

No. 55

AN ACT

SB 603

Amending the act of December 14, 1967 (P.L.746, No.345), entitled "An act relating to and regulating the business of savings associations heretofore designated under other acts and special charters variously as building and loan associations and savings and loan associations; defining the rights, powers, duties, liabilities, and immunities of such associations; affecting persons engaged in the business of savings associations; affecting the members, account holders and borrowers of such associations; affecting Federal savings and loan associations whose principal office is located in the Commonwealth; prohibiting the transaction of business in this Commonwealth by foreign savings associations; conferring powers and imposing duties on certain departments and officers of the Commonwealth and on the courts, recorders of deeds; creating a Savings Association Board and defining its powers and duties; prohibiting certain actions and imposing penalties, and repealing certain acts," further providing for the powers of an association, the right to provide for cumulative voting, for acting as trustee under the Employee Retirement Income Security Act of 1974, and providing for the issuance of mortgage backed bonds.

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

Section 1. Section 102, and subsection (a) of section 604, act of December 14, 1967 (P.L.746, No.345), known as the "Savings Association Code of 1967," are amended by adding clauses to read:

Section 102. Definitions.—The following words and phrases when used in this act shall have, unless the context clearly indicates otherwise, the meanings given to them in this section.

* * *

(17.1) "Mortgage backed bonds," any borrowing (except borrowings from Federal Home Loan Banks) secured in whole or in part by one or more real estate loans.

* * *

Section 604. Voting Rights of Members.—(a) Except as otherwise provided in this act at every meeting of the members of an association the members shall have the right to vote as follows:

* * *

(4) If the bylaws of an association so provide, in each election of directors of an association each member entitled to vote shall have the right to multiply the number of votes to which he may be entitled by the total number of directors to be elected, and he may cast the whole number of such votes for one candidate or he may distribute them among any two or more candidates.

* * *

Section 2. Clauses (5) and (12) of subsection (a) of section 701 of the act, clause (12) amended December 27, 1974 (P.L.1012, No.329), are amended to read:

Section 701. Powers of Associations.—(a) Every association incorporated pursuant to or operating under the provisions of this code shall have all of the powers enumerated, authorized, and permitted by this code and such other rights, privileges and powers as may be incidental to or reasonably necessary or appropriate for the accomplishment of the objects and purposes of the association. Among others, and except as otherwise limited by the provisions of this code, every association shall have the following powers:

* * *

(5) An association may borrow from the Federal Home Loan Bank such sums as are permitted by the rules and regulations of the Federal Home Loan Bank and such borrowings shall be in accordance with such rules and regulations as may be prescribed by the Federal Home Loan Bank. An association may borrow from sources individual or corporate, an aggregate amount not in excess of fifty percent of its savings liability. *An insured association shall also have the right to issue notes, bonds, debentures and other securities in accordance with such rules and regulations as are prescribed by the Federal Savings and Loan Insurance Corporation and the Department of Banking. Loans [and advances from financial institutions] and other evidences of indebtedness may be secured by [property] assets of the association. The pledge of assets may be with recourse. When authorized by statute, an association may also pledge its assets for public fund deposits to the extent the same are not insured.*

* * *

(12) To act as trustee of funds or contributions received under a trust plan or instrument prepared in accordance with the requirements of the Self Employed Individuals Tax Retirement Act of 1962, its amendments and supplements, and the regulations promulgated thereunder, *and the Employee Retirement System Income Security Act of 1974, its amendments and supplements, and the regulations promulgated thereunder*, and as such trustee to invest such funds or contributions only in savings accounts, deposits, obligations and securities of the association which is insured by the Federal Savings and Loan Insurance Corporation pursuant to the provisions of the National Housing Act, its amendments and supplements.

* * *

Section 3. Clause (15) of subsection (a) of section 701 of the act is repealed.

Section 4. Subsection (a) of section 701 of the act is amended by adding a clause to read:

Section 701. Powers of Associations.—(a) Every association incorporated pursuant to or operating under the provisions of this code shall have all of the powers enumerated, authorized, and permitted by this code and such other rights, privileges and powers as may be incidental to or reasonably necessary or appropriate for the accomplishment of the objects and purposes of the association. Among others, and except as otherwise limited by the provisions of this code, every association shall have the following powers:

* * *

(23) An association issuing mortgage backed bonds may reinvest the accumulated principal payments on the mortgage collateral under regulations prescribed by the Federal Savings and Loan Insurance Corporation, or may establish a sinking fund with the accumulated principal payments on the mortgage collateral. Such sinking fund investments shall be in bonds or other interest bearing obligations of the United States, or those for the payment of the principal and interest on which the faith and credit of the United States is pledged.

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Section 5. This act shall take effect immediately.

APPROVED—The 30th day of July, A. D. 1975.

MILTON J. SHAPP