

provisions of said act: Provided, That each such loan is guaranteed in an amount equal to at least twenty per centum thereof, subject to the lien and loans on the security of bonds secured by mortgages upon business property situated within the Commonwealth, or within fifty miles of the boundary thereof, if such loans are guaranteed in whole \*or in part, or if there is a written commitment to so guarantee in accordance with the provisions of the "Servicemen's Readjustment Act of 1944," its amendments and supplements, and rules and regulations promulgated from time to time pursuant to the provisions of said act: Provided, That the non-guaranteed portion of each such business loan does not exceed two-thirds of the value of such business property, nor shall any limitations imposed by this section apply to secondary loans fully guaranteed in accordance with the provisions of section five hundred five of the "Servicemen's Readjustment Act of 1944," its amendments and supplements, and rules and regulations promulgated from time to time pursuant to said act.] *The limitations imposed by this section shall not apply to investments authorized under sections 1208 and 1209 of this act.*

Section 5. The provisions of this act shall become effective immediately upon final enactment.

Act effective  
immediately.

APPROVED—The 28th day of June, A. D. 1951.

JOHN S. FINE

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No. 161

AN ACT

To further amend subsection A of section 1006 of the act, approved the fifteenth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 624), entitled, as amended "An act relating to the business of banking, and to the exercise of fiduciary powers by corporations; providing for the organization of corporations with fiduciary powers, and of banking corporations, with or without fiduciary powers, including the conversion of National banks into State banks, and for the licensing of private bankers and employes' mutual banking associations; defining the rights, powers, duties, liabilities, and immunities of such corporations, of existent corporations authorized to engage in a banking business, with or without fiduciary powers, of private bankers and employes' mutual banking associations, and of the officers, directors, trustees, shareholders, attorneys, and other employes of all such corporations, employes' mutual banking associations or private bankers, or of affiliated corporations, associations, or persons; restricting the exercise of banking powers by any other corporation, association, or person, and of fiduciary powers by any other corporation; conferring powers and imposing duties upon the courts, prothonotaries, recorders of deeds, and certain State departments, commissions, and officers; imposing penalties; and repealing certain acts and parts of acts," by further providing for the powers and limitations upon powers of banks and bank and trust companies.

\* "of" in original.

"Banking Code."

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

Subsection A of section 1006, act of May 15, 1933, P. L. 624, as last amended by act of April 21, 1949, P. L. 686, further amended.

Section 1. Subsection A of section 1006 of the act, approved the fifteenth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 624), entitled, as amended "An act relating to the business of banking, and to the exercise of fiduciary powers by corporations; providing for the organization of corporations with fiduciary powers, and of banking corporations, with or without fiduciary powers, including the conversion of National banks into State banks, and for the licensing of private bankers and employes' mutual banking associations; defining the rights, powers, duties, liabilities, and immunities of such corporations, of existent corporations authorized to engage in a banking business, with or without fiduciary powers, of private bankers and employes' mutual banking associations, and of the officers, directors, trustees, shareholders, attorneys, and other employes of all such corporations, employes' mutual banking associations or private bankers, or of affiliated corporations, associations, or persons; restricting the exercise of banking powers by any other corporation, association, or person, and of fiduciary powers by any other corporation; conferring powers and imposing duties upon the courts, prothonotaries, recorders of deeds, and certain State departments, commissions, and officers; imposing penalties; and repealing certain acts and parts of acts," as last amended by the act, approved the twenty-first day of April, one thousand nine hundred forty-nine (Pamphlet Laws 686), is hereby further amended to read as follows:

Section 1006. Limitations upon Loans to One Corporation or Person.—A. A bank or a bank and trust company shall not, directly or indirectly, lend to any corporation or person an amount which, including any extension of credit to such corporation or person [by means of letters of credit or] by acceptance of drafts for, or the discount or purchase of the notes, bonds, bills of exchange, or other evidences of indebtedness of, such corporation or person, shall exceed ten per centum of the unimpaired capital and ten per centum of the unimpaired surplus of the bank or bank and trust company. However, this restriction shall have no application whatsoever to the following:

(1) Loans to or obligations of the United States, or obligations issued under authority of the Federal Farm Loan Act, as amended, or issued by the Federal Home Loan Banks or the Home Owners' Loan Corporation, or obligations which are issued by the Federal Housing Administrator pursuant to section two hundred and seven of the National Housing Act, if the debentures to

be issued in payment of such insured obligations are guaranteed as to principal and interest by the United States or obligations of national mortgage associations, or loans secured by not less than the face amount of bonds or other interest-bearing obligations of the United States, or bonds or other interest-bearing obligations for the payment of the principal and interest on which the faith and credit of the United States is pledged, to the extent that such loans are secured or covered by guaranties, or by commitments or agreements to take over, or to purchase, made by any Federal Reserve Bank or by the United States, or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States.

(2) Loans to or loans secured by obligations of, or obligations of, or loans or obligations guaranteed by, the following:

(a) The Commonwealth of Pennsylvania or any county, city, borough, township, incorporated town, or school district thereof, or an Authority which has been created as a body corporate and politic under any law of this Commonwealth.

(b) Any other state of the United States, or any political subdivision thereof: Provided, That this exemption shall apply only to the general obligations of such other states of the United States, or political subdivisions thereof.

(3) The discount of drafts or bills of exchange drawn in good faith against actual existing values.

(4) The discount of commercial or business paper, actually owned by the corporation or person negotiating it to the bank or bank and trust company, and endorsed without restriction by such corporation or person.

(5) The discount of notes secured by shipping documents, warehouse receipts, or other similar documents conveying or securing title to readily marketable non-perishable staple goods, including live-stock, when the actual market value of the property, securing the obligations, is not at any time less than one hundred fifteen per centum of the face amount of the notes secured by such documents, and when such property is fully covered by insurance.

Section 2. This act shall become effective immediately upon its final enactment. Act effective immediately.

APPROVED—The 28th day of June, A. D. 1951.

JOHN S. FINE