

No. 619

AN ACT

Amending the act of May fifteen, 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," further providing for the power of bank and trust companies and trust companies to establish and maintain mortgage investment funds.

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

Section 1. Sections 1109.2, 1109.3, 1109.4, 1109.5 and 1109.6, act of May fifteen, one thousand nine hundred thirty-three (Pamphlet Laws 624), known as the "Banking Code," added June five, one thousand nine hundred thirty-seven (Pamphlet Laws 1675), are repealed.

Sections 1109.2, 1109.3, 1109.4, 1109.5 and 1109.6, act of May 15, 1933, P. L. 624, added June 5, 1937, P. L. 1675, repealed.

Section 2. The act is amended by adding, after section 1109.1, a new section to read:

Act of May 15, 1933, P. L. 624, amended by adding a new section 1109.2.

Section 1109.2. (a) Creation of Mortgage Fund. A bank and trust company in its trust department, or a trust company, may establish and maintain one or more mortgage funds as separate entities for the investment of moneys held by it (1) as fiduciary, (2) as co-fiduciary, (3) as agent for a fiduciary, or (4) as agent for a church or other charity.

Mortgage Funds for investment of moneys held in certain fiduciary accounts.

(b) Investments of Funds. Assets of the mortgage fund shall be invested only in bonds or obligations, secured by mortgages, which, in addition to meeting the requirements for authorized investments in Pennsylvania, shall be amortized, within a period not exceeding fifteen years from the date of the acquisition, in installments totalling in each year not less than five per centum thereof. No mortgage of the fund shall exceed ten thousand

dollars (\$10,000) or five per centum of the fund, whichever is greater: Provided, That in no event shall a mortgage exceed fifty thousand dollars (\$50,000).

(c) *Temporary Investments.* During any period in which appropriate mortgages are not available for investment of moneys in the mortgage fund, investment may be made in obligations of the United States or the United States Treasury, of the Commonwealth or of any political subdivision of the Commonwealth.

(d) *Participating Accounts.* The total amount of moneys of any one fiduciary account, which may be invested in a mortgage fund, shall not exceed five thousand dollars (\$5,000).

Distribution from mortgage fund to fiduciary account upon termination or withdrawal of investment.

Upon the termination of a fiduciary account or when withdrawal of an investment is required by it, cash of the mortgage fund equal to the amount invested shall be distributed to such fiduciary account. No participating account shall be entitled, after such termination or withdrawal, to participate in any principal accretions of the fund or in its reserve hereinafter mentioned.

(e) *Reserve.* The bank and trust company or trust company, at the close of each earning period, shall transfer to a reserve account of the mortgage fund from income of the fund a sum which, in its discretion, shall be at the rate of not less than one-half of one per centum per annum nor more than one per centum per annum of the total of the outstanding participations in the fund at the close of such earning period. Any gain or loss in the sale or liquidation of an asset of the fund shall be credited or charged to the reserve. The bank and trust company or trust company, in its discretion, may reduce or discontinue transfers of income to principal when the reserve account equals or exceeds one-tenth of the outstanding participations.

(f) *Income.* The balance of income remaining, after transferring such part thereof to the reserve as is herein provided, shall be distributed periodically among the outstanding participating accounts in proportion to the amounts of the participations and the period of time owned.

(g) *Liquidation of Mortgage Fund.* The mortgage fund may be closed to new investments or placed in liquidation by the board of directors of the bank and trust company or trust company, or by the Secretary of Banking, at any time that it or he shall consider that such action is advisable or necessary for the protection of the fiduciary accounts holding participations in the fund. When a mortgage fund has been placed in liquidation as herein provided, the bank and trust company

or trust company or any party in interest, may apply to the orphans' court of the county in which the principal office of the institution is located for the approval of a plan of liquidation. Thereupon, the court, after such hearing and such notice as it shall direct, shall approve such plan or enter such order as seems fitting and proper under the circumstances having due regard for the interest of all participating accounts.

(h) Application of Amendment. The provisions of this act shall be applicable to mortgage investment funds heretofore or hereafter created.

APPROVED—The 29th day of May, A. D. 1956.

GEORGE M. LEADER

No. 620

AN ACT

Amending the act of May two, one thousand nine hundred forty-five (Pamphlet Laws 375), entitled, as amended, "An act conferring upon the councils of cities of the first class the power and devolving upon them the duty of fixing and determining the salaries, wages and other compensation payable out of the treasury of such cities from and after the first day of January, one thousand nine hundred and forty-six of all public officers, clerks and other public employes, except the salaries of elected officers, whose salaries are fixed by law," fixing minimum salaries for prothonotaries and deputies in Philadelphia.

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

Cities of the first class.

Section 1. Section one, act of May two, one thousand nine hundred forty-five (Pamphlet Laws 375), entitled, as amended, "An act conferring upon the councils of cities of the first class the power and devolving upon them the duty of fixing and determining the salaries, wages and other compensation payable out of the treasury of such cities from and after the first day of January, one thousand nine hundred and forty-six of all public officers, clerks and other public employes, except the salaries of elected officers, whose salaries are fixed by law," reenacted and amended May two, one thousand nine hundred forty-seven (Pamphlet Laws 134), is amended to read:

Section 1, act of May 2, 1945, P. L. 375, reenacted and amended May 2, 1947, P. L. 134, further amended.

Section 1. That from and after the first day of January, one thousand nine hundred and forty-six, the salaries, wages and other compensation of all public officers, clerks and employes, including all officers, clerks and employes whose salaries were heretofore fixed by