savings deposit account, a savings account subject  
16 to withdrawal on demand, and an optional type savings account  
17 subject to withdrawal by a Negotiable Order of Withdrawal.  
18 Savings accounts shall be issued in accordance with such  
19 regulations as the department shall prescribe. No type of  
20 account may be created by any association which imposes fines as  
21 penalties for late payment or nonpayment for a period of longer  
22 than six months. The resolution of the board creating the  
23 account may provide for transfer of the account at the  
24 termination of this period to another type of account.

25 (b) Any share certificates which may be outstanding upon the  
26 effective date of this act which were valid under prior law  
27 shall continue to be valid, with the same rights and privileges  
28 and subject to the same duties and liabilities as though such  
29 certificates were savings accounts opened in accordance with the  
30 terms of this act in the amount of the withdrawal value of such

1 certificates.]

2 Section 42. Sections 805, 806, 807, 808, 809, 810, 811 and  
3 812 of the act are repealed:

4 [Section 805. Evidence of Ownership of an Account.--The  
5 association shall issue to the holder of a savings account  
6 either an account book, a certificate or other evidence of  
7 ownership.

8 Section 806. Transfer of Savings Accounts.--Savings accounts  
9 shall be transferable only on the books of the association upon  
10 presentation of evidence of transfer satisfactory to the  
11 association accompanied by proper application for transfer by  
12 the transferee who shall accept such account subject to the  
13 terms and conditions of the savings contract, the bylaws of the  
14 association and the provisions of its articles of incorporation.  
15 The association may treat the holder of record of a savings  
16 account as the owner thereof for all purposes without being  
17 affected by any notice to the contrary unless the association  
18 has acknowledged in writing the interest of persons other than  
19 the holder of record.

20 Section 807. Savings Accounts of Minors.--An association may  
21 open savings accounts in the name of a minor as the sole and  
22 absolute owner of such savings account and receive payments  
23 thereon by or for such owner and pay withdrawals, accept pledges  
24 to the association and act in any other manner with respect to  
25 such accounts on the order of the minor. Any payment to a minor  
26 or a receipt or acquittance signed by the minor or any other  
27 action required by the association to be taken by the minor  
28 shall be binding upon such minor with like effect as if such  
29 minor were of full age and legal capacity and shall be a valid  
30 release to the association. The parent or guardian of such minor

1 shall not, in his capacity as parent or guardian, have the power  
2 to attach, or in any manner transfer, any savings account owned  
3 and standing in the name of such minor.

4 Section 808. Savings Accounts in Two or More Names.--(a)

5 When a savings account is opened in any association in the names  
6 of two or more persons whether minor or adult and the savings  
7 contract provides that the moneys in such account may be paid to  
8 or on the order of any one of such persons, then the association  
9 may pay the moneys in such account to or on the order of any one  
10 of such persons either before or after the death of the other  
11 person or persons named on such account and such association  
12 shall have no further liability for the amount so paid.

13 (b) If the savings contract provides that the signatures of  
14 more than one of such persons during their lifetimes or of more  
15 than one of the survivors after the death of any one of them are  
16 required on any receipt or withdrawal order then the association  
17 shall pay the moneys in the account only in accordance with such  
18 instructions; provided

19 (c) Any one of the parties to a joint account may give  
20 written notice to the association not to permit withdrawals in  
21 accordance with the terms of the savings contract, in which  
22 event the association may refuse, without liability, to honor  
23 any receipt or withdrawal request on the account pending  
24 determination of the rights of the parties thereto.

25 Section 809. Pledge to Association of Joint Savings  
26 Accounts.--The pledge or hypothecation to any association of all  
27 or part of a savings account issued in the names of two or more  
28 persons signed by any person or persons upon whose signature or  
29 signatures withdrawal may be made from the account shall, unless  
30 the terms of the savings account provide specifically to the

1 contrary, be a valid pledge and transfer to the association of  
2 that part of the account pledged or hypothecated and shall not  
3 operate to sever or terminate the joint and survivorship  
4 ownership of all or any part of the account.

5 Section 810. Savings Accounts of Fiduciaries.--If the  
6 fiduciary is permitted by law to make such investments an  
7 association may accept savings accounts in the name of any  
8 administrator, executor, custodian, guardian, trustee or other  
9 fiduciary for a named beneficiary or beneficiaries and any such  
10 fiduciary shall have the power to vote as a member as if the  
11 membership were held absolutely, to open and make additions to,  
12 and to withdraw from any such account in whole or in part.  
13 Except when otherwise provided by law, the payment to any such  
14 fiduciary or a receipt or acquittance signed by such fiduciary  
15 to whom any payment is made shall be a valid and sufficient  
16 release and discharge of an association for the payment so made.

17 Section 811. Trust Accounts Where Trust Instrument is Not  
18 Disclosed.--Whenever an account shall be opened by any person,  
19 describing himself in opening such account as a trustee for  
20 another person or persons and no other or further notice of the  
21 existence and terms of a legal and valid trust than such  
22 description shall have been given in writing to such  
23 association, withdrawals from such account may be made on the  
24 signature of the person so described as trustee, and in the  
25 event of the death of such person, the withdrawal value of such  
26 account, or any part thereof, together with earnings thereon,  
27 may be paid to the person or persons for whom the account was  
28 thus stated to be opened. The receipt or acquittance of any such  
29 beneficiary or beneficiaries for the payments made in accordance  
30 with this section shall be a full, complete and valid release of



1 the association from any further liability for the amounts so  
2 paid.

3 Section 812. Powers of Attorney on Savings Accounts.--Any  
4 association may continue to recognize the authority of an  
5 attorney-in-fact authorized in writing to manage or to make  
6 withdrawals either in whole or in part from the savings account  
7 of a member until it receives written notice or is on actual  
8 notice of revocation of his authority. For the purposes of this  
9 section, written notice of the death or adjudication of  
10 incompetency of such member shall constitute written notice of  
11 revocation of the authority of his attorney-in-fact.]

12 Section 43. Section 813 of the act, amended December 21,  
13 1988 (P.L.1427, No.174), is repealed:

14 [Section 813. Withdrawals from Savings Accounts.--Any  
15 savings account member may at any time withdraw all or any part  
16 of his savings account, including the right to effect such  
17 withdrawals by travelers' convenience withdrawals. If the  
18 savings account contract provides for withdrawal on demand, a  
19 savings account may be subject to withdrawal by check. An  
20 optional type savings account may be subject to withdrawal by a  
21 Negotiable Order of Withdrawal.]

22 Section 44. Sections 814 and 815 of the act are repealed:

23 [Section 814. Redemption of Savings Accounts.--At any time  
24 funds are on hand for the purpose, an association shall have the  
25 right to redeem by lot or otherwise, as the board of directors  
26 may determine, all or any part of any of its savings accounts on  
27 an earnings date by giving thirty days' notice by registered or  
28 certified mail, addressed to each affected account holder at his  
29 last address as recorded on the books of the association. No  
30 association shall redeem any of its savings accounts when the

1 association is subject to receivership action under the  
2 provisions of this act or when it has applications for  
3 withdrawal which have been on file more than thirty days and  
4 have not been reached for payment. The redemption price of  
5 savings accounts redeemed shall be the withdrawal value thereof.  
6 If the notice of redemption shall have been duly given and if on  
7 or before the redemption date the funds necessary for such  
8 redemption shall have been set aside so as to be and continue to  
9 be available therefor, earnings upon the accounts called for  
10 redemption shall cease to accrue from and after the earnings  
11 date specified as the redemption date and all rights with  
12 respect to such accounts shall forthwith, after such redemption  
13 date, terminate, except only the right of the account holder of  
14 record to receive the redemption price.

15 Section 815. Lien on Savings Accounts.--Every association  
16 shall have a lien, without further agreement or pledge, upon all  
17 savings accounts owned by any member to whom or on whose behalf  
18 the association has made an advance of money by loan or  
19 otherwise and upon the default in the repayment or satisfaction  
20 thereof the association may, without notice to or consent of the  
21 member, cancel on its books all or any part of the savings  
22 accounts owned by such member and apply the value of such  
23 accounts in payment on account of such obligation. An  
24 association may by written instrument waive its lien in whole or  
25 in part of any savings accounts. Any association may take the  
26 pledge of savings accounts of the association owned by a member  
27 other than the borrower as additional security for any loan  
28 secured by an account, or by an account and real estate, or as  
29 additional security for any real estate loan. Notwithstanding  
30 any other provision of this section, no association shall have a

1 lien upon a savings account as a result of a default on any real  
2 estate loan, unless the said account is specifically pledged as  
3 security for the said real estate loan.]

4 Section 45. Section 816 of the act, amended December 21,  
5 1988 (P.L.1427, No.174), is repealed:

6 [Section 816. Authorizing Payment of Earnings or Interest on  
7 Savings Accounts.--The board of directors shall determine the  
8 earnings or interest, if any, to be credited not less frequently  
9 than annually to savings accounts on the books of the  
10 association unless a savings account holder shall have requested  
11 and the association shall have agreed to pay earnings or  
12 interest on such savings account in cash. Earnings or interest  
13 payable in cash may be paid by check or bank draft. All accounts  
14 of the same type and class shall be paid the same rate of  
15 earnings or interest.]

16 Section 46. Sections 817 and 818 of the act are repealed:

17 [Section 817. Accounts Subject to Attachment.--Savings  
18 accounts of associations and Federal savings and loan  
19 associations shall be subject exclusively to attachment or any  
20 similar process and shall not be subject to levy and sale on  
21 execution or proceedings supplementary thereto.

22 Section 818. Earnings Not Distributed.--An association may  
23 provide by resolution of its board of directors that it shall  
24 not distribute earnings on any savings account of less than a  
25 minimum amount fixed by such resolution, which amount shall be  
26 not more than fifty dollars (\$50), or on any Christmas club,  
27 vacation club or other similar account in which the account is  
28 listed for withdrawal no later than fifteen months after the  
29 date of opening; and may, by resolution of its board of  
30 directors, fix a lesser amount than such minimum with respect to

1 the distribution of earnings on savings accounts established in  
2 connection with a program offered by such association to  
3 children for the encouragement of thrift.]

4 Section 47. Section 819 of the act, amended December 13,  
5 1979 (P.L.522, No.115), is repealed:

6 [Section 819. Service Charge.--An association may make a  
7 service charge of not more than five dollars (\$5) in any  
8 calendar year against any savings account if at the time any  
9 such charge is made:

10 (a) The association is not required to distribute earnings  
11 to such account,

12 (b) No payment has been made and no earnings have been  
13 distributed on such account for a period of at least thirty-six  
14 months next preceding the date on which such charge is made, and

15 (c) Thirty days prior to making the first service charge the  
16 association has mailed to the holder of such account at his last  
17 known address a notice that service charges will be made in  
18 accordance with this section.]

19 Section 48. Section 820 of the act, amended December 27,  
20 1974 (P.L.1012, No.329), is repealed:

21 [Section 820. Inactive Accounts.--Savings on which no  
22 payments have been made and on which earnings are unclaimed for  
23 a period of six years or longer may be listed for withdrawal by  
24 action of the association's board of directors without regard to  
25 any other provisions or limitations of the statute. Notice of  
26 such action shall forthwith be mailed to the holder of such  
27 savings at his last known address. Any such withdrawals that  
28 remain unclaimed after thirty days from the mailing of such  
29 notice may be placed in a special account held solely for the  
30 purpose of paying any future claims of the rightful owners

1 thereof. Earnings shall cease to accrue on such withdrawals  
2 after the placing of the funds in the special account.]

3 Section 49. Section 821 of the act is repealed:

4 [Section 821. No Duty on an Association to Determine  
5 Ownership of Funds Placed in Savings Accounts.--An association  
6 shall be under no duty to determine the ownership of funds  
7 received by it for saving accounts, but shall be entitled to  
8 rely on the savings account contract with the named owners. An  
9 association shall not be liable to any person claiming to be the  
10 owner, part owner, joint owner or beneficiary in any savings  
11 account unless such person is named as owner or beneficiary  
12 therein or the association is supplied with a decree or order of  
13 court determining ownership.]

14 Section 50. Section 822 of the act, amended December 21,  
15 1988 (P.L.1427, No.174), is repealed:

16 [Section 822. Reserves.--(a) Every association shall  
17 maintain general reserves which shall be used solely for the  
18 purpose of absorbing losses. Such reserves shall consist of all  
19 or any of the following:

20 (1) A reserve for contingent losses,

21 (2) A reserve for bad debts,

22 (3) In the case of an association whose accounts are insured  
23 by the Federal Savings and Loan Insurance Corporation, a Federal  
24 insurance reserve.

25 (b) Whenever the general reserves plus capital and capital  
26 surplus of an association are not equal to at least eight  
27 percent of the savings accounts and whenever the net worth of an  
28 association is not equal to at least ten percent of such savings  
29 accounts it shall credit to its general reserves each year an  
30 amount equal to not less than five percent, and as much more as

1 it may deem desirable, of its net profits for the year.

2 (c) Any net income remaining after reserve requirements are  
3 met and earnings distributions have been made may be retained in  
4 a surplus account.]

5 Section 51. Sections 823, 823.1 and 823.2 of the act,  
6 amended or added December 21, 1998 (P.L.1002, No.132), are  
7 repealed:

8 [Section 823. Account Insurance.--(a) Each association  
9 subject to this act shall obtain insurance of accounts as soon  
10 as the association can qualify for such coverage as provided by  
11 the Federal Deposit Insurance Corporation or the National Credit  
12 Union Administration.

13 (a.1) Notwithstanding any provision to the contrary, no  
14 association may conduct the business of an association after  
15 thirty months from the effective date of this subsection unless  
16 its deposits are insured by the Federal Deposit Insurance  
17 Corporation or National Credit Union Administration.

18 (a.2) A PSAIC insured association shall receive a refund of  
19 its capital deposit, to the extent that it exists, from the  
20 PSAIC pursuant to the following conditions:

21 (1) An association which files an application for Federal  
22 deposit insurance with the Federal Deposit Insurance Corporation  
23 no later than eighteen months from the effective date of this  
24 subsection and which application is deemed to be substantially  
25 complete by the Federal Deposit Insurance Corporation, at such  
26 time as the association shall withdraw from the PSAIC.

27 (2) An association which, no later than eighteen months from  
28 the effective date of this subsection, files an application with  
29 the department pursuant to Article XI and/or any appropriate  
30 Federal regulator to merge or consolidate with an existing

1 federally insured institution and which application is deemed to  
2 be substantially complete by the department and/or any  
3 appropriate Federal regulator, at such time as the association  
4 withdraws from the PSAIC.

5 (3) An association which files a certificate of election to  
6 dissolve no later than eighteen months from the effective date  
7 of this subsection, at such time as the association withdraws  
8 from the PSAIC.

9 (4) An association which files an application to merge or  
10 convert pursuant to the provisions of section 1101.1 and which  
11 application is deemed to be substantially complete by the  
12 department and/or any appropriate Federal regulator no later  
13 than eighteen months from the effective date of this subsection,  
14 at such time as the association shall withdraw from the PSAIC.

15 (5) An association which fails to file a substantially  
16 complete application for Federal deposit insurance with the  
17 Federal Deposit Insurance Corporation or fails to file a  
18 substantially complete application to merge or consolidate with  
19 a federally insured institution or fails to file a substantially  
20 complete application to merge with or convert to a credit union  
21 pursuant to section 1101.1 or fails to file a certificate of  
22 election to dissolve no later than eighteen months from the  
23 effective date of this subsection shall receive a refund of its  
24 capital deposit to the extent that it exists pursuant to the  
25 provisions of section 823.2(c).

26 (a.3) Upon a PSAIC insured association's application to the  
27 department, the deadline for obtaining Federal insurance as set  
28 forth in subsection (a.1) may be extended for a period deemed  
29 appropriate by the department. The department's discretion in  
30 granting the extension shall be based on whether:

1 (1) The association has filed an application for extension  
2 of the deadline at least thirty days prior to the deadline set  
3 forth in subsection (a.1).

4 (2) The association has complied with the filing  
5 requirements of this section.

6 (3) The association is in compliance with all other  
7 provisions of this act.

8 (4) The department determines that the association has been  
9 diligent in fulfilling its obligations under this act.

10 (5) The department determines that the association has  
11 replied in a timely fashion to all reasonable requests for  
12 information from any regulatory agency.

13 (6) Other compelling reasons relative to this act which the  
14 department deems appropriate.

15 (b) An association which is not insured or which loses its  
16 insurance may become the subject of a charter revocation  
17 proceeding by the department.

18 Section 823.1. Dissolution.--Notwithstanding section 1207, a  
19 PSAIC insured association which fails to file a substantially  
20 complete application for Federal insurance of its accounts as an  
21 insured institution or an application with the department or any  
22 Federal banking regulator as required by law for merger with an  
23 existing federally insured institution or an application to  
24 merge with or convert to a credit union within the time period  
25 set forth in section 823 may be subject to the imposition of a  
26 plan of dissolution by the department. The distribution of  
27 assets shall be in accordance with section 1208. Additionally,  
28 the department may appoint a conservator to the association who  
29 shall have full authority to wind up the affairs of the  
30 association, including filing dissolution documents with the



1 department or other relevant agency. The board of directors and  
2 the members shall have no authority upon appointment of a  
3 conservator.

4 Section 823.2. PSAIC.--(a) Notwithstanding any provision of  
5 law to the contrary, including, without limitation, the  
6 provisions of the act of April 6, 1979 (P.L.17, No.5), referred  
7 to as the Pennsylvania Savings Association Insurance Corporation  
8 Act, or any bylaws, rules or regulations issued pursuant  
9 thereto, a PSAIC insured association which complies with the  
10 filing requirements of section 823 shall withdraw from the PSAIC  
11 by providing written notice of withdrawal to the board of  
12 directors of the PSAIC and shall receive a refund of the  
13 association's capital deposit to the extent that it exists  
14 within sixty days of the written notice.

15 (b) Notwithstanding any provision of the Pennsylvania  
16 Savings Association Insurance Corporation Act or any law to the  
17 contrary, all of the PSAIC corporate powers shall be exercised  
18 by a board of directors, the number and qualifications of which  
19 shall be established by the PSAIC's bylaws. In addition to the  
20 directors elected by the member associations as provided in the  
21 bylaws of the PSAIC, the directors shall appoint up to five  
22 additional directors of the PSAIC at such time as the department  
23 deems appropriate, subject to written approval of each  
24 additional director by the department within sixty days of  
25 receipt by the department of written notice from the PSAIC that  
26 it has selected such a director. The five additional directors  
27 of the PSAIC shall represent the public interest and serve for a  
28 term of four years or until replaced. The terms shall commence  
29 on the date of the first meeting of the board of directors held  
30 following their appointment. Any director so appointed shall not

1 be affiliated, either directly or indirectly, with any PSAIC  
2 member association, shall have a general knowledge of the  
3 financial services industry, shall be a registered voter of and  
4 shall reside in this Commonwealth. Any vacancy occurring in the  
5 term of any director shall be filled by the directors within  
6 sixty days.

7 (c) Notwithstanding any provision of the Pennsylvania  
8 Savings Association Insurance Corporation Act or any other law  
9 to the contrary, the board of directors of the PSAIC shall  
10 proceed to dissolve the PSAIC under 15 Pa.C.S. Ch. 59 Subch. F  
11 (relating to voluntary dissolution and winding up) at such time  
12 when all member associations have withdrawn from the PSAIC, by  
13 the adoption of a resolution. At such time, the board of  
14 directors of the PSAIC may elect to reimburse the capital  
15 deposit of an association which did not comply with the  
16 provisions of section 823. At such time that the PSAIC has no  
17 outstanding liabilities, the PSAIC may distribute its retained  
18 earnings to the associations which were members of the PSAIC on  
19 June 30, 1996. The retained earnings of the PSAIC shall be  
20 distributed on a pro rata basis. The pro rata distribution shall  
21 be calculated by dividing an association's capital deposit  
22 liabilities as of June 30, 1996, by the total capital deposits  
23 of all associations belonging to the PSAIC on June 30, 1996.]

24 Section 52. Section 824 of the act, added June 5, 1981  
25 (P.L.81, No.28), is repealed:

26 [Section 824. Cashing Checks for Senior Citizens.--An  
27 institution shall after proper identification of payee cash,  
28 without charge, any State or Federal Government check presented  
29 for payment by the payee of the check who is a senior citizen  
30 sixty-five years of age or older.]

1 Section 53. Section 825 of the act, added April 9, 1982  
2 (P.L.334, No.94), is repealed:

3 [Section 825. Dividends on Permanent Reserve Fund Stock.--An  
4 association may not more frequently than it credits or pays  
5 earnings to savings accounts pay a dividend on permanent reserve  
6 fund stock subject to the following conditions:

7 (1) The association shall have during the then current year,  
8 from its net earnings, credited or paid earnings on its savings  
9 accounts,

10 (2) The association shall have from its net earnings of the  
11 then current year in which the dividend is to be paid credited  
12 to its general reserves such amounts as may be required by the  
13 department, and

14 (3) No dividends shall be declared for permanent reserve  
15 fund stock that will impair reserves as set forth in section 822  
16 or 10 Pa. Code section 40.1 except upon written permission by  
17 the department.]

18 Section 54. Article IX heading of the act is repealed:

19 [ARTICLE IX  
20 INVESTMENT OPERATIONS]

21 Section 55. Section 901 of the act, amended June 5, 1981  
22 (P.L.81, No.28), is repealed:

23 [Section 901. Loans on Security of Real Estate.--An  
24 association may make a loan or participate in making loans or  
25 buy or sell participations in loans secured by a mortgage which  
26 is a lien on real estate located in the regular lending area of  
27 the association, owned by the borrower in fee or in which he has  
28 a leasehold interest. The total of all liens held by an  
29 association and all prior liens against real estate shall not  
30 exceed the maximum percentages of fair market value set forth in

1 the subsections of this article. The loan shall be evidenced by  
2 a bond, note or other evidence of indebtedness and shall be made  
3 upon the security, terms and conditions and in the amount set  
4 forth in this article for such loan. Mortgage loans and  
5 participations shall be primarily on one to four family  
6 residential properties.]

7 Section 56. Section 902 of the act, amended July 22, 1977  
8 (P.L.92, No.33), is repealed:

9 [Section 902. Eighty Percent Loans on Properties Designed  
10 Primarily for Residential Use by Not More Than Four Families.--  
11 An association may make a mortgage loan on the security of real  
12 estate on which there is erected a building, a substantial  
13 portion of which is used as a one to four family residential  
14 structure or upon the security of real estate upon which such a  
15 building is to be erected and the loan is made for financing the  
16 construction of such building. A loan made under this section  
17 shall not exceed eighty percent of the fair market value of the  
18 property. An association may make a mortgage loan which exceeds  
19 eighty percent but does not exceed ninety percent of the fair  
20 market value of a one to four family residential structure or  
21 upon the security of real estate upon which such a building is  
22 to be erected and the loan is made for financing the  
23 construction of such building: Provided, That the principal  
24 portion of the loan in excess of seventy-five percent of the  
25 value is insured with a private mortgage guaranty company  
26 licensed to do business in the Commonwealth of Pennsylvania and  
27 approved by the department.]

28 Section 57. Section 903 of the act, amended December 1, 1971  
29 (P.L.572, No.148) and repealed in part December 27, 1974  
30 (P.L.1012, No.329), is repealed:

1 [Section 903. Over Eighty Percent Loans on One Family  
2 Residential Properties.--An association may make a mortgage loan  
3 which exceeds eighty percent, but does not exceed ninety  
4 percent, of the fair market value of a one family residential  
5 property if the following conditions are met:

6 (b) The real estate shall be improved with a structure  
7 designed for residential use for one family or the loan is made  
8 to finance the construction of a structure designed for  
9 residential use for one family. Where the loan is made to  
10 finance construction, there shall not be disbursed on said loan  
11 in excess of eighty percent of the fair market value of the real  
12 estate unless construction has been fully completed and title is  
13 in the name of the owner who is occupying or will occupy the  
14 home as his residence or unless the owner is the buyer who has  
15 executed an agreement with the association assuming and agreeing  
16 to pay the mortgage.

17 (c) The principal of the obligation of the loan shall not  
18 exceed thirty thousand dollars (\$30,000) unless the department  
19 by regulation approves the granting of loans under this  
20 subsection in amounts greater than thirty thousand dollars  
21 (\$30,000).

22 (d) The principal amount of all loans made under this  
23 section shall not exceed twenty percent of the association's  
24 assets. In calculating the said twenty percent there shall be  
25 deducted all loans on which the unpaid balance is less than  
26 eighty percent of the fair market value at the date of the  
27 making of the loan. Said twenty percent shall be in addition to  
28 any percentage of loans permitted to be invested in any other  
29 type of mortgage. The limitations of this subsection shall not  
30 apply to any loan during the time that at least the top twenty

1 percent of said loan is insured with a reputable private  
2 mortgage guarantee company licensed to do business in the  
3 Commonwealth of Pennsylvania and approved by the department. The  
4 said limitation shall not apply when the mortgage qualifies in  
5 all respects as an eighty percent or less loan.

6 (e) Loans in excess of the percentage herein authorized may  
7 be made on one family residential properties in such amounts and  
8 in such percentages and on such conditions as the department may  
9 by regulation authorize.]

10 Section 57.1. Section 904 of the act, amended December 1,  
11 1971 (P.L.572, No.148), is repealed:

12 [Section 904. Seventy-five Percent Loans on Properties  
13 Designed Primarily for Residential Use by Five or More  
14 Families.--An association may make a mortgage loan not exceeding  
15 seventy-five percent of the fair market value of a property  
16 designed primarily for residential use by five or more families  
17 or upon the security of real estate on which such a building is  
18 to be erected or upon the security of real estate on which a  
19 building consisting of dwelling units used to house persons  
20 affiliated with a college, university, hospital or other  
21 institution is erected or to be erected. The department may by  
22 regulation authorize loans in excess of seventy-five percent of  
23 the fair market value on any or all of the aforescribed  
24 properties.]

25 Section 58. Sections 905 and 906 of the act, amended June 5,  
26 1981 (P.L.81, No.28), are repealed:

27 [Section 905. Loans on Other Income Producing Properties.--  
28 An association may make a mortgage loan not exceeding ninety  
29 percent of the fair market value of an income producing property  
30 not designed primarily for residential use limited to not in

1 excess of twenty percent of the assets of an association. Such  
2 mortgage loans shall be a first lien on the premises described  
3 in the mortgage.

4 Section 906. Insured or Guaranteed Loans.--The maximum  
5 limitations on loans set forth in sections 902 through 905  
6 inclusive, as to percentage of fair market value of properties  
7 on which loans are made, shall not apply to loans insured or  
8 guaranteed in whole or in part by the United States, or by the  
9 Commonwealth of Pennsylvania, or any instrumentality of either  
10 of them or if there is a commitment to so insure or guarantee.]

11 Section 59. Section 907 of the act, amended December 27,  
12 1974 (P.L.1012, No.329), is repealed:

13 [Section 907. Limitation on Aggregate of Loans Made on Five  
14 or More Family Residential Properties, Development Loans, and  
15 Other Income Producing Properties.--The aggregate of all loans  
16 made by an association on residential properties for five or  
17 more families, development loans, and other income producing  
18 properties and of participation loans secured by such properties  
19 shall not exceed fifty percent of the assets of the  
20 association.]

21 Section 60. Section 908 of the act, amended June 5, 1981  
22 (P.L.81, No.28), is repealed:

23 [Section 908. Development Loans.--(a) An association may  
24 lend on the security of developed building lots or sites, or for  
25 the acquisition and development of land into building lots or  
26 sites not in excess of seventy-five percent of the fair market  
27 value of the real estate security as of the date of the  
28 advancement of the funds and such loans may be combined with  
29 construction loans and permanent loans, subject to the following  
30 conditions:

1 (1) If the building lots or sites are completely developed  
2 at the time the loan is made the security documents shall  
3 require the borrower within a period of not more than six months  
4 to commence construction of one to four family residential  
5 structures on a specified number of such building lots or sites  
6 and within a period of eight years to complete construction of  
7 said structures on all of the building lots or sites.

8 (2) If the building lots or sites are to be developed out of  
9 the proceeds of the loan the security documents shall require  
10 development of the real estate security to be commenced in not  
11 more than nine months.

12 (b) An association may lend not over seventy percent of the  
13 fair market value of real estate security for the acquisition  
14 and development or the development of land for such purposes as  
15 the department may by regulation authorize.

16 (c) The total of all disbursed unrepaid loans under this  
17 section shall not at any time exceed ten percent of the assets  
18 of the association.

19 (d) Notwithstanding the provisions of subsections (a) and  
20 (b) of this section an association may lend to an individual on  
21 the security of a developed building lot or site designed for  
22 the erection of his permanent one family residence, without any  
23 requirement for the commencement of construction, not in excess  
24 of ninety percent of the fair market value, provided the  
25 security document shall require the borrower to repay the loan  
26 in a period not longer than fifteen years and shall require  
27 equal monthly payments throughout said fifteen-year period  
28 sufficient to result in an amortization of not less than thirty  
29 percent of the principal amount of the loan at the expiration of  
30 fifteen years.]



1 Section 61. Section 909 of the act, amended December 13,  
2 1979 (P.L.522, No.115), is repealed:

3 [Section 909. Loans for Housing for the Aging.--An  
4 association may grant mortgage loans in an amount not exceeding  
5 at any time ten percent of its assets in loans or participating  
6 interests therein to provide housing facilities for the aging  
7 which facilities are existing or are to be constructed for such  
8 purpose or altered for such purpose. No such loans shall exceed  
9 ninety percent of the fair market value of the improved real  
10 estate given as security therefor.]

11 Section 62. Section 910 of the act, amended June 5, 1981  
12 (P.L.81, No.28), is repealed:

13 [Section 910. Urban Renewal Loans.--An insured association  
14 may grant or participate in a grant of mortgage loans within an  
15 urban renewal area as defined in subsection (a) of section 110  
16 of the Housing Act of 1949 as amended, provided, such loans  
17 shall not exceed ninety percent of the fair market value of any  
18 type of improved property. An association may make investments  
19 in real property and obligations secured by liens on real  
20 property located within a geographic area or neighborhood  
21 receiving concentrated development assistance by a local  
22 government under Title I of the Housing and Community  
23 Development Act of 1974 (Public Law 93-383) limited to not in  
24 excess of two percent of the assets of an association.]

25 Section 63. Section 911 of the act is repealed:

26 [Section 911. Limitation on Loans and Participation in Loans  
27 in Urban Renewal Areas.--The aggregate amount that an  
28 association may invest in loans and participations in loans in  
29 urban renewal areas plus the amount of real property owned by  
30 the association in urban renewal areas, plus investments made in

1 accordance with the provisions of subsection 922 (j) of this act  
2 shall not exceed five percent of the assets of the association.  
3 Loans in urban renewal areas which meet all of the requirements  
4 of this act without the benefit of the authority to make such  
5 loans as contained in section 910 shall not be included in said  
6 five percent limitation.]

7 Section 64. Section 912 of the act, amended December 1, 1971  
8 (P.L.572, No.148), is repealed:

9 [Section 912. Business Development Credit Corporation  
10 Loans.--An association may make such mortgage loans as are  
11 authorized by the Business Development Credit Corporation Law of  
12 1959 (P.L.1647), as amended, and as authorized or permitted by  
13 the act of August 23, 1967 (P.L.251), known as the "Industrial  
14 Development Authority Law."]

15 Section 65. Section 913 of the act, amended June 5, 1981  
16 (P.L.81, No.28), is repealed:

17 [Section 913. Construction Loans.--(a) Any mortgage herein  
18 authorized may be made for the acquisition and construction or  
19 the construction of a structure as hereinbefore classified for  
20 loans on improved real estate. The security documents shall  
21 specify the terms upon which advances are to be made on such  
22 construction loan and it may be combined with a permanent loan  
23 to continue after completion of the construction.

24 (b) An association may also make construction loans without  
25 security. In such loans the investment shall not exceed the  
26 greater of:

27 (1) The sum of its surplus, undivided profits, and reserves;

28 or

29 (2) Five percent of the assets of the association.

30 (c) The principal purpose of such construction loans without

1 security, as provided in subsection (b), shall be to provide  
2 financing with respect to what is, or is expected to become  
3 primarily residential real estate where:

4 (1) the association relies substantially for repayment on  
5 the borrower's general credit standing and forecast of income  
6 without other security; or

7 (2) the association relies on other assurances for  
8 repayment, including, but not limited to a guarantee or similar  
9 obligation of a third party.

10 (d) Investments in construction loans without security shall  
11 not be included in any percentage of assets or other percentage  
12 referred to in this act.]

13 Section 66. Section 914 of the act is repealed:

14 [Section 914. Additional Collateral for Mortgage Loans.--(a)  
15 Any mortgage loan may be increased by the withdrawal value of  
16 any savings account pledged to the association by the borrower  
17 or any savings account holder as additional security for such  
18 loan. Such savings account or accounts assigned or pledged as  
19 additional collateral security for the loan by the borrower or  
20 any other savings account owner may be released by the  
21 association whenever the mortgage loan meets all of the  
22 requirements of this act and may be legally made at the time of  
23 release without the requirement of additional collateral.

24 (b) An association may accept and hold additional collateral  
25 of any kind if the loan meets all of the requirements of this  
26 act and could have been legally made without such additional  
27 collateral.]

28 Section 67. Section 915 of the act, amended October 5, 1978  
29 (P.L.1123, No.263), December 13, 1979 (P.L.522, No.115) and June  
30 5, 1981 (P.L.81, No.28), is repealed:

1 [Section 915. Terms of Mortgage.--Mortgages other than those  
2 set forth in subsections (c), (d), (e), (f), (k) and (l) of this  
3 section shall be written on such basis and in such aggregate  
4 amounts as the department may by regulation authorize or on a  
5 monthly direct reduction loan basis and the contract shall  
6 provide that the first monthly payment shall be made not later  
7 than sixty days after the advance of the loan, provided however:

8 (a) If a direct reduction loan is to finance new  
9 construction the first monthly payment may be postponed to a  
10 date not later than twenty-four months after the date of the  
11 first advance made on the loan. Notwithstanding the foregoing  
12 the department may by regulations extend the first monthly  
13 payment date on construction loans to a period later than  
14 twenty-four months if the construction loan meets the  
15 requirements of the regulations of the department.

16 (b) If the term of the loan is for a period not exceeding  
17 ten years and if the loan together with all other loans held by  
18 the association on the security of the same property does not  
19 exceed sixty-six and two-thirds percent of the fair market value  
20 of such property the loan may be made without provision for  
21 monthly amortization provided, however, that the security  
22 documents require the payment of interest not less frequently  
23 than semi-annually.

24 (c) If the loan is made for the purpose of financing new  
25 construction of a one to four family residential property and is  
26 in an amount not to exceed eighty percent of the fair market  
27 value thereof it may be made for a term not exceeding twenty-  
28 four months without requiring amortization during said twenty-  
29 four months. Interest shall be payable not less frequently than  
30 semi-annually. If the loan is for the purpose of financing

1 construction of residential property designed for use by more  
2 than four families and in an amount not exceeding seventy-five  
3 percent of the fair market value it may be made for a period not  
4 exceeding twenty-four months without amortization but interest  
5 shall be payable not less frequently than semi-annually.

6 Notwithstanding the foregoing the department may by regulations  
7 extend the first monthly payment date on construction loans to a  
8 period later than twenty-four months if the construction loan  
9 meets the requirements of the regulations of the department.

10 (d) If the loan is made for the purpose of facilitating the  
11 trade-in or exchange of residential real property a substantial  
12 portion of which is used as a dwelling for not more than four  
13 families and does not exceed ninety percent of the fair market  
14 value of the property it may be made for a term not exceeding  
15 eighteen months without amortization but interest shall be  
16 payable not less frequently than semi-annually.

17 (e) Any development loan under section 908 shall be  
18 repayable within eight years and the interest on any such loan  
19 shall be payable at least semi-annually.

20 (f) None of the limitations as to terms of repayment or term  
21 of mortgage shall be construed to apply to a purchase money  
22 mortgage taken by an association on real property or leasehold  
23 interest in real property owned by it and sold to the borrower.

24 (g) Interest; premiums and charges:

25 (1) Loans including variable interest rate loans may be made  
26 at rates of interest as authorized by the act of January 30,  
27 1974 (P.L.13, No.6), referred to as the Loan Interest and  
28 Protection Law, or any other statute, or at a maximum rate of  
29 interest not in excess of the maximum lawful interest rate  
30 permitted to be charged by a National Bank located in

1 Pennsylvania under 12 U.S.C. § 85: Provided, That any applicant  
2 to whom a variable interest rate mortgage is offered is also  
3 offered a direct reduction loan at reasonably competitive terms  
4 and rate, and that any association offering variable interest  
5 rate loans which ceases to offer such loans shall be prohibited  
6 from again offering variable interest rate loans for a period of  
7 seven years from the date of making its last variable interest  
8 rate loan,

9 (2) Loans may be made with or without charging the borrower  
10 a premium. If a premium is charged by the association and  
11 deducted in advance it shall not exceed ten percent of the  
12 amount of the loan. If the premium is paid by the borrower in  
13 installments it shall not exceed one percent per annum of the  
14 unpaid balance of the principal amount of the loan and shall be  
15 payable in periodic installments extending over the period of  
16 the loan which installments shall be payable upon the same day  
17 as the periodic payment of principal and interest is due upon  
18 said loan,

19 (3) If the borrower shall prepay a loan upon which the  
20 association has deducted a premium in advance no refund shall be  
21 required if the amount of said premium amounts to two percent or  
22 less of the amount of the loan. However, if the premium exceeds  
23 two percent of the amount of such loan the association shall not  
24 retain more than one one-hundredth of such premium for each  
25 calendar month that has expired since the date of the first  
26 advance of funds under the loan,

27 (4) A premium paid pursuant to the provisions of this  
28 subsection by a borrower from an association shall not be deemed  
29 usurious and the total interest and premium shall be deemed a  
30 lawful contract rate,

1 (5) An association may levy a reasonable charge upon any  
2 corporation or person applying for a mortgage loan for its  
3 services in making searches of title and appraising the real  
4 property offered to the association as security, in drawing any  
5 papers incident to the loan for which such real property is  
6 given as security, and in taking any other action permitted or  
7 required by law with respect to such loan, including the  
8 reducing of the amount of the loan, extending its maturity or  
9 otherwise readjusting or refinancing it, releasing any portion  
10 of the security and for any other action by the association  
11 permitted or required by law with respect to such loans,

12 (6) An association may impose a late charge upon all  
13 borrowers who do not make payment on the date specified. Such  
14 late charge may be imposed each month on the amount of the  
15 payment which was not paid on the due date,

16 (7) Borrowers shall have the right to repay a residential  
17 mortgage as defined in the act of January 30, 1974 (P.L.13,  
18 No.6) without the payment of any prepayment penalty or other  
19 charge for such prepayment at any time before the end of the  
20 period of the loan. On all other loans such limitations on  
21 prepayment and prepayment penalties and charges may be made and  
22 changed as are provided in the loan contract.

23 (h) Mortgages may be written to permit the nonpayment of one  
24 month's principal and interest payment not more frequently than  
25 one time in a calendar year and not in total more than five  
26 times. Any obligation not met by such skip payments shall remain  
27 mortgagor's obligation.

28 (i) Any mortgage authorized by this act and required to be  
29 repaid on a direct reduction loan basis may be written on a  
30 monthly payment basis with reduced monthly payments during the

1 first twenty-five percent of the total number of years for which  
2 the mortgage is written. Thereafter the mortgage shall be paid  
3 on a direct reduction basis.

4 (j) Mortgages may be written providing for advances of the  
5 principal periodically over a period of years. Interest shall be  
6 payable at the date of said periodic payments. Repayment of the  
7 mortgage shall be made on a not longer than ten year direct  
8 reduction basis commencing not later than three months after the  
9 date of the last payout of principal. The total of all advances  
10 under the mortgage shall constitute a lien on the real estate  
11 described in the mortgage from the date of the recording of the  
12 mortgage.

13 (k) Except in the case of a due-on-sale clause or except in  
14 the case of a default and in accordance with the act of January  
15 30, 1974 (P.L.13, No.6), referred to as the Loan Interest and  
16 Protection Law, no loan for financing the purchase of an owner  
17 occupied one or two family residential property shall contain a  
18 provision that the loan may be accelerated at the lender's  
19 option. Balloon loans are prohibited for financing the purchase  
20 of an owner occupied one or two family residential property.  
21 This restriction shall apply to all commitments for mortgage  
22 loans granted subsequent to the effective date of this  
23 subsection.

24 (l) Whenever a renegotiable or adjustable rate mortgage loan  
25 is to be made under the authority of this act, the initial or  
26 base value of the reference index to be utilized shall be  
27 committed to the borrower at the same time that the initial  
28 contract interest rate is committed to the borrower and shall be  
29 entered in the loan documents as a contractual provision of the  
30 loan.]



1 Section 68. Section 916 of the act, amended December 21,  
2 1988 (P.L.1427, No.174), is repealed:

3 [Section 916. Limitation on Amount of Loans to Any One  
4 Borrower.--An association shall not, directly or indirectly,  
5 grant loans, except loans secured by savings accounts in the  
6 association, to any one corporation or person to a total amount  
7 in excess of ten percent of the amount of its savings.

8 (a) In computing the total loans made by an association to  
9 an individual, there shall be included all loans made by the  
10 association to a partnership or other unincorporated association  
11 of which he is a member, all loans made either for his benefit  
12 or for the benefit of such partnership or other unincorporated  
13 association, and all loans to or for the benefit of a  
14 corporation of which he owns twenty-five percent or more of the  
15 capital stock.

16 (b) In computing the total loans made by an association to a  
17 partnership or other unincorporated association, there shall be  
18 included all loans to its individual members, all loans made for  
19 the benefit of such partnership or other unincorporated  
20 association, or of any member thereof, and all loans to or for  
21 the benefit of any corporation of which the partnership or  
22 unincorporated association, or any member thereof, owns twenty-  
23 five percent or more of the capital stock.

24 (c) In computing the total loans made by an association to a  
25 corporation, there shall be included all loans made for the  
26 benefit of the corporation and all loans to or for the benefit  
27 of any individual who owns twenty-five percent or more of the  
28 capital stock of such corporation.]

29 Section 69. Section 917 of the act, amended December 13,  
30 1979 (P.L.522, No.115) and December 21, 1988 (P.L.1427, No.174),

1 is repealed:

2 [Section 917. Right to Make, Purchase, Sell and Participate  
3 in Mortgages and Other Loans.--(a) An association may purchase  
4 and sell loans and participations in loans and participate with  
5 other lenders in originating and making any type of loan that it  
6 is authorized to make under the provisions of this act.

7 (b) In addition to the authority set forth in sections 901  
8 and 910 of this article, an association shall have the right to  
9 make and purchase mortgages or participations in mortgages  
10 secured by property outside its regular lending area, subject to  
11 the following conditions:

12 (3) No mortgage shall be made nor shall a mortgage or  
13 participation interest in a mortgage be purchased unless the  
14 mortgage is one that the association could make under the  
15 provisions of this act if the security property were within its  
16 regular lending area, provided, however, that if the mortgage  
17 which is being purchased or in which a participation is being  
18 purchased is in a state other than the Commonwealth of  
19 Pennsylvania and mortgage guarantee insurance is required, the  
20 insurer shall be a company that is authorized to do business in  
21 the state in which the real property which is security for the  
22 mortgage loan is situated.

23 (4) The dollar amount that an association may have invested  
24 in mortgages and participation loans outside its regular lending  
25 area shall at no time exceed fifty percent of the assets of the  
26 association. This limitation shall not apply to loans insured or  
27 guaranteed in whole or in part by the United States or any  
28 instrumentality thereof or if there is a commitment to so insure  
29 or guarantee.

30 (5) Such further conditions as the department may prescribe

1 by regulation, giving primary consideration to the Declaration  
2 of Purposes as provided under section 103 of this act.]

3 Section 70. Section 918 of the act, amended December 13,  
4 1979 (P.L.522, No.115), is repealed:

5 [Section 918. Loans for Property Repair, Alteration and  
6 Improvement.--Notwithstanding any other provisions of this or  
7 any other act an association may grant loans for repair,  
8 alteration or improvement of real property without the necessity  
9 of mortgage security subject to the following provisions:

10 (a) When such loans are insured or will be insured under  
11 Title I of the National Housing Act they may be granted in any  
12 amount and on any terms permitted by that act or the regulations  
13 issued thereunder.

14 (b) When any such loan is not insured under Title I of the  
15 National Housing Act the principal amount thereof shall not  
16 exceed the amount authorized under Title I of the National  
17 Housing Act and the loan shall be evidenced by a judgment note  
18 or other written evidence of debt requiring repayment in regular  
19 monthly installments over a period not exceeding that amount  
20 authorized under Title I of the National Housing Act with annual  
21 interest at a rate not exceeding the sum of the authorized  
22 interest rate for loans insured under Title I of the National  
23 Housing Act plus the annual rate for insurance on loans insured  
24 under Title I of the National Housing Act or creditor insurance  
25 applied to the loan on the declining balance except that loans  
26 over five thousand dollars (\$5,000) shall be recorded or filed  
27 so as to create a lien position in the county in which the real  
28 estate is located. A loan is authorized under this section only  
29 if the association prepares and retains in its files written  
30 evidence that the loan is of the type that would be insurable

1 under Title I of the National Housing Act. Such written evidence  
2 shall be retained in the files of the association while the loan  
3 is outstanding and for a period of one year thereafter. The note  
4 or other written evidence of debt shall contain a provision that  
5 if the borrower shall sell the premises or assign his leasehold  
6 interest therein or remove therefrom any improvements described  
7 in the security agreement the entire balance remaining due on  
8 the loan shall immediately become due and payable. In addition  
9 to the interest herein authorized an association may make the  
10 following charges in connection with said loan:

11 (1) Premiums for insurance obtained in connection with the  
12 loan, but not including any charge for creditor insurance, if  
13 any, on such loan,

14 (2) A single delinquency charge for each installment in  
15 arrears for a period of more than fifteen days other than by  
16 reason of acceleration or by reason of a delinquency on a prior  
17 installment in an amount not to exceed the lesser of five  
18 dollars (\$5.00) or five percent of the amount of the  
19 installment,

20 (3) A charge for an extension in an amount not to exceed two  
21 percent of the unpaid balance of the loan. Said charge may be  
22 imposed only one time during the life of the loan,

23 (4) Fees paid for filing documents in public offices in  
24 connection with said loan,

25 (5) Actual expenditures including reasonable attorneys' fees  
26 for proceedings to collect the loan.

27 (c) The aggregate amount of all such loans held by any one  
28 association at one time with or without Title I insurance shall  
29 not exceed twenty percent of its total assets. Any such loan  
30 made without Title I insurance shall also conform to rules and

1 regulations which may be prescribed from time to time by the  
2 department.]

3 Section 71. Section 919 of the act, amended June 5, 1981  
4 (P.L.81, No.28), is repealed:

5 [Section 919. Consumer Loans and Certain Securities.--An  
6 association may make secured or unsecured loans for personal,  
7 family or household purposes, and may invest in, sell, or hold  
8 commercial paper and corporate debt securities subject to  
9 regulations issued by the department after giving due  
10 consideration to the laws and regulations applicable to Federal  
11 savings and loan associations. The total of such loans and  
12 investments are limited to not in excess of twenty percent of  
13 the assets of the association.]

14 Section 72. Section 920 of the act, amended December 21,  
15 1988 (P.L.1427, No.174), is repealed:

16 [Section 920. Loans on the Security of Savings Accounts and  
17 Certificates.--Subject to regulation by the department, an  
18 association may make loans on the security of its savings  
19 accounts and certificates whether or not the borrower is the  
20 owner of such account, provided:

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

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

25 (c) Notwithstanding different provisions of any other act,  
26 interest on loans secured by savings accounts and certificates  
27 shall be at least one percent higher than the rate of earnings  
28 paid by the association on the account or certificate securing  
29 the loan.]

30 Section 73. Section 921 of the act is repealed:

1 [Section 921. Educational Loans.--Associations may invest in  
2 loans, obligations and advances of credit (all of which are  
3 hereinafter referred to in this section as "loans"), made for  
4 the payment of expenses incurred or to be incurred in acquiring  
5 an education at a post secondary institution of higher learning,  
6 but no association shall make any investment in loans under this  
7 section if the principal amount of its investment in such loans  
8 would thereupon exceed five percent of its assets. Such loans  
9 shall be made under such regulations as the department may  
10 prescribe. In the event that the department shall not prescribe  
11 regulations then said loans shall be made under such regulations  
12 as are issued under and in accordance with the Pennsylvania  
13 Higher Educational Assistance Agency Act. Any person under the  
14 age of twenty-one years securing an educational loan under this  
15 section or an educational loan made by a Federal association  
16 shall be deemed to have full legal capacity to contract and  
17 shall have all rights, powers, privileges and obligations of a  
18 person of full age with respect thereto.]

19 Section 74. Section 922 of the act, amended December 1, 1971  
20 (P.L.572, No.148), December 27, 1974 (P.L.1012, No.329) and July  
21 9, 1992 (P.L.414, No.89), is repealed:

22 [Section 922. Securities and Obligations.--An association  
23 may invest its funds:

24 (a) In bonds or other interest-bearing obligations of the  
25 United States, or those for the payment of the principal and  
26 interest on which the faith and credit of the United States is  
27 pledged,

28 (b) In bonds, debentures and other obligations of the  
29 Federal Home Loan Banks issued under the provisions of the  
30 Federal Home Loan Bank Act,

1 (c) In bonds or interest-bearing debentures issued by the  
2 Federal Savings and Loan Insurance Corporation under the  
3 provisions of Title IV of the National Housing Act,

4 (d) In bonds or other interest-bearing obligations of the  
5 Commonwealth of Pennsylvania, or those for the payment of  
6 principal and interest on which the faith and credit of this  
7 Commonwealth is pledged,

8 (e) In obligations issued by the Federal National Mortgage  
9 Association under the provisions of the National Housing Act,  
10 its amendments and supplements, but the aggregate amount of all  
11 such investments held by an association at any one time shall  
12 not exceed five percent of its savings accounts,

13 (f) In stock of the Federal National Mortgage Association  
14 acquired by an association through making nonrefundable capital  
15 contributions in connection with the sale of mortgages to the  
16 Federal National Mortgage Association,

17 (g) In demand, time, or savings deposits, shares or accounts  
18 or other obligations of any financial institution, the accounts  
19 of which are insured by a Federal agency,

20 (h) In shares, bonds or notes of any State or regional  
21 business development credit corporation formed under the laws of  
22 this Commonwealth, or in bonds, notes or any other obligation  
23 authorized or permitted by the act of August 23, 1967 (P.L.251),  
24 known as the "Industrial Development Authority Law,"

25 (i) In bonds and notes of the Pennsylvania Housing Agency  
26 created by the "Housing Agency Law,"

27 (j) An insured association may invest in obligations in the  
28 form of a bond or other instruments secured by a first lien on  
29 improved real property located within the regular lending area  
30 of the association and within an urban renewal area as defined

1 in subsection (a) of section 110 of the Housing Act of 1949 as  
2 amended. No such investment shall be made if the total amount of  
3 all obligations issued on the security of the said first lien  
4 exceeds eighty percent of the fair market value of the security  
5 property, or if the obligations do not require repayment of the  
6 entire principal debt, together with interest, in substantially  
7 equal payments, at least annually, over a term of not more than  
8 thirty years. No investment shall be made under this subsection  
9 if the amount of such investment, plus all amounts outstanding  
10 in investments made in accordance with this subsection and in  
11 mortgages made under section 910 of this act and investments in  
12 real estate made under section 923 (c) of this act, would  
13 aggregate a total in excess of five percent of the association's  
14 assets,

15 (k) In obligations of any county, city, borough, town,  
16 township, district, institution district or other political  
17 subdivision of the Commonwealth of Pennsylvania having the power  
18 to levy taxes: Provided, That the faith and credit of such  
19 political subdivision is pledged for the payment of said  
20 obligations: And provided further, That at the date of the  
21 investment in such obligations such political subdivision is not  
22 in default in the payment of any part of the principal or  
23 interest owing by it upon any part of its funded indebtedness,

24 (l) In obligations of a Pennsylvania municipality authority  
25 issued in accordance with applicable law, provided, however,

26 (1) The obligations are not in default and for the period of  
27 five fiscal years next preceding the date of acquisition, the  
28 income of such authority available for fixed charges has  
29 averaged not less than one and one-tenth times the average  
30 annual fixed charges of its obligations over the life of such



1 obligations, or

2 (2) The project for which the obligations were issued,

3 (i) Is under lease to a school district or school districts,

4 or

5 (ii) Is under lease to a municipality or municipalities, or

6 (iii) Is subject to a service contract with a municipality

7 or municipalities, and

8 (iv) As a condition of said lease or service contract the

9 authority will receive lease rentals or service charges

10 available for fixed charges on the obligations which will

11 average not less than one and one-tenth times the average annual

12 fixed charges for such obligations over the life thereof.

13 (3) As used in this section the term "income available for

14 fixed charges" shall mean income after deducting operating and

15 maintenance expenses.

16 (4) The term "fixed charges" shall include principal, both

17 maturity and sinking fund, and interest on bonded debt.

18 (5) In computing the income available for fixed charges for

19 the purpose of this section, the income so available of any

20 corporation acquired by any municipality authority may be

21 included, such income to be calculated as though such

22 corporation had been operated by a municipality authority and an

23 equivalent amount of bonded debt were outstanding.

24 (m) In bonds or other interest-bearing obligations of The

25 General State Authority,

26 (n) In capital stock obligations or other securities of any

27 service corporation if the entire capital stock of such

28 corporation is available for purchase only by savings

29 associations and savings banks organized and existing under the

30 laws of the Commonwealth of Pennsylvania, by Federal savings and

1 loan associations having their home offices in the Commonwealth  
2 of Pennsylvania, by regional thrift institutions, as that term  
3 is defined in section 114, and by foreign thrift institutions,  
4 as that term is defined in section 114. The department shall  
5 have the right to define service corporations and the activities  
6 thereof. An association may make investments in service  
7 corporations up to three percent of its assets plus such  
8 additional percentage of assets as the department may by  
9 regulation authorize,

10 (o) In obligations issued or guaranteed by the International  
11 Bank for Reconstruction and Development or by the Inter-American  
12 Development Bank, or in loans in Latin American countries  
13 guaranteed by the United States (acting through AID) under  
14 subsection 224 of the Foreign Assistance Act of 1961, as  
15 amended,

16 (p) In bankers' acceptances and bills of exchange eligible  
17 for purchase in the open market by a Federal Reserve Bank which  
18 have been accepted by a member of a Federal Reserve Bank subject  
19 to a limit for all acceptances by one acceptor held at any time  
20 of twenty-five percent of the capital and surplus of such  
21 acceptor and to a limit to the aggregate of all such acceptances  
22 held at any time of five percent of the assets of the  
23 association,

24 (q) In such obligations of any corporation organized or  
25 caused to be organized by the United States of America or the  
26 Commonwealth of Pennsylvania as the department may by regulation  
27 authorize.

28 (r) An association may invest its assets in time deposits of  
29 the Bank for Savings and Loan Associations, Chicago, Illinois.

30 (s) With the prior approval of the department, in up to one

1 hundred percent of the stock of a bank, a bank and trust  
2 company, a trust company, a bank holding company, a savings  
3 bank, a regional thrift institution, a regional thrift  
4 institution holding company or a foreign thrift institution or a  
5 foreign thrift institution holding company, as those terms are  
6 defined in the Banking Code of 1965 and in section 114.]

7 Section 75. Section 922.1 of the act, added December 21,  
8 1988 (P.L.1427, No.174), is repealed:

9 [Section 922.1. Other Investments.--Notwithstanding any  
10 other provision of this act and as permitted in regulations  
11 promulgated by the department, an association may make such  
12 investments as may be authorized for a savings bank by section  
13 504 of the act of November 30, 1965 (P.L.847, No.356), known as  
14 the "Banking Code of 1965," and may make such loans as may be  
15 authorized for a savings bank by section 506(a)(iv) of the  
16 "Banking Code of 1965." The regulations promulgated by the  
17 department may include such conditions, restrictions,  
18 limitations or requirements as the department deems necessary  
19 and appropriate.]

20 Section 76. Sections 923 and 924 of the act are repealed:

21 [Section 923. Real Estate.--(a) An association may invest  
22 its funds in real property which the association occupies for  
23 its accommodations and transaction of its business, or such real  
24 property as it partly so occupies and it partly leases to  
25 others. No such investment may be made without the prior  
26 approval of the department of the total amount of the investment  
27 in real estate for the accommodation of the association and the  
28 transaction of its business exceeds the amount of the  
29 association's net worth.

30 (b) An association may invest its funds in such real estate

1 as it shall purchase at sales under judgments, decrees and  
2 mortgages held by it or as it shall otherwise acquire in good  
3 faith and in satisfaction of debts previously contracted to it  
4 or in order to protect an interest it may otherwise have  
5 lawfully acquired in such property. The board of directors shall  
6 annually review such investments. The said real estate shall be  
7 sold as promptly as the same may expeditiously be done.

8 (c) An insured association may invest its funds in real  
9 property, or interests in real property, in its regular lending  
10 area and within an urban renewal area as defined in subsection  
11 (a) of section 110 of the Housing Act of 1949, as amended. No  
12 such investment shall be made unless the amount of such  
13 investment, plus all amounts outstanding in such investments,  
14 does not exceed two percent of the association's assets and  
15 total of such investments and loans made under section 910 and  
16 subsection (j) of section 922 does not exceed five percent of  
17 the association's assets. The department may prescribe  
18 regulations under which such investments may be made.

19 Section 924. Avoidance of Loss on Loans Previously Made.--An  
20 association shall have the right to invest its funds, operate a  
21 business, manage or deal in property, or take any other action  
22 over whatever period of time may reasonably be necessary to  
23 avoid loss on a loan or investment previously made or an  
24 obligation previously created in good faith.]

25 Section 77. Sections 925 and 926 of the act, added June 5,  
26 1981 (P.L.81, No.28), are repealed:

27 [Section 925. Nonconforming Loans.--An association shall  
28 have the right to invest limited to not in excess of five  
29 percent of the assets of the association in loans upon the  
30 security of or respecting real property or in interests therein

1 used for primarily residential or farm purposes that do not  
2 comply with the limitations elsewhere provided in the code.  
3 Nothing in this section shall be construed to allow loans which  
4 would not otherwise be permitted under section 915(k).

5 Section 926. Enforcement of Mortgages.--Before any  
6 residential mortgage lender, as defined by the act of January  
7 30, 1974 (P.L.13, No.6), referred to as the Loan Interest and  
8 Protection Law, may accelerate the maturity of any residential  
9 mortgage obligation as defined by the Loan Interest and  
10 Protection Law, commence any legal action including mortgage  
11 foreclosure to recover under such obligation, or take possession  
12 of any security of the residential mortgage debtor, as defined  
13 by the Loan Interest and Protection Law, for such residential  
14 mortgage obligation, such person shall give the residential  
15 mortgage debtor notice of such intention as provided under  
16 section 403 of the Loan Interest and Protection Law. A form of  
17 notice of intention to foreclose, prescribed by regulations of  
18 the Secretary of Banking as provided under section 601 of the  
19 Loan Interest and Protection Law, shall be interpreted as  
20 satisfying the requirements of section 403 of said act.]

21 Section 78. Article X heading of the act is repealed:

22 [ARTICLE X

23 AMENDMENT OF ARTICLES]

24 Section 79. Sections 1001, 1002, 1003 and 1004 of the act  
25 are repealed:

26 [Section 1001. Authorized Amendments.--(a) An association  
27 may, in the manner provided in this article, amend its articles  
28 at any time in order to make any change therein including, but  
29 without limiting the general authorization contained herein, an  
30 amendment:

- 1 (1) To adopt a new name permitted to be used under this act,
- 2 (2) To increase the term for which it is to exist or to
- 3 provide for perpetual existence,
- 4 (3) To change, add to or diminish the statement of its
- 5 purpose or purposes,
- 6 (4) To restate the articles in their entirety.

7 (b) Articles as amended under this section must be such as  
8 would be authorized as original articles under this act except  
9 that articles restated in their entirety shall state the county  
10 of the current, instead of the original, place of business of  
11 the association and need not state names or other information  
12 concerning the first directors or the incorporators.

13 Section 1002. Proposal and Adoption of Amendments.--(a) An  
14 amendment of the articles shall be proposed by adoption of a  
15 resolution by the board of directors directing that it be  
16 submitted to a vote at a meeting of members held upon not less  
17 than ten days' notice to all members. Such notice shall state  
18 the place, the day and the hour of the meeting.

19 (b) The resolution proposing an amendment or amendments  
20 shall contain the language of each amendment by setting forth in  
21 full the articles as they would be amended or any provision  
22 thereof as it would be amended or by setting forth in full any  
23 matter to be added to or deleted from the articles. A copy of  
24 the resolution or a summary thereof shall be included with the  
25 notice of the meeting to the members. Any number of amendments  
26 may be submitted to the members at one meeting.

27 (c) Unless the articles or bylaws require a greater number  
28 adoption of each amendment shall require the affirmative vote of  
29 a majority of the votes represented at the meeting in person or  
30 by proxy.

1 Section 1003. Articles of Amendment.--(a) Upon the adoption  
2 of an amendment or amendments, articles of amendment shall be  
3 signed by two duly authorized officers of the association under  
4 its seal and shall contain:

5 (1) The name of the association,

6 (2) The county of its principal place of business,

7 (3) The act of Assembly under which the association was  
8 incorporated and the date of its incorporation,

9 (4) The time and place of the meeting of members at which  
10 the amendment was adopted and the kind and period of notice  
11 given to the members,

12 (5) The number of votes represented at the meeting,

13 (6) The number of votes for and against the amendment, and

14 (7) The amendment or amendments adopted which shall be set  
15 forth in full.

16 (b) The articles of amendment shall be delivered to the  
17 department together with:

18 (1) Applicable fees payable to the department in connection  
19 with the articles and with the conduct of the investigation  
20 required by section 1005,

21 (2) As soon as available, proof of publication of the  
22 advertisement required by section 1004, and

23 (3) If the amendment would change the name of the  
24 association, evidence of reservation in the Department of State  
25 of the proposed new name.

26 Section 1004. Advertisement.--(a) The association shall  
27 advertise its intention to deliver, or the delivery of, articles  
28 of amendment to the department once in each newspaper in which  
29 advertisement is required to be published in accordance with  
30 section 107 of this act.

1 (b) The advertisement shall appear prior to, or within seven  
2 days after, the date of delivery of the articles of amendment to  
3 the department and shall set forth briefly:

4 (1) The name of the association,

5 (2) The county address of its principal place of business,

6 (3) A statement that articles of amendment are to be, or  
7 have been, delivered under the provisions of this act,

8 (4) The nature of the amendment, and

9 (5) The date of delivery of the articles of amendment to the  
10 department.]

11 Section 80. Section 1005 of the act, repealed in part June  
12 3, 1971 (P.L.118, No.6), is repealed:

13 [Section 1005. Approval of Articles of Amendment by  
14 Department.--(a) Upon receipt of the articles of amendment the  
15 department shall conduct such investigation as it may deem  
16 necessary to determine whether:

17 (1) The articles of amendment and supporting items satisfy  
18 the requirements of this act,

19 (2) The interest of its members and the convenience and  
20 needs of the public will be served by the amendment.

21 (b) Within sixty days after receipt of the articles of  
22 amendment the department shall approve or disapprove the  
23 articles of amendment on the basis of its investigation. If the  
24 department shall approve the articles of amendment, it shall  
25 deliver them with its written approval to the Department of  
26 State and notify the association of its action. If the  
27 department shall disapprove the articles of amendment, it shall  
28 give written notice to the association of its disapproval and a  
29 statement in detail of the reasons for its decision.]

30 Section 81. Sections 1006 and 1007 of the act are repealed:



1 [Section 1006. Issuance of Certificate of Amendment.--If all  
2 the fees, charges, and taxes, if applicable, required by law  
3 have been paid and, in the case of a change of name, if the  
4 proposed new name of the association continues to be reserved or  
5 is available on the records of the Department of State, the  
6 receipt of the articles of amendment by the Department of State  
7 with the written approval of the department shall constitute  
8 filing of the articles of amendment as of the date and time of  
9 receipt or as of any later date and time specified by the  
10 department. The Department of State shall immediately issue to  
11 the association a certificate of amendment as of the date and  
12 time of filing with the approved articles of amendment attached  
13 thereto and shall make and retain a copy of such certificate and  
14 articles.

15 Section 1007. Effect of Filing of Articles of Amendment in  
16 Department of State and of Certificate of Amendment.--(a) As of  
17 the filing of the articles of amendment in the Department of  
18 State, each amendment shall become effective and the articles of  
19 incorporation shall be deemed to be amended accordingly.

20 (b) The certificate of amendment shall be conclusive  
21 evidence of the performance of all conditions required by this  
22 act for amendment of articles of incorporation, except as  
23 against the Commonwealth.

24 (c) No amendment shall affect any existing cause of action  
25 in favor of or against the association, any pending action in  
26 which the association is a party or existing rights of persons  
27 other than members. If the amendment changes the name of the  
28 association, no action by or against the association shall be  
29 abated for that reason.]

30 Section 82. Article XI heading of the act is repealed:

1 [ARTICLE XI

2 MERGERS, CONSOLIDATIONS, CONVERSIONS

3 AND REORGANIZATIONS]

4 Section 83. Section 1101 of the act, amended April 9, 1982  
5 (P.L.334, No.94), December 21, 1988 (P.L.1427, No.174), July 9,  
6 1992 (P.L.414, No.89) and December 21, 1998 (P.L.1002, No.132),  
7 is repealed:

8 [Section 1101. Mergers, Consolidations and Conversions.--(a)  
9 Upon compliance with the requirements of this article, two or  
10 more associations may be merged into one of such associations or  
11 consolidate into a new association.

12 (b) Upon compliance with the requirements of this article  
13 and other applicable law, one or more associations and one or  
14 more savings banks may merge into an association or into a  
15 savings bank or consolidate into a new association or a new  
16 savings bank.

17 (b.1) Upon compliance with the requirements of this article,  
18 one or more associations may merge or consolidate with a  
19 regional thrift institution or with a foreign thrift  
20 institution, as those terms are defined in, and subject to any  
21 applicable limits of, section 114.

22 (b.2) Upon compliance with all of the requirements of this  
23 article, except section 1105, an association may purchase the  
24 assets and assume the liabilities of another association, a  
25 Federal savings association or a State savings bank.

26 (b.3) Notwithstanding any law to the contrary, upon  
27 compliance with the requirements of this article and any other  
28 law, one or more associations with savings accounts insured by  
29 the PSAIC may merge or consolidate into a bank, bank and trust  
30 company, savings bank or interstate bank as those terms are

1 defined in section 102 of the act of November 30, 1965 (P.L.847,  
2 No.356), known as the Banking Code of 1965, or a national bank.

3 (c) Upon compliance with the requirements of this article,  
4 one or more associations and one or more Federal savings and  
5 loan associations may merge into an association or a Federal  
6 savings and loan association or consolidate into a new  
7 association or a new Federal savings and loan association.

8 (d) The authority of an association to merge or consolidate  
9 into a Federal savings and loan association shall be subject to  
10 the condition that at the time of the transaction the laws of  
11 the United States shall authorize a Federal savings and loan  
12 association to merge or consolidate into an association.

13 (e) Upon compliance with the requirements of this article  
14 and other applicable law, an association may be converted into a  
15 Federal savings and loan association or a savings bank.

16 (f) Upon compliance with the requirements of this article  
17 and other applicable law and subject to the laws of the United  
18 States, a Federal savings and loan association may be converted  
19 into an association or a savings bank.

20 (g) Upon compliance with the requirements of this article, a  
21 mutual association may be converted to a permanent reserve fund  
22 stock association and a permanent reserve fund stock association  
23 may be converted to a mutual association. Such converted  
24 associations may not be voluntarily liquidated for a period of  
25 ten years from the date of conversion.

26 (h) (1) All savers (including all classes thereof) shall be  
27 given a preemptive right to purchase reserve fund stock. The  
28 preemptive right to savers shall be nonassignable. The  
29 department, by regulation, may define the rights and prescribe  
30 the terms on which they may be exercised.

1 (2) No preemptive rights will be given to any savers if the  
2 book value of the total assets of the association to be  
3 converted (determined in accordance with generally accepted  
4 accounting principles) is less than two percent in excess of the  
5 book value of its total liabilities, unless determined to be in  
6 the public interest by the Secretary of Banking.

7 (i) All mergers, consolidations and conversions in which the  
8 resulting institution is an association or a savings bank shall  
9 be subject to the approval of the department.]

10 Section 84. Section 1101.1 of the act, added December 21,  
11 1998 (P.L.1002, No.132), is repealed:

12 [Section 1101.1. Credit Union Merger and Conversion  
13 Procedures for PSAIC Insured Associations.--(a) A PSAIC insured  
14 association which files an application to merge or convert into  
15 a credit union may merge or convert with the approval of the  
16 department. The department shall impose reasonable conditions  
17 and requirements on the association relating to the merger with  
18 or conversion to a credit union, including, but not limited to,  
19 the following:

20 (1) The association shall approve the merger or conversion  
21 plan by the affirmative vote of two-thirds of the entire  
22 membership of the board of directors of the association and such  
23 vote of the members as the department may require.

24 (2) The department shall approve the merger or conversion  
25 plan.

26 (3) The merging or converting association must qualify for  
27 share insurance by the National Credit Union Administration  
28 Share Program.

29 (b) Upon receipt of an application for approval of merger or  
30 conversion, the department shall conduct such investigation as

1 it may deem necessary in order to ensure that the merger or  
2 conversion would be consistent with adequate and sound credit  
3 union practices and in the public interest.

4 (c) If the department approves the articles of merger or  
5 conversion, it shall register its approval thereon and shall  
6 forthwith forward the articles to the Department of State for  
7 filing. As of the filing of the articles in the Department of  
8 State, the merger or conversion shall be effective and the  
9 existence of the association shall cease as a separate entity  
10 but shall continue in, and the parties to the plan shall be, a  
11 single corporation which shall be the resulting credit union and  
12 which shall have without further act or deed all property,  
13 rights, powers, duties and obligations of each party to the  
14 plan.

15 (d) The membership of the resulting credit union may permit  
16 individuals who, at the time of merger or conversion, were  
17 members, savings account holders, directors, officers, employees  
18 or borrowers of the association to become members of the  
19 resulting credit union.

20 (e) Rights of dissenting members shall be determined  
21 pursuant to section 1109.

22 (f) Notwithstanding any provision of this act to the  
23 contrary, a credit union which results from a merger or  
24 conversion is permitted to hold assets of the association even  
25 though such assets do not conform with the requirements of this  
26 act. However, except with the permission of the Secretary of  
27 Banking the credit union must divest itself of all assets which  
28 do not conform with the requirements of this act within five  
29 years of the effective date of the merger or conversion.]

30 Section 85. Sections 1102, 1103 and 1104 of the act are

1 repealed:

2 [Section 1102. Requirements for a Merger, Consolidation or  
3 Conversion.--The requirements for a merger, consolidation or  
4 conversion which must be satisfied by the parties thereto are as  
5 follows:

6 (a) The parties shall adopt a plan stating the method, terms  
7 and conditions of the merger, consolidation or conversion,  
8 including the rights under the plan of the members and/or  
9 shareholders of each of the parties, and any agreement  
10 concerning the merger or consolidation.

11 (b) If the proposed merger, consolidation or conversion will  
12 result in an association subject to the provisions of this act,  
13 a Federal savings and loan association or a savings bank,  
14 adoption of the plan by each party thereto shall require the  
15 affirmative vote of two-thirds of the entire membership of the  
16 board of directors of each association, Federal savings and loan  
17 association, or the board of trustees of a savings bank. The  
18 department may require such vote of the members as it deems  
19 proper.

20 (c) Any modification of a plan which has been adopted shall  
21 be made by any method provided therein, or in the absence of  
22 such provision by the same vote as that required for adoption.

23 (d) If a proposed merger, consolidation or conversion will  
24 result in an association subject to this act, or a savings bank  
25 subject to the Banking Code of 1965 as amended, an application  
26 for the required approval thereof by the department shall be  
27 made in a manner prescribed by the department. The department  
28 may require notice to be given to such persons as it designates.  
29 There shall also be delivered to the department:

30 (1) Articles of merger, consolidation or conversion,

1 (2) Applicable fees payable to the department in connection  
2 with the articles and with the conduct of the investigation  
3 required by section 1106,

4 (3) If the resulting corporation is a savings bank under the  
5 Banking Code of 1965 as amended, any documents or other items  
6 required under that code,

7 (4) If the proposed name of the resulting association or  
8 savings bank is not identical with the name of one of the  
9 parties to the plan, evidence of reservation of such name in the  
10 department of State, and

11 (5) If there is any modification of the plan at any time  
12 prior to the approval by the department an amendment of the  
13 application and, if necessary, of the articles, signed in the  
14 same manner as the originals, setting forth the modification of  
15 the plan, the method by which such modification was adopted and  
16 any related change in the provisions of the articles of merger,  
17 consolidation or conversion.

18 Section 1103. Articles of Merger, Consolidation or  
19 Conversion.--The articles of merger, consolidation or conversion  
20 shall be signed by two duly authorized officers of each party to  
21 the plan under their respective seals and shall contain:

22 (a) The names of the parties to the plan and of the  
23 resulting association or savings bank.

24 (b) The county of the principal place of business of each,

25 (c) The votes by which the plan was adopted and the time,  
26 place and notice of each meeting in connection with such  
27 adoption,

28 (d) The names and addresses of the first directors of the  
29 resulting association or the names and addresses of the first  
30 trustees of the savings bank,

1 (e) In case of a merger, any amendment of the articles of  
2 the resulting association or savings bank,

3 (f) A record of the employment contracts which are to be  
4 legally binding on the resulting association,

5 (g) In the case of a consolidation, the provisions required  
6 in articles of incorporation of a new association by section 203  
7 of this act.

8 (h) In the case of a conversion, the provisions required in  
9 the articles of incorporation of a new association, or savings  
10 bank as the case may be,

11 (i) The plan.

12 Section 1104. Action Where Approval by Department Not  
13 Required.--If a proposed merger, consolidation or conversion  
14 will result in a Federal savings and loan association, an  
15 association which is a party to a plan shall:

16 (a) Notify the department of the proposed merger,  
17 consolidation or conversion,

18 (b) Provide such evidence of the adoption of the plan as the  
19 department may request,

20 (c) Notify the department of any abandonment or disapproval  
21 of the plan,

22 (d) File with the department and with the Department of  
23 State a certificate of the approval of the merger or  
24 consolidation by the Federal Home Loan Bank Board or its  
25 successor which has the right on behalf of the United States to  
26 approve such mergers, consolidations or conversions into Federal  
27 savings and loan associations.]

28 Section 86. Section 1105 of the act, amended December 21,  
29 1988 (P.L.1427, No.174), is repealed:

30 [Section 1105. Advertisement.--(a) The association shall



1 advertise its intention to deliver, or the delivery of articles  
2 of merger, consolidation or conversion, once in each newspaper  
3 in which advertisement is required to be published in accordance  
4 with section 107 of this act and file proof of advertisement  
5 with the department.

6 (b) The advertisement shall appear prior to, or within seven  
7 days after, the date of delivery of the articles to the  
8 department and shall set forth briefly:

9 (1) The name and county of the principal place of business  
10 of each of the associations or Federal savings and loan  
11 associations or savings banks intending to merge, consolidate or  
12 convert,

13 (2) The name and county of the place of business of the new,  
14 resulting or converted association or savings bank,

15 (3) A statement that the articles of merger, consolidation  
16 or conversion are to be filed under the provisions of this act  
17 if such merger, consolidation or conversion results in an  
18 association subject to the provisions of this act, or if the  
19 articles provide for a conversion from a Federal savings and  
20 loan association to an association subject to the provisions of  
21 this act. If the resulting corporation is a savings bank subject  
22 to the Banking Code of 1965 as amended, a statement to this  
23 effect shall be contained in the advertisement,

24 (4) The purpose or purposes of the resulting, new or  
25 converted association or savings bank.]

26 Section 87. Section 1106 of the act, repealed in part June  
27 3, 1971 (P.L.118, No.6), is repealed:

28 [Section 1106. Approval of Merger, Consolidation or  
29 Conversion by the Department.--(a) Upon receipt of an  
30 application for approval of a resulting new or converted

1 association or savings bank as a result of a merger,  
2 consolidation or conversion the department shall conduct such  
3 investigation as it may deem necessary to ascertain:

4 (1) Whether the articles and supporting items satisfy the  
5 requirements of this act, and if the Banking Code of 1965 as  
6 amended is applicable, that the requirements of that act are  
7 satisfied,

8 (2) Whether the name of the resulting, new or converted  
9 association or savings bank conforms with the requirements of  
10 the law,

11 (3) If the name is not the same as either of the merging or  
12 consolidating associations in the case of a merger or  
13 consolidation the department shall determine whether the name is  
14 so similar to a name presently in use by a corporation that it  
15 is likely to mislead the public,

16 (4) Whether the merger, consolidation or conversion would be  
17 consistent with adequate and sound savings and loan practices  
18 and in the public interest. In determining this the department  
19 may consider:

20 (i) The financial history and condition of the parties to  
21 the plan,

22 (ii) Their prospects,

23 (iii) The management of the associations or corporations,

24 (iv) The effect of the merger, consolidation or conversion  
25 on competition, and

26 (v) The convenience and needs of the area primarily to be  
27 served by the resulting corporation.

28 (b) Within sixty days after receipt of the application or  
29 within an additional period of not more than thirty days after  
30 receipt of the amendment to the application, the department

1 shall approve or disapprove the application on the basis of its  
2 investigation. The department shall immediately give to the  
3 parties to the plan written notice of its decision and, in the  
4 event of disapproval, a statement in detail of the reasons for  
5 its decision.]

6 Section 88. Sections 1107 and 1108 of the act are repealed:

7 [Section 1107. Procedure After Approval by Department;  
8 Issuance of Certificate of Merger, Consolidation or  
9 Conversion.--(a) If the laws of the United States require the  
10 approval of the merger, consolidation or conversion by any  
11 Federal agency, the department shall after its approval retain  
12 the articles of merger, consolidation or conversion until it  
13 receives notice of the decision of such agency. If such agency  
14 shall refuse to give its approval, the department shall notify  
15 the parties to the plan that the department's approval has been  
16 rescinded for that reason. If such agency gives its approval,  
17 the department shall immediately deliver the articles of merger,  
18 consolidation or conversion with its written approval to the  
19 Department of State for filing as of a date and time specified  
20 by the department and shall notify the parties to the plan.

21 (b) If all the taxes, fees and charges required by law shall  
22 have been paid and if the name of the resulting savings  
23 association or savings bank continues to be reserved or is  
24 available on the records of the Department of State, the receipt  
25 of the articles by the Department of State with the written  
26 approval of the department shall constitute filing of the  
27 articles of merger, consolidation or conversion as of the date  
28 and time of receipt or as of any later date and time specified  
29 by the department. The Department of State shall immediately  
30 issue a certificate of merger, consolidation or conversion as of

1 the date and time of filing with the approved articles of  
2 merger, consolidation or conversion attached thereto and shall  
3 make and retain a copy of such certificate and articles.

4 Section 1108. Effect of Merger, Consolidation or  
5 Conversion.--(a) As of the filing of the articles of merger,  
6 consolidation or conversion in the Department of State, the  
7 merger, consolidation or conversion shall be effective.

8 (b) The certificate of merger, consolidation or conversion  
9 shall be conclusive evidence of the performance of all  
10 conditions precedent to the merger, consolidation or conversion  
11 and of the existence or creation of the resulting savings  
12 association or savings bank, except as against the Commonwealth.

13 (c) When a merger or consolidation or conversion becomes  
14 effective, the existence of each party to the plan, except the  
15 resulting association or savings bank, shall cease as a separate  
16 entity but shall continue in, and the parties to the plan shall  
17 be, a single corporation which shall be the resulting savings  
18 association or savings bank and which shall have without further  
19 act or deed, all the property, rights, powers, duties and  
20 obligations of each party to the plan.

21 (d) The articles of the resulting association or savings  
22 bank shall be, in the case of a merger, the same as its articles  
23 prior to the merger with any change stated in the articles of  
24 merger, or in the case of a consolidation, the provisions stated  
25 in the articles of consolidation.

26 (e) If the resulting corporation shall be a savings  
27 association such association shall have the authority to engage  
28 only in such business and exercise only such powers as it would  
29 have under original incorporation under this act. If the  
30 resulting corporation shall be a savings bank it shall engage

1 only in such business and it shall have only such powers as it  
2 would have if it had been originally incorporated under the  
3 Banking Code of 1965 as amended.

4 (f) No liability of any party to the plan or of its members,  
5 directors, trustees or officers shall be affected, nor shall any  
6 lien on any property of a party to the plan be impaired, by the  
7 merger, consolidation or conversion. Any claim existing or  
8 action pending by or against any party to the plan may be  
9 prosecuted to judgment as if the merger, consolidation or  
10 conversion had not taken place or the resulting corporation may  
11 be substituted in its place.]

12 Section 89. Section 1109 of the act, amended April 9, 1982  
13 (P.L.334, No.94), is repealed:

14 [Section 1109. Rights of Dissenting Members.--(a) In the  
15 case of a mutual association, no mortgage account member shall  
16 have any rights of any nature with regard to proceedings for  
17 merger, consolidation or conversion and shall conclusively  
18 become a borrower of the resulting association or savings bank  
19 in the event of a merger, consolidation or conversion. A savings  
20 member who dissents from any plan of merger, consolidation or  
21 conversion shall have the right to have his savings paid to him  
22 in full together with any and all additions thereto which have  
23 been credited to his account by way of earnings prior to the  
24 effective date of the merger, consolidation or conversion within  
25 thirty days of the receipt of notice by the association of his  
26 dissent.

27 (b) In the case of a permanent reserve fund stock  
28 association, a permanent reserve fund stockholder shall have  
29 only the rights given him in the plan of merger, consolidation  
30 or conversion.]

1 Section 90. Section 1110 of the act is repealed:

2 [Section 1110. Reorganization of Associations.--An  
3 association may reorganize under the provisions of this section  
4 by adopting and carrying out a plan of reorganization which  
5 meets the requirements of this section.

6 (a) The plan which may include amendment of the articles of  
7 incorporation after adoption by the directors shall be submitted  
8 to the department for approval. The department may approve such  
9 plan if it deems the plan equitable and in the best interests of  
10 creditors and members of the association.

11 (b) The plan of reorganization, if approved by the  
12 department, shall be submitted to the members after such notice  
13 as may be required by the department.

14 (c) The plan shall be valid if approved by members holding  
15 fifty-one percent of the votes represented in person or by proxy  
16 at the meeting where such plan is voted upon, and by creditors  
17 holding at least ninety percent of the total amount of all  
18 liability of the association to creditors which will not be paid  
19 in full under the plan. Creditors who will be paid in full shall  
20 have no vote on approval or disapproval of the plan. A plan of  
21 reorganization which shall have been approved by the department  
22 and adopted by the members and the creditors entitled to vote  
23 thereon shall be binding upon all members and creditors of the  
24 association whether or not they voted for or consented to the  
25 plan of reorganization.]

26 Section 91. Article XII heading of the act is repealed:

27 [ARTICLE XII  
28 VOLUNTARY AND INVOLUNTARY DISSOLUTION;  
29 DISTRIBUTION OF ASSETS UPON INSOLVENCY]

30 Section 92. Sections 1201 and 1202 of the act, repealed in

1 part June 3, 1971 (P.L.118, No.6), are repealed:

2 [Section 1201. Voluntary Dissolution Prior to Commencement  
3 of Business.--(a) An association which has not transacted any  
4 business for which a certificate of authorization is required  
5 under this act may propose to dissolve by a vote of two-thirds  
6 of the incorporators and by delivering to the department  
7 articles of dissolution which shall be signed and acknowledged  
8 by a majority of the incorporators and which shall contain:

9 (1) The name of the association,

10 (2) The county in which it was to have its place of  
11 business,

12 (3) The date of its incorporation,

13 (4) A statement that it has not transacted any business for  
14 which a certificate of authorization is required under this act,

15 (5) A statement that all liabilities of the association have  
16 been paid or provided for,

17 (6) A statement that all amounts received on account of the  
18 expense fund, less amounts disbursed for expenses, have been  
19 returned to the persons entitled thereto,

20 (7) The number of incorporators entitled to vote on the  
21 dissolution and the number of votes for and against dissolution  
22 respectively.

23 (b) The articles of dissolution shall be delivered to the  
24 department together with any applicable filing fee. If the  
25 department is satisfied that the association has not conducted  
26 any business for which a certificate of authorization is  
27 required under this act and if it finds that the articles of  
28 dissolution satisfy the requirements of this act, it shall  
29 deliver them with its written approval to the Department of  
30 State which shall file the same on the date received from the

1 department. The department shall notify the association of its  
2 action. If the department shall disapprove the articles of  
3 dissolution, it shall give written notice to the association of  
4 its disapproval and a statement in detail of the reasons for its  
5 decision.

6 Section 1202. Voluntary Dissolution After Commencement of  
7 Business.--(a) An association which has commenced business may  
8 elect to dissolve voluntarily upon:

9 (1) Adoption by the vote required of its members under  
10 subsection (b) of this section of a plan of dissolution  
11 providing for full payment of its liabilities, and

12 (2) Approval by the department of the plan of dissolution  
13 after application for approval thereof in a manner prescribed by  
14 the department.

15 (b) Adoption of the plan by the members of an association  
16 shall require the affirmative vote of the members entitled to  
17 cast at least two-thirds of the votes which all members are  
18 entitled to cast on the plan at a meeting held upon not less  
19 than ten days' notice to all members.

20 (c) Upon receipt of an application for approval of a plan of  
21 dissolution, the department shall conduct such investigation as  
22 it may deem necessary to determine whether:

23 (1) The plan satisfies the requirements of this act,

24 (2) The plan adequately protects the interest of members and  
25 creditors, and

26 (3) Within sixty days after receipt of the application, the  
27 department shall approve or disapprove the application on the  
28 basis of its investigation and shall immediately give to the  
29 association written notice of its decision, and in the event of  
30 disapproval, a statement in detail of the reasons for its



1 decision.]

2 Section 93. Sections 1203, 1204, 1205, 1206 and 1207 of the  
3 act are repealed:

4 [Section 1203. Certificate of Election for Voluntary  
5 Dissolution.--(a) Immediately after the adoption and approval  
6 of a plan of dissolution under section 1202 of this act, the  
7 association shall deliver to the department, together with  
8 applicable fees payable to the department, a certificate of  
9 election to dissolve which shall be signed by two of its duly  
10 authorized officers under its seal and which shall contain:

- 11 (1) The name of the association,
- 12 (2) The county of its principal place of business,
- 13 (3) The names and addresses of its officers and directors,  
14 and
- 15 (4) The number of votes entitled to be cast on the plan of  
16 dissolution and the number of votes cast for and against the  
17 plan.

18 (b) If the department has approved the plan of dissolution  
19 and if the certificate satisfies the requirements of this act,  
20 it shall deliver the certificate with its written approval to  
21 the Department of State which, upon payment of applicable fees  
22 and charges, shall issue to the association the approved  
23 certificate of election to dissolve and shall make and retain a  
24 copy thereof.

25 (c) Upon the issuance of an approved certificate of an  
26 election to dissolve, the association shall cease to carry on  
27 its business except insofar as may be necessary for the proper  
28 winding up thereof but its corporate existence shall continue  
29 until issuance of a certificate of dissolution under this act.

30 Section 1204. Winding Up in Voluntary Dissolution

1 Proceedings.--(a) The board of directors shall have full power  
2 to wind up and settle the affairs of the association in  
3 voluntary dissolution proceedings.

4 (b) Within thirty days after the issuance of an approved  
5 certificate of election to dissolve, the association shall give  
6 notice of its dissolution:

7 (1) By mail to each member and creditor, including a  
8 statement of the amount shown by the books of the association to  
9 be due to such member or creditor, and a demand that any claim  
10 for a greater amount be filed with the association before a  
11 specified date at least sixty days after the date of notice,

12 (2) By conspicuous posting at each office of the  
13 association, and

14 (3) By such publication as the department may prescribe.

15 (c) All claims of members and creditors shall be paid  
16 promptly after the date specified in the notice given under  
17 subsection (b) (1) of this section.

18 (d) Assets remaining after the performance of all  
19 obligations of the association under subsection (c) of this  
20 section shall be distributed to its members according to their  
21 respective rights and preferences. Partial distributions to  
22 members may be made prior to such time only if, and to the  
23 extent, approved by the department.

24 (e) During the course of dissolution proceedings the  
25 association shall make such reports as the department may  
26 require and the association shall continue to be subject to the  
27 provisions of this act concerning examinations of associations  
28 until completion of the dissolution of the association.

29 (f) If at any time during the course of dissolution  
30 proceedings the department finds that the assets of the

1 association will not be sufficient to discharge its obligations,  
2 the department may then or at any time thereafter take  
3 possession of the business and property of the association and  
4 complete the dissolution in accordance with the provisions of  
5 the Department of Banking Code.

6 Section 1205. Articles of Dissolution.--(a) When all the  
7 liabilities of the association have been discharged, and all its  
8 remaining assets have been disbursed to members pursuant to  
9 section 1204, articles of dissolution shall be signed by two  
10 duly authorized officers of the association under its seal and  
11 shall contain:

12 (1) The name of the association and the post office address  
13 of its principal place of business,

14 (2) A statement that the association has previously  
15 delivered a certificate of election to dissolve to the  
16 department, and the date on which the approved certificate was  
17 filed in the Department of State.

18 (3) A statement that all liabilities of the association have  
19 been discharged, and that the remaining assets of the  
20 association have been distributed to its members, and

21 (4) A statement that there are no suits pending against the  
22 association.

23 (b) The articles of dissolution shall be delivered to the  
24 department together with any applicable filing fees. If the  
25 department finds that the articles satisfy the requirements of  
26 this act it shall deliver them with its approval to the  
27 Department of State.

28 Section 1206. Certificate of Dissolution.--If all applicable  
29 fees, charges and taxes required by law have been paid, the  
30 receipt of articles of dissolution by the Department of State,

1 with the written approval of the department, shall constitute  
2 filing of the articles of dissolution as of the date and time of  
3 receipt. The Department of State shall immediately issue to the  
4 association a certificate of dissolution as of the date and time  
5 of filing, with the approved articles of dissolution attached  
6 thereto, and shall make and retain a copy of such certificate  
7 and articles. Upon the filing of the articles of dissolution,  
8 the existence of the association shall cease.

9 Section 1207. Involuntary Dissolution.--(a) The department  
10 shall issue a certificate of dissolution under its seal:

11 (1) If a certificate of authorization has not been issued to  
12 a newly incorporated association within two years after the date  
13 of its incorporation or such longer time as the department may  
14 allow for satisfaction of conditions precedent to the issuance  
15 of a certificate of authorization, or

16 (2) If the department shall determine, after notice to the  
17 association, to issue a certificate of dissolution. Said  
18 determination shall be made if the department finds that the  
19 association has not exercised any of its powers under its  
20 articles, for any continuous period of two years, or

21 (3) If the department after having taken possession of the  
22 business and property of an association has completely  
23 liquidated its assets, or

24 (4) If the department, after having taken possession of the  
25 business and property of an association, has surrendered to any  
26 corporation or person the assets of the association in order to  
27 permit the carrying out of a special plan of liquidation, or

28 (5) If the directors of an association or the liquidating  
29 trustees under the Building and Loan Code of 1933, as amended,  
30 pursuant to a plan of voluntary dissolution, have completely

1 liquidated its assets and have not filed the articles of  
2 dissolution pursuant to the provisions of this act.

3 (b) In connection with the issuance of a certificate of  
4 dissolution for any of the reasons set forth in subsection (a)  
5 above, the department shall recite the applicable facts and  
6 state that the certificate of authorization of the association  
7 and its articles of incorporation have been forfeited by reason  
8 of such facts and shall file the certificate in the Department  
9 of State.

10 (c) Upon filing of the certificate of dissolution in the  
11 Department of State all rights of the association under its  
12 certificate of authorization shall cease and its existence as an  
13 incorporated association shall cease.]

14 Section 94. Section 1208 of the act, amended December 27,  
15 1974 (P.L.1012, No.329) and April 9, 1982 (P.L.334, No.94), is  
16 repealed:

17 [Section 1208. Distribution of Assets Upon Liquidation.--In  
18 the distribution of assets of an association which is liquidated  
19 or dissolved, either under this act or by any other method,  
20 payment shall be made of liabilities and obligations to members  
21 in the following order:

22 (a) First, the payment of costs and expenses of  
23 administration of the liquidation or dissolution,

24 (b) Second, the payment of claims which are given priority  
25 by applicable statutes and, if the assets are insufficient for  
26 the payment in full of all such claims in the order provided by  
27 such statutes, or, in the absence of contrary provisions, pro  
28 rata,

29 (c) Third, the payment of the balance as of the date of  
30 dissolution or liquidation in savings accounts of all types and

1 of all other creditors except those creditors who have in  
2 writing subordinated their claims in favor of savings accounts.  
3 Said payments shall be pro rata to the amount owing said  
4 creditor and savings accounts on a basis pro rata to the balance  
5 in each account.

6 (d) Fourth, payment to creditors who have in writing  
7 subordinated their claims in favor of savings accounts.

8 (e) Fifth, any excess of assets shall be distributed to  
9 savings accounts on a basis pro rata to the balance in each  
10 account as of the date of liquidation or dissolution in the case  
11 of a mutual association. In a permanent reserve fund  
12 association, the excess of assets shall be distributed pro rata  
13 to the reserve fund stockholders.]

14 Section 95. Article XIII heading of the act is repealed:

15 [ARTICLE XIII  
16 FOREIGN AND FEDERAL ASSOCIATIONS]

17 Section 96. Section 1301 of the act, amended December 21,  
18 1988 (P.L.1427, No.174), is repealed:

19 [Section 1301. Foreign Corporations.--(a) Except as  
20 provided in section 114, foreign corporations shall not transact  
21 the business of an association within this Commonwealth, nor  
22 maintain an office within this Commonwealth for the purpose of  
23 transacting such business. It shall be unlawful for any person  
24 to engage in the business of soliciting or receiving within this  
25 Commonwealth subscriptions to the shares or savings accounts of  
26 such corporations or payments therefor, or of granting loans  
27 within this Commonwealth on behalf of such corporations, or of  
28 soliciting applications therefor, or of receiving within this  
29 Commonwealth on behalf of such corporations, interest, premiums,  
30 fees or payments of any kind or of transacting business in any

1 manner within this Commonwealth on behalf of such corporation.  
2 Nothing in this section shall prohibit a bona fide mortgage or  
3 loan subsidiary of a foreign association from conducting its  
4 business in this Commonwealth.

5 (b) A violation of this section shall be subject to the  
6 penalty provisions of this act.]

7 Section 97. Section 1302 of the act is repealed:

8 [Section 1302. Federal Associations.--Notwithstanding any  
9 other provision of this act, unless Federal laws or regulations  
10 provide otherwise, a Federal savings and loan association,  
11 incorporated pursuant to the Home Owner's Loan Act of 1933, as  
12 now or hereafter amended, and whose principal office is in  
13 Pennsylvania, together with the members thereof, shall possess  
14 all of the rights, powers, privileges, benefits, immunities and  
15 exemptions that are now or hereafter provided in this code or by  
16 the laws of this Commonwealth for associations organized under  
17 the laws of this Commonwealth and for the members and savings  
18 account holders thereof. This provision is additional and  
19 supplemental to any provision which by specific reference is  
20 applicable to Federal savings and loan associations and the  
21 members thereof.]

22 Section 98. Article XIV heading of the act, amended December  
23 21, 1988 (P.L.1427, No.174), is repealed:

24 [ARTICLE XIV

25 PROVISIONS APPLICABLE TO DEPARTMENT OF BANKING]

26 Section 99. Section 1401 of the act, amended December 21,  
27 1998 (P.L.1002, No.132), is repealed:

28 [Section 1401. Examinations and Reports.--(a) The  
29 department shall examine all associations at least once every  
30 two calendar years and may examine any association more

1 frequently and at any time it deems such action necessary or  
2 desirable for protection of members or creditors. The  
3 examination shall include a review of the accounts, records and  
4 affairs of the association, its compliance with law and such  
5 other matters as the department may determine. For this purpose  
6 the department may examine a person which is performing services  
7 for an association.

8 (b) In the case of an association whose savings are insured  
9 by the Federal Savings and Loan Insurance Corporation the  
10 department may accept, in lieu of any examination required by  
11 this section and in lieu of any report required by the  
12 Department of Banking Code, examinations and reports made by  
13 examiners for the Federal Savings and Loan Insurance  
14 Corporation, the Federal Home Loan Bank Board, or a Federal Home  
15 Loan Bank.

16 (c) Except as modified by the provisions of this section,  
17 the provisions of the Department of Banking Code governing the  
18 examinations and reports shall continue to apply to  
19 associations.]

20 Section 100. Section 1402 of the act, amended December 21,  
21 1988 (P.L.1427, No.174), is repealed:

22 [Section 1402. Relationship of Savings Associations and  
23 Their Personnel with Officials and Employees of the Department.--

24 (a) Except as provided in subsection (c) of this section a  
25 savings association or any director, officer, employe or  
26 attorney thereof shall not grant or give to the Secretary of  
27 Banking, any official or employe of the department, any deputy  
28 or any employe of the Secretary of Banking as receiver, any sum  
29 of money or any property as a gift, loan or otherwise, directly  
30 or indirectly--subject to the penalty provisions of this act.



1 (b) Neither the Secretary of Banking, nor any official or  
2 employe of the department shall hold any office or position in a  
3 savings association nor exercise any right to vote on an  
4 association matter by reason of membership in such association--  
5 subject to the penalty provisions of this act.

6 (c) The prohibitions of subsections (a) and (b) of this  
7 section shall not apply to either:

8 (1) A loan subject to the provisions of this act secured by  
9 a lien on the home of the Secretary of Banking, an official or  
10 employe of the department, or

11 (2) A savings account with an association except that an  
12 examiner assigned to the examination of savings associations  
13 shall not have a savings account in any mutual association.]

14 Section 101. Section 1404 of the act, amended July 9, 1992  
15 (P.L.414, No.89), is repealed:

16 [Section 1404. Orders by Department; Hearings.--(a) The  
17 department may by written order under seal of the department  
18 direct an association to discontinue any violation of law or  
19 regulation or any unsafe or unsound business practice within  
20 such period as shall be specified in the order.

21 (b) If any director, officer, attorney or employe continues  
22 to violate the law or conduct the business of an association in  
23 an unsafe or unsound manner after having been warned by the  
24 department to discontinue such violations of law or such unsafe  
25 or unsound business practices, the department may issue a  
26 written order under seal of the department directing such  
27 director, officer, attorney or employe to appear on the date  
28 fixed in such order before the department and show cause why he  
29 should not be removed from his office or position.

30 (c) A copy of such order shall be sent to the association of

1 which such person is a director, officer, attorney or employe.

2 (d) On the day fixed in the department's order, such  
3 director, officer, attorney or employe shall be heard in person  
4 or by counsel. The hearing shall be closed to the public unless  
5 the department determines that the public interest requires that  
6 the hearing be open to the public.

7 (e) If the director, officer, attorney or employe does not  
8 appear on the day fixed in the department's order, or if, after  
9 hearing, the department determines that such director, officer,  
10 attorney or employe is guilty of a violation of law or an unsafe  
11 or unsound business practice and should be removed from his  
12 office or position, the department shall, within sixty days of  
13 such hearing, issue an order directing the association to remove  
14 such person from his office or position and declare such office  
15 or position vacant. A copy of such order shall be sent to the  
16 director, officer, attorney or employe so removed. The  
17 department shall specify in its order the date upon which any  
18 such removal and declaration of vacancy shall become effective.

19 (f) If the person ordered by the department to appear is a  
20 director, officer, attorney or employe of an association which  
21 is a member of the Federal Home Loan Bank System or is insured  
22 by the Federal Savings and Loan Insurance Corporation, the  
23 department may advise the Federal Home Loan Bank or the Federal  
24 Savings and Loan Insurance Corporation of its order directing  
25 the appearance of such person before the department and of the  
26 decision of the department.

27 (g) In connection with any hearing or investigation, the  
28 department shall have power to issue subpoenas requiring the  
29 attendance of or the production of pertinent books and papers by  
30 any person, including the officers, directors, agents, employes

1 or members of any association. The department may, upon  
2 application of the director, officer, attorney or employe to be  
3 heard, subpoena such witnesses as are set forth in such  
4 application. The department shall have the power to question  
5 such witnesses under oath or affirmation and to examine such  
6 books and papers.

7 (h) Any witness who refuses to obey a subpoena issued under  
8 this section or who refuses to be sworn or affirmed or to  
9 testify or who is guilty of any contempt after summons to appear  
10 may be punished as for contempt of court, and for this purpose  
11 an application may be made to any court of common pleas within  
12 whose territorial jurisdiction the offense was committed, for  
13 which purpose such court is hereby given jurisdiction.

14 (i) Except as herein otherwise specifically provided, the  
15 proceedings of the department and its decisions may be published  
16 at the discretion of the department.

17 (j) A director, officer, attorney or employe who is removed  
18 from his office or position as provided in this article and as  
19 provided in section 506 shall thereafter be disqualified from  
20 acting as a director, officer, attorney or employe of any  
21 association or any insured depository institution in this  
22 Commonwealth for such period as the department shall prescribe.]

23 Section 102. Article XV heading of the act is repealed:

24 [ARTICLE XV  
25 PENALTIES AND CRIMINAL PROVISIONS]

26 Section 103. Sections 1501, 1502, 1503, 1504, 1505, 1506,  
27 1507, 1508, 1509 and 1510 of the act are repealed:

28 [Section 1501. False or Misleading Statements in  
29 Application.--Any person who shall knowingly make any false or  
30 misleading statement in the application for a mortgage loan or

1 any other type of loan or in a request for advance or loan of  
2 funds from an association or shall knowingly conceal any  
3 material fact or facts in such application or who shall falsify  
4 or mutilate any application for any loan after it has been  
5 signed and delivered to the association, or who shall abstract  
6 any such application from the records of the association, or who  
7 shall cause or induce any other person to make any such  
8 statement or conceal any such fact or facts, falsify, mutilate  
9 or abstract any such application in the manner hereinbefore  
10 described shall be guilty of a misdemeanor and shall upon  
11 conviction thereof, be subject to imprisonment for a period not  
12 exceeding three years or a fine not exceeding one thousand  
13 dollars (\$1,000) or both.

14 Section 1502. Doing Business by a Foreign Corporation.--Any  
15 individual who shall violate the provisions of section 1301 of  
16 this act shall be guilty of a misdemeanor and shall upon  
17 conviction thereof, be subject to imprisonment for a period not  
18 exceeding one year or a fine not exceeding one thousand dollars  
19 (\$1,000) or both. He shall also be subject to a further fine  
20 equal to any moneys received by him within this Commonwealth in  
21 violation of said section. The corporation which such individual  
22 represents shall be guilty of a misdemeanor and upon conviction  
23 thereof shall be subject to a fine of five thousand dollars  
24 (\$5,000). Such corporation shall be subject to a further fine  
25 equal to the amount of any moneys received by such corporation  
26 or its agent in violation of this section.

27 Section 1503. Perjury.--Anyone who shall wilfully and  
28 corruptly make a false statement under any oath or affirmation  
29 provided for in this act, or in any document required to be  
30 executed by this act or anyone who shall by means procure or

1 suborn any other person to do so, shall be guilty of the crime  
2 of perjury and upon conviction thereof, shall be subject to the  
3 same punishment as is or may be provided by law for perjury.

4 Section 1504. Acceptance of Fee for Procuring Loan.--Any  
5 director, officer, attorney, or employe of an association who  
6 knowingly violates the provision of subsection (a) (1) of  
7 section 510 of this act shall be guilty of a misdemeanor, and  
8 shall, upon conviction thereof, be subject to a fine not  
9 exceeding a sum equal to three times the amount of the value of  
10 the property which he received as such fee, commission or gift.  
11 In addition he shall be disqualified from acting as an officer,  
12 director, attorney or employe of any association within this  
13 Commonwealth for a period of five years after the date of such  
14 conviction.

15 Section 1505. Dealings Between an Association and Its  
16 Directors, Officers, Employes and Attorneys.--Any officer,  
17 director, attorney or employe of an association who knowingly  
18 violates the provisions of either subsection (a) (2) or  
19 subsection (a) (3) of section 510 shall be guilty of a  
20 misdemeanor and shall upon conviction thereof, be subject to  
21 imprisonment not exceeding one year, or a fine not exceeding one  
22 thousand dollars (\$1,000), or both. He shall also be subject to  
23 a further fine equal to any profit which he shall have made upon  
24 the transaction.

25 Section 1506. Failure to Keep Proper Accounts.--Any  
26 director, officer or employe of an association who knowingly  
27 violates the provisions of section 110 of this act shall be  
28 guilty of a misdemeanor and shall upon conviction thereof be  
29 subject to imprisonment not exceeding one year or a fine not  
30 exceeding one thousand dollars (\$1,000), or both.

1 Section 1507. Repledging of Collateral.--Any officer,  
2 director or employe of an association who knowingly violates  
3 section 112 of this act shall be guilty of a misdemeanor and  
4 shall upon conviction thereof be subject to imprisonment not  
5 exceeding one year or a fine not exceeding one thousand dollars  
6 (\$1,000), or both.

7 Section 1508. Prohibition of Promoter's Fees.--Any  
8 incorporator, officer, director or employe who knowingly  
9 violates section 202 (a) of this act shall be guilty of a  
10 misdemeanor and shall upon conviction thereof be subject to  
11 imprisonment not exceeding one year or a fine not exceeding one  
12 thousand dollars (\$1,000), or both.

13 Section 1509. Transacting Business before Certificate of  
14 Authorization Issued.--Any officer or director of an association  
15 who knowingly violates section 209 (a) of this act shall be  
16 guilty of a misdemeanor and shall upon conviction thereof be  
17 subject to imprisonment not exceeding one year or a fine not  
18 exceeding one thousand dollars (\$1,000), or both.

19 Section 1510. Relationship of Savings Associations and Their  
20 Personnel with Officials and Employes of the Department.--Any  
21 director, officer, attorney or employe of an association, or the  
22 Secretary of Banking, or any employe, or any official of the  
23 department who knowingly violates the provisions of either  
24 subsection (a) or subsection (b) of section 1402 shall be guilty  
25 of a misdemeanor and shall upon conviction thereof, be subject  
26 to imprisonment not exceeding one year or a fine not exceeding  
27 one thousand dollars (\$1,000), or both.]

28 Section 104. Article XVI heading of the act is repealed:

29 [ARTICLE XVI  
30 EFFECTIVE DATE AND REPEALERS]

1 Section 105. Section 1601 of the act is repealed:

2 [Section 1601. Effective Date.--This act shall take effect  
3 in one hundred eighty days.]

4 Section 106. Section 1602 of the act, amended December 21,  
5 1998 (P.L.1002, No.132), is repealed:

6 [Section 1602. Specific Repeals.--(a) The following acts  
7 and all amendments thereof are hereby repealed absolutely:

8 (1) The act of May 5, 1933 (P.L.457), known as the "Building  
9 and Loan Code."

10 (2) The act of June 24, 1939 (P.L.746), entitled "An act  
11 authorizing Federal savings and loan associations to issue share  
12 accounts in the name of certain minors and in the joint names of  
13 two or more persons, and validating the acquittances of such  
14 minors and validating the acquittances of either person in a  
15 joint account, under certain conditions; and outlining the  
16 procedure for the payment of share accounts issued in the name  
17 of a trustee following the death of the trustee."

18 (3) The act of April 6, 1979 (P.L.17, No.5), referred to as  
19 the Pennsylvania Savings Association Insurance Corporation Act.

20 (b) The following parts of acts are hereby repealed to the  
21 extent specified:

22 (1) Sections 301, 401A, 402B, 501A, 501B, 501C, 503A, 503C  
23 and 1011B of the act of May 15, 1933 (P.L.565), known as the  
24 "Department of Banking Code," as applicable to savings  
25 associations, savings and loan associations and building and  
26 loan associations.

27 (2) Section 504B of the act of May 15, 1933 (P.L.565,  
28 No.111), known as the "Department of Banking Code," is repealed  
29 insofar as it applies to nonfederally insured savings  
30 associations.

1 (3) Section 4 of the act of April 6, 1979 (P.L.17, No.5),  
2 referred to as the Pennsylvania Savings Association Insurance  
3 Corporation Act, is repealed.]

4 Section 107. Sections 1603 and 1604 of the act are repealed:

5 [Section 1603. General Repeal.--All other acts and parts of  
6 acts inconsistent with the provisions of this act are hereby  
7 repealed.]

8 Section 1604. Transition Provisions.--(a) Transactions and  
9 proceedings commenced under or pursuant to statutes repealed by  
10 this act shall be terminated, completed or enforced pursuant to  
11 the provisions of such statutes which for such purpose shall  
12 remain in full force and effect as to such transactions and  
13 proceedings.

14 (b) Any agreement, transaction or relationship which was  
15 valid immediately prior to the effective date of this act and  
16 which continues after the effective date of this act shall  
17 remain valid although not in compliance with the provisions of  
18 this act, except that any affirmative action required by this  
19 act which may be legally taken in connection with such  
20 agreement, transaction or relationship shall be taken within  
21 such reasonable time after the effective date of this act as may  
22 be fixed by the department unless the requirement of such action  
23 would impair any vested right.]

24 Section 108. (a) An association as defined in section 102  
25 of the act existing on the effective date of this section shall  
26 do one of the following within six months of the effective date  
27 of this section:

28 (1) file an application with the Department of Banking  
29 AND SECURITIES to convert to a savings bank pursuant to  
30 section 1609(a) (v) (C) of the act of November 30, 1965

<--



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

2 (2) file a notice with the Department of Banking AND <--  
3 SECURITIES that the association has filed an application with  
4 the Office of the Comptroller of the Currency to convert to a  
5 Federal savings association; or

6 (3) be a party to a merger application filed with the  
7 Department of Banking AND SECURITIES or the Office of the <--  
8 Comptroller of the Currency whereby the association will be  
9 merged with an existing institution regulated by the  
10 Department of Banking AND SECURITIES or the Office of the <--  
11 Comptroller of the Currency.

12 (b) The Department of Banking AND SECURITIES shall not <--  
13 charge a fee for the application for conversion required by  
14 subsection (a)(1); however, the application for conversion shall  
15 be accompanied by any applicable filing fees due to the  
16 Department of State.

17 Section 109. (a) Transactions and proceedings commenced  
18 under or pursuant to the statute repealed by this act shall be  
19 terminated, completed or enforced pursuant to the provisions of  
20 such statute, which for such purpose shall remain in full force  
21 and effect as to those transactions and proceedings.

22 (b) Any agreement, transaction or relationship that was  
23 valid immediately prior to the effective date of this section  
24 and that continues after the effective date of this section  
25 shall remain valid although not in compliance with the  
26 provisions of this act, except that any affirmative action  
27 required by this act which may be legally taken in connection  
28 with such agreement, transaction or relationship shall be taken  
29 within such reasonable time after the effective date of this  
30 section as may be fixed by the Department of Banking AND <--

1 SECURITIES unless the requirement of such action would impair  
2 any vested right.

3 Section 110. This act shall take effect as follows:

4 (1) Section 108 of this act shall take effect  
5 immediately.

6 (2) This section shall take effect immediately.

7 (3) The remainder of this act shall take effect in one  
8 year.