

No. 1980-96

AN ACT

SB 1288

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," providing changes in withdrawal of accounts and providing for Negotiable Orders of Withdrawal.

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

Section 1. Subsection (a) of section 804 and section 813, act of December 14, 1967 (P.L.746, No.345), known as the "Savings Association Code of 1967," amended August 1, 1969 (P.L.208, No.84), are amended to read:

Section 804. Types of Savings Contracts.—(a) An association may make any type of savings account contract including a savings deposit account *and an optional type savings account subject to withdrawal by a Negotiable Order of Withdrawal*. Savings deposit accounts shall be issued in accordance with such regulations as the department shall prescribe. No type of account may be created by any association which imposes fines as penalties for late payment or nonpayment for a period of longer than six months. The resolution of the board creating the account may provide for transfer of the account at the termination of this period to another type of account.

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Section 813. Withdrawals from Savings Accounts.—[(a)] Any savings account member may at any time [present a written application for withdrawal of] *withdraw* all or any part of his savings account. [except to the extent the same may be pledged to the association. The association may pay in full each and every withdrawal request as presented and without requiring that written application therefor be made or the association may elect to number, date and file in the order of actual receipt every withdrawal application and to pay such requests out of its net receipts. No withdrawal application shall be required for Christmas club or other special accounts received by an association for a limited period not exceeding fifteen months and

set up for payment at the time of opening the account. An application for withdrawal may be cancelled in whole or in part at any time by a member.] *An optional type savings account may be subject to withdrawal by a Negotiable Order of Withdrawal.*

(b) So long as there are unpaid withdrawals not less than one-half of the net receipts of an association in any month shall be applied to the payment of withdrawal applications. By the term "net receipts" is meant the cash receipts of the association as loan repayments, interest and investments in savings accounts, less disbursements for all expenses necessary and incidental for the association in carrying on its business.

(c) Whenever the net receipts so made applicable to withdrawal applications on file for a particular month are not sufficient to pay such applications in full the applications on file shall be paid out of such net receipts on a pro rata basis. The directors may, however, fix a maximum amount not exceeding two hundred fifty dollars (\$250) to be paid upon any one application during any one month without the requirement of proration. No association can obligate itself to pay withdrawals on any plan other than that set forth above.

(d) The department may invoke a uniform limitation on the amounts withdrawable from savings accounts of associations during any period when such limitation is necessary in the public interest.

(e) Effect of withdrawal applications:

(1) When an association has applications for withdrawal which have not been paid for a period in excess of thirty days said association shall make no further loans on the security of savings accounts until all requests for withdrawals are being paid within thirty days of the receipt of notice of withdrawal.

(2) The membership of a savings account holder who has filed an application for withdrawal shall remain unimpaired so long as any withdrawal value remains to his credit on the books of the association.]

Section 2. This act shall take effect on the date that any Federally chartered savings association with its main office in Pennsylvania is permitted to offer a savings account subject to withdrawal by a Negotiable Order of Withdrawal.

APPROVED—The 3rd day of July, A. D. 1980.

DICK THORNBURGH