

No. 462

AN ACT

HB 1964

Amending the act of May 5, 1933 (P. L. 457), entitled "An act relating to the business of building and loan associations; providing for the organization and voluntary dissolution of such associations; defining the rights, powers, duties, liabilities, and immunities of such associations, and of their officers, directors, shareholders, solicitors, and other employes; prohibiting the transaction of business in this Commonwealth by foreign building and loan associations; conferring powers and imposing duties upon the courts, recorders of deeds, and certain State departments, commissions, and officers; establishing limitations of actions; imposing penalties; and repealing certain acts and parts of acts," further defining the rights and powers of such associations and authorizing additional types of loans and investments including loans on urban renewal real estate and investments in urban renewal real estate.

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

Section 1. Section 803, act of ¹May 5, 1933 (P. L. 457), known as the "Building and Loan Code," is amended by adding, at the end thereof, two new clauses to read:

Section 803. Authorized Investments.—Except as otherwise specifically provided in this act, an association shall not make any investments except as follows:

* * *

(13) Investments in real property, or interests in real property, located within the Commonwealth of Pennsylvania or fifty miles of a boundary thereof, or within one hundred miles of the main office of the association without regard to Commonwealth boundary lines, and within an urban renewal area as defined in subsection (a) of section 110 of the Housing Act of 1949, as amended. No such investment shall be made unless the shares or accounts of the association are insured in the manner set forth in clause (8) of section 801 of this act and unless the amount of such investment, plus all amounts outstanding in such investments, would aggregate a total not in excess of two per centum of the association's assets. The Department of Banking may prescribe regulations under which such investments may be made.

(14) Obligations in the form of a bond or other instrument secured by first liens on improved real property located within the Common-

¹"May 1" in original.

wealth of Pennsylvania or fifty miles of a boundary thereof, or within one hundred miles of the main office of the association without regard to Commonwealth boundary lines, and within an urban renewal area as defined in subsection (a) of section 110 of the Housing Act of 1949, as amended. No such investment shall be made unless the shares or accounts of the association are insured in the manner set forth in clause (8) of section 801 of this act. No such investment shall be made if the total amount of all obligations issued on the security of the same first lien exceeds eighty per centum of the fair market value of the security property, or if the obligations do not require repayment of the entire principal debt, together with interest, in substantially equal payments, at least annually, over a term of not more than thirty years. No investment shall be made under this clause if the amount of such investment, plus all amounts outstanding in investments made in accordance with this clause and the preceding clause (13) of this section and in mortgages or participations therein made or purchased in accordance with section 905.2 of this act, would aggregate a total in excess of five per centum of the association's assets.

Section 2. Subsection B of section 804 of the act is amended to read:

Section 804. Restriction on Ownership or Holding of Real Property by an Association.—

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B. An association shall not own or hold any real property, other than such real property as it occupies for its accommodation in the transaction of its business or such real property as it partly so occupies and partly leases to others pursuant to the provisions of this act, or real estate acquired in accordance with section 803, clause (13) of this act which is located in an urban renewal area, for a period longer than five years after the acquisition of such real property, or five years after the effective date of this act, but the department may, upon application of an association, grant to it in writing the power to hold such real property for a longer period.

* * *

Section 3. The act is amended by adding, after section 905.1, a new section to read:

Section 905.2. Loans and Participations in Loans in Urban Renewal Areas. Notwithstanding any restrictions or other limitations set forth in this act, an association whose shares or accounts are insured in the manner set forth in clause (8) of section 801 of this act may grant or participate in the granting of mortgage loans which are first liens on improved real property located within the Commonwealth of Pennsylvania or fifty miles of a boundary thereof, or within one hundred miles of the main office of the association without regard to Commonwealth boundary lines, and within an urban renewal area as defined in subsection (a) of section 110 of the Housing Act of 1949, as amended. Without regard to the limitations as to percentages of fair market value set forth in section 903 of this act, any such association may make loans in accordance with this section in an amount not exceeding eighty per centum of the fair market value of any type of improved real property on which the association is otherwise authorized to lend. Any such association may also purchase and sell such mortgage loans or participations therein. The aggregate amount that an association may invest in loans and participations in loans pursuant to this section, plus the amount of real property owned by the association in an urban renewal area, plus investments made in accordance with the provisions of section 803, clause (14) of this act, shall not exceed five per centum of the assets of the association. Loans which meet all of the requirements of this act without the benefit of this section 905.2 shall not be included in said five per centum limitation.

APPROVED—The 22d day of December, A. D. 1965.

WILLIAM W. SCRANTON