

acoustically or electronically; or (v) by any other trick, stratagem, impersonation, false pretense, false representation, false statement, contrivance, device or means, shall, upon summary conviction thereof, if the charge for the service obtained or attempted to be obtained by such use does not exceed fifty dollars (\$50), be sentenced to pay a fine of not more than one hundred dollars (\$100), or to undergo imprisonment for not more than thirty (30) days, or both; or if the charge for the service obtained or attempted to be obtained by such use exceeds fifty dollars (\$50), then such person shall be guilty of a misdemeanor punishable by a fine of not less than one hundred dollars (\$100) nor more than five hundred dollars (\$500), or imprisonment for not more than one (1) year, or both.

(e) The offenses for which penalties are provided herein shall not be exclusive but shall be in addition to existing offenses provided by law.

Effective date. Section 2. This act shall *take effect September 1, 1961.

APPROVED—The 7th day of August, A. D. 1961.

DAVID L. LAWRENCE

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No. 418

AN ACT

Amending the act of May 15, 1933 (P. L. 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 regulating certain loans secured by mortgages **or deeds of trust on real property.

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

*"take" not in original.

** "on" in original.

Section 1. Subsection A of section 1012, act of May 15, 1933 (P. L. 624), known as the "Banking Code," amended September 11, 1959 (P. L. 881) and October 2, 1959 (P. L. 1017), is amended to read:

Subsection A, section 1012, act of May 15, 1933, P. L. 624, amended September 11, 1959, P. L. 881, and October 2, 1959, P. L. 1017, further amended.

Section 1012. Loans on and Investments in Bonds or Notes Secured by Mortgages or Deeds of Trust and Judgments of Record.—A. A bank or a bank and trust company shall have the power to lend on the security of, or invest in, bonds or notes secured by mortgages or deeds of trust upon real property, but it shall lend upon, or invest in, only such bonds or notes secured by mortgages or deeds of trust as (1) are first liens on [unencumbered] improved real property, including improved farm land, situated within the Commonwealth, or within fifty miles of a boundary thereof, and (2) do not exceed two-thirds of the actual value of such real property, where such bonds or notes or deeds of trust shall become due within ten years after the making of such loan or investment or do not exceed three-quarters of the actual value of such real property where such loan or investment shall be amortized over a period not exceeding twenty years after the making of such loan or investment in substantially equal monthly, quarterly, semi-annual or annual payments sufficient in amount to pay all interest and effect full repayment of principal within such twenty-year period: Provided, however, That a bank or a bank and trust company while having the entire investment in such a first lien on real property may, subject to like conditions in respect to amortization, invest in a second lien on the same real property, which may be either a bond or note secured by a mortgage or deed of trust or a judgment, if the total amount invested in both liens does not at any time exceed two-thirds or three-quarters as the case may be of the actual value of such real property. Any building which is upon, and is included in the valuation of, such real property shall be insured against loss by fire, to the benefit of such bank or bank and trust company, by the borrower or mortgagor during the term of the bond, note, mortgage, deed of trust or judgment, in a company which is authorized to do business in Pennsylvania and is approved by the bank or bank and trust company making the investment. It shall be lawful for a bank or bank and trust company to renew such policies, at the expense of the borrower or mortgagor, from year to year, or for a longer or a shorter period, not however, exceeding the term of the obligation, in case he shall fail to do so. All necessary charges and expenses paid by such bank or bank and trust company for such renewals shall be paid by such borrower or mortgagor. In case such borrower or mortgagor shall refuse, upon demand, to pay such charges and expenses, they shall be added to the amount secured

by the mortgage, deed of trust or judgment, and shall, together with interest from the date of the payment of such charges and expenses, constitute a lien upon the property subject to the mortgage, deed of trust or judgment. 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 mortgagor or borrower. The actual value of the real property shall be determined by two reputable persons, especially familiar with real property values in the vicinity of the particular property to be appraised, selected from or approved by the board of directors. They shall inspect the property, and shall state, in writing, that the actual value of the real property inspected, to the best of their judgment, is as stated. Such report shall be filed and preserved among the records of the bank or bank and trust company. The provisions of this subsection shall not apply to loans on the security of, or investments in, bonds or notes secured by mortgages or deeds of trust upon leasehold interests in real property made under such rules and regulations as may be prescribed by the Secretary of Banking, with the approval of the Banking Board, nor to loans on the security of bonds or notes secured by mortgages or deeds of trust upon real property situated within the Commonwealth, or within fifty miles of a boundary thereof, made 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 that such loans are guaranteed in an amount equal to at least twenty per centum thereof, nor shall the provisions of this section apply to bonds or notes secured by mortgages or deeds of trust which are insured by, or for which a commitment to insure has been made by, the Federal Housing Administrator, pursuant to the provisions of the National Housing Act of one thousand nine hundred and thirty-four, approved the twenty-seventh day of June, one thousand nine hundred and thirty-four, its amendments and supplements, nor shall the provisions of this subsection apply to loans on the security of bonds or notes secured by mortgages or deeds of trust upon real property situated within the Commonwealth for which a written commitment to insure the payment thereof has been made by the United States Department of Agriculture, in accordance with the provisions of Title I of the Bankhead-Jones Farm Tenant Act of the twenty-second day of July, one thousand nine hundred thirty-seven, its amendments and supplements, rules and regulations, promulgated from time to time pursuant to the provisions of said act, nor shall the pro-

visions of this subsection apply to loans secured, in whole or in part, by bonds or notes secured by mortgages or deeds of trust made under the provisions of the Small Business Act of 1953, approved July 30, 1953, its amendments and supplements, and rules and regulations promulgated from time to time pursuant to the provisions of said act, nor to public utility, railroad, or industrial bonds, or other securities, commonly known as investment securities, although such bonds may be secured in whole or in part by a mortgage upon real property.

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Section 2. Subclause (a) of clause (8) of subsection A of section 1208 and clause (1) of subsection B of section 1209 of the act, amended September 11, 1959 (P. L. 881) and October 2, 1959 (P. L. 1012), are amended to read:

Subclause (a), clause (8), subsection A, section 1208 and clause (1), subsection B, section 1209 of the act, amended September 11, 1959, P. L. 881, and October 2, 1959, P. L. 1012, further amended.

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:

* * * * *

(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 any Commonwealth or State of the United States or the District of Columbia, (i) 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, or (ii) to the extent of not more than eighty per centum of the actual value of such real property, and for a term not exceeding twenty-five years, if the improvements on such real property do not consist of a manufacturing plant or theater and if such mortgages or deeds of trust contain provisions requiring amortization as aforesaid: Provided, however, That such savings bank while having the entire investment in such a bond or note, may, subject to like conditions, 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 the aforesaid proportions of the actual value of such real property: And provided further, That at least seventy-

* "mortagegs" in original.

five per centum of the aggregate amount invested pursuant to subsection A clause (8), shall be invested in bonds or notes qualifying for purchase or investment pursuant to provisions other than those of subclause (ii) hereof. The provisions of this subclause (a) shall not apply to loans on the security of, or investments in, bonds or notes secured by mortgages or deeds of trust upon leasehold interest in real property made under such rules and regulations as may be prescribed by the Secretary of Banking, with the approval of the Banking Board.

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Section 1209. Authorized Investments of Special Charter Savings Banks.—

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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 any Commonwealth or State of the United States or the District of Columbia, (a) 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, or (b) to the extent of not more than eighty per centum of the actual value of such real property, and for a term not exceeding twenty-five years, if the improvements on such real property do not constitute a manufacturing plant or theater and if such mortgages or deeds of trust contain provisions requiring amortization as aforesaid: Provided, however, That a savings bank, while having the entire investment in such a bond or note, may, subject to like conditions, 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 the aforesaid proportions of the actual value of such real property: And provided further, That at least seventy-five per centum of the aggregate amount invested pursuant to this subsection B shall be invested in bonds or notes qualifying for purchase or investment pursuant to provisions other than those of subclause (b). The provisions of this clause (1) shall not apply to loans on the security of, or investments in, bonds or notes secured by mortgages or deeds of trust upon leasehold interests

in real property made under such rules and regulations as may be prescribed by the Secretary of Banking, with the approval of the Banking Board.

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Section 3. This act shall take effect immediately.

Act effective immediately.

APPROVED—The 7th day of August, A. D. 1961.

DAVID L. LAWRENCE

No. 419

AN ACT

Amending the act of May 5, 1933 (P. L. 457), 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 employes; 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," further regulating mortgage loans.

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

Building and Loan Code.

Section 1. The first paragraph of subsection B of section 903, act of May 5, 1933 (P. L. 457), known as the "Building and Loan Code," amended June 21, 1957 (P. L. 366), is amended to read:

First paragraph, subsection B, section 903, act of May 5, 1933, P. L. 457, amended June 21, 1957, P. L. 366, further amended.

Section 903. Security for Mortgage Loans.— * * * *

B. An association shall not grant any mortgage loan upon real property owned by the borrower in fee simple unless the mortgage securing such loan is a first lien upon [unencumbered] improved real property, the improvement being a dwelling for not more than *twelve families, which is used or to be used in whole or in part for residential purposes, or upon real property upon which such an improvement is in the process of construction, situated anywhere within the Commonwealth, or within fifty miles of a boundary thereof, or where it is not a first lien upon such property, every equal or prior lien is owned by the association.

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Section 2. This act shall take effect immediately.

Act effective immediately.

APPROVED—The 7th day of August, A. D. 1961.

DAVID L. LAWRENCE

* "twelve" in original.