

not exceeding the limitation as to the amount hereinbefore prescribed.

(b.1) In boroughs, towns and townships of the second class, and after the thirty-first day of December, one thousand nine hundred fifty-three, in townships of the first class, [where the surety on a tax collector's bond or on the bond of a township treasurer as tax collector is a bonding company] the premium on the bond shall be paid by the respective taxing districts. Each taxing district shall be liable to pay that percentage of the bond premium as the total taxes charged in the duplicate of the taxing district bears to the total taxes charged in the duplicate of all of the taxing districts. In any case where a tax collector is required to furnish additional bond the premium on such additional bond shall be paid by the taxing district which petitioned the court for the additional bond. Prior to the first day of January, one thousand nine hundred fifty-four, where the surety on a tax collector's bond in a township of the first class is a bonding company, any taxing district may pay its percentage of the bond premium as above provided.

APPROVED—The 13th day of July, A. D. 1953.

JOHN S. FINE

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No. 91

AN ACT

To further amend paragraph (a) of clause (8) of subsection A and subsection C of section 1208 and section 1209 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 authorized investments of savings banks.

"Banking Code."

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

Paragraph (a) of clause (8) of subsection A and subsection C of section 1208, and section 1209, act of May 15, 1933, P. L. 624, as last amended by act of June 28, 1951, P. L. 646, further amended.

Section 1. Paragraph (a) of clause (8) of subsection A and subsection C of section 1208, and section 1209 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-eighth day of June, one thousand nine hundred fifty-one (Pamphlet Laws 646), are hereby further amended to read as follows:

Section 1208. Authorized Investments of Savings Banks Not Under Special Charter.—A. Except as otherwise specifically provided in this act, a savings bank other than a savings bank organized under a special act of the General Assembly, shall not make any investments except as follows:

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(8) (a) Bonds or notes secured by mortgages or deeds of trust which are first liens upon unencumbered improved real property, including improved farm land, situated within [the Commonwealth, or within fifty miles of the boundary thereof] *any Commonwealth or State of the United States or the District of Columbia*, to the extent of not more than two-thirds of the actual value of such real property, and for a term not exceeding ten years, or for a term not exceeding twenty years, if such mortgages or deeds of trust contain provisions requiring monthly, quarterly, semi-annual or annual payments, sufficient in amount to pay all interest and effect full

repayment of the\* principal within the term thereof: Provided, however, That such savings bank, while having the entire investment in such a bond or note, may, subject to like conditions in respect to amortization, invest in a bond or note secured by a mortgage or deed of trust or judgment which is a second lien on the same real property, if the total invested in both liens does not at any time exceed two-thirds of the actual value of such real property.

\* \* \* \* \*

C. A savings bank, other than a savings bank organized under a special act of the General Assembly, may make such additional investments as are authorized by its articles, but it shall not purchase or invest in bonds, secured by mortgage upon real property, other than such as are expressly authorized by this act, nor shall it invest in the shares of capital of any corporation whatsoever, except [shares]

(1) *Shares* of a Federal Reserve Bank [and the shares];

(2) *Shares* of any corporation organized under the laws of this Commonwealth for the purpose of conducting a safe deposit business [, and to the extent of not in excess of ten per centum of the surplus and unallocated reserve of the savings bank, not more than ten per centum of the authorized capital stock of any national banking association located within this Commonwealth, or of any bank, bank and trust company, or trust company incorporated under the laws of this Commonwealth.];

(3) *Preferred stock, guaranteed stock and common stock of any other corporation organized under the laws of the United States or of any Commonwealth or State thereof, or of the District of Columbia, subject to the following conditions:*

(a) *Such purchase shall be made in the exercise of that degree of judgment and care under the circumstances then prevailing which men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income to be derived therefrom as well as the probable safety of their capital.*

(b) *In the case of preferred stock, the corporation issuing the stock shall have earned a net profit in eight of the ten fiscal years next preceding the date of investment, as reflected in its statements, and during each of such ten years shall have paid dividends in the specified amounts upon all its preferred stock, if any, outstanding during such year.*

\* "the" deleted from original.

(c) *In the case of guaranteed stock, the guaranteeing corporation shall have earned a net profit in eight of the ten fiscal years next preceding the date of investment, as reflected in its statements, and during each of such ten years shall have paid dividends in the specified amounts upon all its preferred stock, if any, and fulfilled all of its obligations in respect to dividends on all stock directly or indirectly guaranteed by it, if any, outstanding during such year.*

(d) *In the case of common stock, the corporation issuing the stock shall have earned a net profit in twelve of the sixteen fiscal years next preceding the date of investment, as reflected in its statements, and during each of such sixteen years shall have paid dividends in the specified amounts upon all its preferred stock, if any, outstanding during such year, and in each of at least twelve of such preceding sixteen fiscal years shall have paid dividends in some amount upon all its common stock, if any, outstanding during such year.*

(e) *In the case of any stock other than guaranteed stock and stock of a bank or insurance company, the stock shall be listed or traded (or if unlisted or not entitled to trading privileges, shall be eligible for listing and application for such listing shall have been made) on the New York Stock Exchange or any other exchange approved by the Secretary of Banking.*

(f) *No investment in preferred, guaranteed or common stock shall be made by a savings bank if the cost of its holdings of all such stock exceeds or by the making of such investment will exceed an amount equal to five per centum of the book value of its assets or an amount equal to fifty per centum of its unimpaired surplus, unallocated reserves and undivided profits, whichever amount is less.*

(g) *No investment authorized by this clause (3) in the preferred, guaranteed or common stock of any corporation shall be made by a savings bank if its holdings of the stock of such corporation exceed or by the making of such investment will exceed either (i) at cost, one-fifth of one per centum of the book value of the assets of the savings bank, or (ii) in number of shares, five per centum of the total issued and outstanding shares of the stock of such corporation.*

(h) *No sale or liquidation of any investment shall be required solely because of any event subsequent to the investment as a result of which the requirements of this clause (3) are no longer fulfilled.*

(i) *When a corporation has acquired a substantial part of its property within sixteen years immediately preceding the investment by a savings bank, as herein provided, by consolidation or merger or by the purchase of a substantial part of the property of any other cor-*

poration or corporations, the earnings of the predecessor or constituent corporations shall be consolidated so as to ascertain whether the requirements of this clause (3) have been satisfied.

(j) "Corporation," as used in this clause (3), shall include a voluntary association, a joint-stock association or company, a business trust, a Massachusetts trust, a common-law trust and any other organization existing for any lawful purpose and which, like a corporation, continues to exist notwithstanding changes in the personnel of its members or participants and conducts its affairs through a committee, a board or some other group acting in a representative capacity.

Section 1209. Authorized Investments of Special Charter Savings Banks.—A. A savings bank organized under a special act of the General Assembly may make such investments as may be authorized by its articles of incorporation, but no such savings bank shall purchase or invest in the shares of capital of any corporation whatsoever, except [shares]

(1) Shares of a Federal Reserve Bank [and the shares];

(2) Shares of any corporation organized under the laws of this Commonwealth for the purpose of conducting a safe deposit business [, and to the extent of not in excess of ten per centum of the surplus and unallocated reserve of the savings bank, not more than ten per centum of the authorized capital stock of any national banking association located within this Commonwealth, or of any bank, bank and trust company, or trust company incorporated under the laws of this Commonwealth.];

(3) Preferred stock, guaranteed stock and common stock of any other corporation organized under the laws of the United States or of any Commonwealth or State thereof, or of the District of Columbia, subject to the following conditions:

(a) Such purchase shall be made in the exercise of that degree of judgment and care under the circumstances then prevailing which men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income to be derived therefrom as well as the probable safety of their capital.

(b) In the case of preferred stock, the corporation issuing the stock shall have earned a net profit in eight of the ten fiscal years next preceding the date of investment, as reflected in its statements, and during each of such ten years shall have paid dividends in the specified amounts upon all its preferred stock, if any, outstanding during such year.

(c) *In the case of guaranteed stock, the guaranteeing corporation shall have earned a net profit in eight of the ten fiscal years next preceding the date of investment, as reflected in its statements, and during each of such ten years shall have paid dividends in the specified amounts upon all its preferred stock, if any, and fulfilled all of its obligations in respect to dividends on all stock directly or indirectly guaranteed by it, if any, outstanding during such year.*

(d) *In the case of common stock, the corporation issuing the stock shall have earned a net profit in twelve of the sixteen fiscal years next preceding the date of investment, as reflected in its statements, and during each of such sixteen years shall have paid dividends in the specified amounts upon all its preferred stock, if any, outstanding during such year, and in each of at least twelve of such preceding sixteen fiscal years shall have paid dividends in some amount upon all its common stock, if any, outstanding during such year.*

(e) *In the case of any stock other than guaranteed stock and stock of a bank or insurance company, the stock shall be listed or traded (or if unlisted or not entitled to trading privileges, shall be eligible for listing and application for such listing shall have been made) on the New York Stock Exchange or any other exchange approved by the Secretary of Banking.*

(f) *No investment in preferred, guaranteed or common stock shall be made by a savings bank if the cost of its holdings of all such stock exceeds or by the making of such investment will exceed an amount equal to five per centum of the book value of its assets or an amount equal to fifty per centum of its unimpaired surplus, unallocated reserves and undivided profits, whichever amount is less.*

(g) *No investment authorized by this clause (3) in the preferred, guaranteed or common stock of any corporation shall be made by a savings bank if its holdings of the stock of such corporation exceed or by the making of such investment will exceed either (i) at cost, one-fifth of one per centum of the book value of the assets of the savings bank, or (ii) in number of shares, five per centum of the total issued and outstanding shares of stock of such corporation.*

(h) *No sale or liquidation of any investment shall be required solely because of any event subsequent to the investment as a result of which the requirements of this clause (3) are no longer fulfilled.*

(i) *When a corporation has acquired a substantial part of its property within sixteen years immediately preceding the investment by a savings bank, as herein provided, by consolidation or merger or by the purchase of a substantial part of the property of any other cor-*

poration or corporations, the earnings of the predecessor or constituent corporations shall be consolidated so as to ascertain whether the requirements of this clause (3) have been satisfied.

(j) "Corporation," as used in this clause (3), shall include a voluntary association, a joint-stock association or company, a business trust, a Massachusetts trust, a common-law trust and any other organization existing for any lawful purpose and which, like a corporation, continues to exist notwithstanding changes in the personnel of its members or participants and conducts its affairs through a committee, a board or some other group acting in a representative capacity.

B. No such savings bank shall purchase or invest in bonds or notes secured by mortgages or deeds of trust of real property, except

(1) Bonds or notes secured by mortgages or deeds of trust, which are first liens upon unencumbered improved real property, including improved farmland, situated within [the Commonwealth, or within fifty miles of the boundary thereof] any Commonwealth or State of the United States or the District of Columbia, to the extent of not more than two-thirds of the actual value of such real property, and for a term not exceeding ten years, or for a term not exceeding twenty years, if such mortgages or deeds of trust contain provisions requiring monthly, quarterly, semi-annual or annual payments sufficient in amount to pay all interest and effect full repayment of principal within the term thereof: Provided, however, That a savings bank, while having the entire investment in such a bond or note, may, subject to like conditions in respect to amortization, invest in a bond or note secured by a mortgage or deed of trust or in a judgment which is a second lien on the same real property, if the total invested in both liens does not at any time exceed two-thirds of the actual value of such real property.

(2) Bonds or notes secured by mortgages or deeds of trust which are insured by, or for which a written commitment to insure has been made by, the Federal Housing Administrator pursuant to the provisions of the National Housing Act, approved the twenty-seventh day of June, one thousand nine hundred and thirty-four, its amendments and supplements.

(3) Bonds or notes secured by mortgages or deeds of trust of dwellings for not more than four families, and improved farmland guaranteed or for which a written commitment to guarantee has been made 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, how-

ever, That each such loan is guaranteed in an amount equal to at least twenty per centum thereof.

(4) Bonds or notes secured by mortgages or deeds of trust of business property guaranteed in whole or in part or for which a written commitment to guarantee has been made 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, however, That the non-guaranteed portion of each such business loan does not exceed two-thirds of the value of such business property.

(5) Secondary bonds or notes secured by mortgages or deeds of trust guaranteed in full or for which a written commitment to so guarantee has been made in accordance with the provisions of section five hundred and 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; and,

(6) Bonds or notes secured by mortgages or deeds of trust of real property insured or for which a written commitment to insure has been made in accordance with the provisions of Title One of the "Bankhead-Jones Farm Tenant Act," of the twenty-second day of July, one thousand nine hundred and thirty-seven, its amendments and supplements, and rules and regulations promulgated from time to time pursuant to the provisions of said act.

[B] C. Any building which is upon, and is included in the valuation of, such real property shall be insured against loss by fire, for the benefit of the savings bank, by the borrower during the term of the bond or note, in a company which is authorized to do business where such real property is situated and is approved by the savings bank making the purchase or investment. It shall be lawful for a savings bank to renew such policies, at the expense of such borrower, from year to year, or for a longer or shorter period, not, however, exceeding the term of the bond or note, in case the borrower shall fail to do so. All necessary charges and expenses paid by such savings bank for such renewals shall be paid by such borrower. In the event that the borrower shall refuse, upon demand, to pay such charges and expenses, they shall be added to the amount secured by the mortgage or deed of trust, and shall, together with interest from the date of payment of such charges and expenses by such savings bank, constitute a lien upon the property so encumbered. All expenses of searches, examinations, certificates of title, or appraisal of actual value, and all expenses of drawing and recording of papers shall be paid by such borrower. In the case of bonds or



notes authorized for purchase or investment in subsection [A] B (1) of this section, the actual value of the real property shall be the average of written appraisals thereof, made after inspection of the property by two reputable persons approved by the board of trustees of the savings bank and familiar with real property values in the vicinity of the property appraised, which appraisals shall be filed among the records of the savings bank. The restrictions contained in this section, with reference to real estate bonds and notes shall not apply to public utility, railroad, or industrial bonds, or other securities commonly known as investment securities, although such obligations may be secured, in whole or in part, by a lien upon real property.

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

Act effective  
immediately.

APPROVED—The 13th day of July, A. D. 1953.

JOHN S. FINE

No. 92

### AN ACT

To further amend the act, approved the fifth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 457) (No. 108), 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 employees; 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," by redefining the term share certificate, and further providing for the issuance and preservation of share certificates.

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

Section 1. The definition of "Share Certificate" in subsection A of section two of the act, approved the fifth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 457) (No. 108), 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 employees; prohibiting the transaction of business in this Commonwealth by foreign building and loan associations; conferring powers and imposing duties

"Building and  
Loan Code."

Definition of  
"Share Certi-  
ficate" in sub-  
section A of  
section 2, act  
of May 5, 1933,  
P. L. 457 (No.  
108), as last  
amended by act  
of May 15, 1945,  
P. L. 485,  
further amended.