

tor to the State Employes' Retirement System whose disability retirement shall become effective during the period June 1, 1961, to [June 30, 1963] June 30, 1965, shall be entitled to receive a supplemental State annuity during the period beginning June 1, 1961, or date of disability retirement, whichever is later, and ending [June 30, 1965] June 30, 1967. Such supplemental State annuity shall be equivalent to the amount by which the superannuation retirement allowance prior to any optional modification or the disability allowance to which he is entitled under the laws governing the State Employes' Retirement System is less than [sixty dollars (\$60)] sixty-five dollars (\$65) for each year of credited service not in excess of forty years: Provided, however, That the sum of (a) the retirement allowance prior to optional modification or the disability allowance payable under the laws governing the State Employes' Retirement System, (b) any social security old age or disability insurance benefit (primary insurance amount) attributable to service as a State employe, and (c) the supplemental State annuity shall not exceed [one thousand nine hundred eighty dollars (\$1,980)] two thousand six hundred dollars (\$2,600) per year.

Section 2. This act shall take effect July 1, 1965.

APPROVED—The 30th day of June, A. D. 1965.

WILLIAM W. SCRANTON

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No. 108

AN ACT

SB 783

Amending the act of December 1, 1959 (P. L. 1647), entitled "An act to provide for the incorporation of Business Development Credit Corporations to assist, promote, encourage, develop and advance the business prosperity and economic welfare of the Commonwealth; defining the powers, restrictions, limitations, purposes and functions of such corporations; conferring powers on certain corporations and financial institutions in connection therewith, and conferring certain powers on the Department of Banking," revising the limits on loans by financial institutions to such corporations.

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

Section 1. Section 6, act of December 1, 1959 (P. L. 1647), known as the "Business Development Credit Corporation Law," clause (a) of subsection (2) amended August 14, 1963 (P. L. 830), is amended to read:

Section 6. Loans by Financial Institutions.—

(1) Any financial institution is hereby empowered to make a lending agreement with a corporation. Notwithstanding the provisions of any other law, the notes or other interest-bearing obligations of a corporation, issued in accordance with and by virtue of this act and the by-laws of a corporation, shall be proper investments for the financial institutions which become parties to a lending agreement, up to, but in no event exceeding, the loan limits established hereinafter.

(2) The financial institution, which is a party to a lending agreement, shall lend funds to a corporation as and when called upon by it to do so, but, except as hereinafter provided in subsection (3) of this section 6, the total amount on loan by any such financial institution to a corporation at any one time shall not exceed the following limit to be determined as of the effective date of the lending agreement. Moreover, such amount shall thereafter be readjusted, annually, in the event of any change in the base of the loan limit of such financial institution, which is as follows:

(a) National banking association, State-chartered bank, bank and trust company, savings bank, private bank or credit union, [two] four per centum of capital and surplus, and the aggregate amount on loan to all such corporations shall not exceed twelve per centum of capital and surplus.

(b) [Building] Federal savings and loan association or building and loan association, [two] four per centum of its undivided profits and general reserve funds, and the aggregate amount on loan to all such corporations shall not exceed twelve per centum of its undivided profits and general reserve funds.

(c) Stock insurance company, [two] four per centum of capital and surplus, and the aggregate amount on loan to all such corporations shall not exceed twelve per centum of capital and surplus.

(d) Surety and casualty company, [two] four per centum of capital and surplus, and the aggregate amount on loan to all such corporations shall not exceed twelve per centum of capital and surplus.

(e) Mutual insurance company, [two] four per centum of guaranty funds or of surplus, whichever is applicable, and the aggregate amount

on loan to all such corporations shall not exceed twelve per centum of such guaranty funds or surplus, and

(f) Comparable limits for other financial institutions as established by the board of directors of a corporation, subject to the approval of the Department of Banking. The total amount on loan to a corporation by any financial institution which is a party to a lending agreement shall not exceed, at any one time, [five hundred fifty thousand dollars (\$550,000)] one million one hundred thousand dollars (\$1,100,000). All loan limits shall be established at the thousand dollars nearest to the amount computed on an actual basis. All calls of funds which such financial institutions are committed to lend to a corporation shall be prorated by a corporation among the financial institutions which are parties to its lending agreement in the same proportion that the lending agreement commitment of each bears to the aggregate lending agreement commitments of all financial institutions of a corporation. Upon six months prior written notice to the board of directors of a corporation, any financial institution may withdraw from and terminate the lending agreement effective at the end of such six month period and after the effective date of withdrawal such financial institution shall be free of obligation hereunder, except those accrued or committed by the corporation prior to the effective date of withdrawal.

(g) At no time shall the total obligations of any such corporation exceed twenty times the amount of its paid-in capital and surplus.

(3) Any financial institution named in clause (a) of subsection (2) of this section 6 may lend funds on a temporary basis to a corporation with which it has entered into a lending agreement, but the aggregate amount which such corporation is authorized to borrow pursuant to the provisions of this subsection (3) shall at no time exceed the sum of the balance at the time available to be borrowed by the corporation from all financial institutions which are parties to its lending agreement and the amount at the time available to be borrowed by the corporation from other sources, and each note evidencing such loan shall mature not more than one year from the date thereof.

Section 2. This act shall take effect immediately.

APPROVED—The 2d day of July, A. D. 1965.

WILLIAM W. SCRANTON