

## No. 532

## 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 defining and limiting the rights, powers, duties and liabilities of such associations; further specifying types of collateral for mortgage loans.

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

Building and  
Loan Code.

Section 1. Section 903, act of May 5, 1933 (P. L. 457), known as the "Building and Loan Code," is amended by adding, at the end thereof, a new subsection to read:

Section 903, act  
of May 5, 1933,  
P. L. 457,  
amended by  
adding a new  
subsection E.

Section 903. Security for Mortgage Loans.—

\* \* \* \* \*

*E. Without regard to the limitations set forth in the other subsections of this section, an association may grant a mortgage loan which exceeds eighty per centum of the fair market value of the real estate securing said mortgage, provided said loan meets all of the following requirements:*

*(1) The association at the time of the disbursement of the loan has general reserves and surplus equal to at least five per centum of the association's total assets.*

*(2) The loan is made upon the security of a first lien upon real estate upon which there is located a structure designed for residential use for one family, construction of which has been completed prior to the date on which the mortgage securing the loan is executed and prior to the date on which any disbursement on the loan is made. Said loans may also be made to finance the construction of a structure designed for residential use for one family, provided the amount by which such a loan exceeds eighty per centum of the value of the real estate shall not be disbursed unless and until the construction has been fully completed and the title to said real estate has been conveyed to a purchaser who has executed an agreement with the association assuming and agreeing to pay the loan. There shall not be located on the real estate upon which the mortgage is a first lien any other structure designed or used, in whole or in part, for use as a dwell-*

*ing or any structure designed or used, in whole or in part, for any business use or for any use not ancillary to the residential use aforesaid.*

*(3) The principal obligation of the loan specified in the mortgage securing the loan does not exceed the lowest of the following:*

*(i) The sum of twenty-two thousand dollars (\$22,000);*

*(ii) Ninety per centum of so much of the value of the real estate as does not exceed twenty thousand dollars (\$20,000) plus eighty per centum of so much of the value as exceeds twenty thousand dollars (\$20,000) but does not exceed twenty-five thousand dollars (\$25,000); or*

*(iii) Ninety per centum of so much of the purchase price as does not exceed twenty thousand dollars (\$20,000), plus eighty per centum of so much of such purchase price as exceeds twenty thousand dollars (\$20,000), but does not exceed twenty-five thousand dollars (\$25,000).*

*(4) The mortgage contract requires that, in addition to interest and principal payments on the loan, there shall be paid an amount equivalent to one-twelfth of the estimated annual taxes, assessments and hazard insurance premiums on the real estate security, said payments to be made monthly, in advance, to the association.*

*(5) Borrower has executed not later than the date on which the mortgage is executed and not later than the date on which any disbursement is made, a certificate in writing to the association stating that—*

*(i) The loan is sought for the purpose of enabling the borrower to purchase the security property from the vendor or vendors named therein for a stated purchase price.*

*(ii) No lien or charge upon such property, other than the lien of the association or liens or charges which will be discharged from the proceeds of the loan, has been given or executed by the borrower or has been contracted or agreed to be so given or executed.*

*(iii) The borrower is actually occupying the property as a dwelling or in good faith intends to do so.*

*(6) The vendor or vendors execute a certification, in writing, to the association stating that no lien or charge upon such property, other than the lien of the association or liens or charges which will be discharged from the proceeds of the loan, has been given or executed to the vendor or vendors by the borrower or has been contracted or agreed to be given or executed.*

*(7) The resulting aggregate of the principal amount of such loan and of the association's investment in the principal on all other loans made under this clause, exclusive of any loans with respect to which the association's investment in the principal amount thereof does*

*not exceed eighty per centum of the value of the property according to the appraisal on which such loan was made, does not at the time of the disbursement on such loan exceed fifteen per centum of the association's assets. Said fifteen per centum shall be in addition to any percentage of assets permitted to be invested in any other type of mortgage.*

APPROVED—The 2nd day of September, A. D. 1961.

DAVID L. LAWRENCE

No. 533

AN ACT

Amending the act of May 27, 1949 (P. L. 1903), entitled "An act providing for powers, responsibilities, duties and limitations of the Governor, Adjutant General, Department of Military Affairs, Pennsylvania State Armory Board, Military Reservation Commission in connection with the armed Military and Naval forces and the internal security of the Commonwealth; for the definition, organization, powers and limitations of the unorganized militia, Pennsylvania National Guard, Pennsylvania Guard, Naval Militia, Pennsylvania Naval Militia and for coordination with the government of the United States in the organization and functioning of the Pennsylvania National Guard and the National Guard of the United States apportioned the Commonwealth," discontinuing restricted use of funds realized from sale of armories and providing for expenditure of remaining balance in such restricted funds.

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

The Military  
Code of 1949.

Section 1. Section 616, act of May 27, 1949 (P. L. 1903), known as "The Military Code of 1949," is amended to read:

Section 616, act  
of May 27, 1949,  
P. L. 1903,  
amended.

Section 616. Proceeds Not to Be Returned to Contributors; Exceptions; Use of Money; Appropriation.—No part of the money derived from such sale shall be returned to any municipality or private person or organization who or which contributed towards the establishment of such armory: Provided, That should a new armory built from proceeds of such sale be erected in a municipality other than where the armory sold was located, the amount contributed by the municipality towards the erection of the \*armory so sold shall be returned to the municipality. The whole or balance of such money shall be paid into the State Treasury [and shall be used only for the purchase of a site or the erection of an armory, or both, at the nearest practicable point to the site of the armory sold. Such purchases shall be made and such work done by the Armory Board under the provisions of existing law. For such purposes, all of such moneys are hereby specifically appropriated to the

\* "armored" in original.