

or the compulsion on the part of professional employes to retire at the attainment of age seventy.

APPROVED—The 26th day of July, A. D. 1961.

DAVID L. LAWRENCE

No. 384

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," changing provisions governing the change of the place of business of a branch, the period of public notice for the discontinuance of a branch, and the provisions relating to honorary directors, directors emeritus and members of advisory boards; providing for the entry or recording of installment loans for additional security; authorizing and limiting the purchase of certain property and of stock in certain corporations organized for the purpose of providing data processing facilities; authorizing the payment of cash in whole or in part to shareholders of capital stock in institutions participating in a merger or consolidation.

Banking Code.

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

Subsection B, section 203, act of May 15, 1933, P. L. 624, amended December 30, 1955, P. L. 920, further amended.

Section 1. Subsection B of section 203, act of May 15, 1933 (P. L. 624), known as the "Banking Code," amended December 30, 1955 (P. L. 920), is amended to read:

Section 203. Place of Business; Change of Place of Business.—

\* \* \* \* \*

B. An institution may, in the case of an incorporated institution, with the prior written approval of the department and in the regular manner provided by this act for an amendment to its articles, and, in the case of a private bank, with the prior written approval of the department,

change its principal place of business—(1) within the city, borough or township in which its principal place of business is located; or (2) with the prior approval of the department and the Banking Board to any city, borough or township, either within the county of its principal place of business or in a county contiguous to the county of its principal place of business.

Any change of the principal place of business of an institution shall automatically terminate its right to maintain and operate any branch located, or authorized by the articles of incorporation, or otherwise, to be located, in a county which is not contiguous to the county in which the principal place of business is to be located.

Except in the case of any change of the principal place of business within the same city, borough or township, an institution shall not change its principal place of business, unless, in the case of a bank, bank and trust company, or trust company, its unimpaired capital is at least equal to the minimum capital required by this act for the incorporation of a bank, bank and trust company, or trust company, as the case may be, in the proposed city, borough or township, and, in case branches are maintained and operated, or are authorized by its articles of incorporation, or otherwise, to be maintained and operated, unless it has such additional amounts of capital and surplus as are required by this act for the establishment of branches, and, in the case of a savings bank, unless its surplus equals a minimum amount approved by the department, and, in the case of a private bank, unless its net worth equals a minimum amount approved by the department.

[An institution may change the place of business of any of its branches subject to the same requirements and limitations as are by this act prescribed in the case of the establishment of branches.]

*An institution, pursuant to a resolution of its board of directors, its trustees, or in the case of a private bank, its owners or board of managers, a certified copy of which shall be filed with the department, may, with the prior written approval of the department and upon the issuance of a letter of authority by the department, change the place of business of a branch to a place within the city, borough or village in which such branch is located. An institution may change the place of business of a branch to a place outside the city, borough or village in which such branch is located but within the county of its principal place of business, or within a county contiguous thereto, in the same manner and subject to the same requirements and limitations as are by this act prescribed in the case of the establishment of branches. An institution having changed the place of business of a branch hereunder shall, immediately upon compliance with the*

*provisions of this act relating thereto, discontinue the operation of its branch at the previous location.*

\* \* \* \* \*

Subsection D, section 204.1 of the act, added December 30, 1955, P. L. 920, amended.

Section 2. Subsection D of section 204.1 of the act, added December 30, 1955 (P. L. 920), is amended to read:

Section 204.1. Branches \* \* \*

D. With the prior written approval of the department, an institution, pursuant to a resolution of its board of directors, its trustees or in the case of a private bank, its owners or board of managers, may discontinue the operation of any branch if public notice thereof is given in such manner as the department directs at least [ninety] *thirty* days before the date of discontinuance.

\* \* \* \* \*

Paragraphs (a) and (b), clause (7), section 501 of the act, added September 11, 1959, P. L. 881, amended.

Section 3. Paragraphs (a) and (b) of clause (7) of section 501 of the act, added September 11, 1959 (P. L. 881), are amended to read:

Section 501. Number and Election of Directors and Trustees, Honorary or Emeriti Directors or Trustees; Executive Committee; Advisory Boards.—

\* \* \* \* \*

(7) (a) Pursuant to [the approval by the shareholders of] a plan adopted by the directors of a bank or a bank and trust company, a person may be appointed by a majority of all directors to the office of honorary director or director emeritus. To be eligible for appointment to such office, a person must have attained the age of sixty-five (65) years and must have served as a member of the board of directors of the institution making the appointment for a period of at least ten (10) years immediately prior to such appointment or must have served for a period of at least ten (10) years as a member of the board of directors of an institution or national banking association which merged into or consolidated with or was absorbed by the institution, the board of directors of which is the appointing authority.

(b) Pursuant to [the approval by the shareholders of] a plan adopted by the directors of a bank or a bank and trust company, a person may be appointed by a majority of all directors as a member of an advisory board.

Advisory boards created under the provisions of this clause shall consist of not less than five (5) nor more than twenty-five (25) members.

\* \* \* \* \*

Subsection E, section 502 of the act, amended July 29, 1941, P. L. 586, further amended.

Section 4. Subsection E of section 502 of the act, amended July 29, 1941 (P. L. 586), is amended to read:

Section 502. Term of Office and Qualification of Directors and Trustees.—\*\*\*

E. Every director, *other than an honorary director or director emeritus*, shall own, in his own right and free of any lien or encumbrance, common shares of the bank, the

bank and trust company, or the trust company to the aggregate par value of at least three hundred dollars, but the number or par value of the common shares required to be owned by any person who is a director of a bank, a bank and trust company, or a trust company, upon the effective date of this act, shall not be greater than was required prior to the effective date of this act, so long as such director shall serve continuously. The share certificates for the minimum number or par value of common shares, which each director must own, shall be filed, unendorsed, unpledged, and unassigned by him, with the cashier or treasurer of the bank, the bank and trust company, or the trust company. Such shares shall remain in the custody of the cashier or treasurer during the term of service of such director.

Any director who, during his term of service, pledges, assigns, or in any other manner ceases to be the owner in his own right of the shares required by this section, shall forthwith cease to be a director of the bank, the bank and trust company, or the trust company, and his office shall be vacant. He shall not be eligible for reelection as a director of such bank, such bank and trust company, or such trust company for the remainder of the term for which he was elected, and for a further period of one year from the expiration of his term—Any vacancy thus occurring shall be filled in the regular manner for filling vacancies in the board.

\* \* \* \* \*

Section 5. Paragraph (b) of clause (4) of subsection A of section 1001 of the act, amended June 27, 1953 (P. L. 600), is amended to read:

Paragraph (b), clause (4), subsection A, section 1001 of the act, amended June 27, 1953, P. L. 600, further amended.

Section 1001. Powers of Banks, Bank and Trust Companies, or Trust Companies.—A. In addition to the general corporate powers granted by this act, and in addition to any powers specifically granted to a bank or a bank and trust company elsewhere in this act, a bank or a bank and trust company shall have the following powers, subject to the limitations and restrictions imposed by this act:

\* \* \* \* \*

(4) \* \* \*

(b) The aggregate amount of unpaid principal due from any one borrower on one or more *installment* loans granted pursuant to the provisions of this clause (4) shall not at any time exceed thirty-five hundred dollars.

\* \* \* \* \*

Section 6. Clause (4) of subsection A of section 1001 of the act, amended June 27, 1953 (P. L. 600), is amended by adding, at the end thereof, a new paragraph to read:

Clause (4), subsection A, section 1001 of the act, amended June 27, 1953, P. L. 600, further amended by adding a new paragraph (e).

Section 1001. Powers of Banks, Bank and Trust Companies or Trust Companies.—A. In addition to the general

corporate powers granted by this act, and in addition to any powers specifically granted to a bank or a bank and trust company elsewhere in this act, a bank or a bank and trust company shall have the following powers, subject to the limitations and restrictions imposed by this act:

\* \* \* \* \*

(4) \* \* \*

(e) *The entry or recording of any such installment note, which by its terms is payable, within a period not exceeding three years, in substantially equal installments, as a judgment of record where the bank or bank and trust company looks for repayment from the borrower relying primarily on either or both the borrower's general credit standing or upon a security interest in personal property or fixtures, but wishes to secure a lien upon the borrower's real estate as a precaution against contingencies, shall be exempt from the requirement of section 1012 of this act: Provided, That a certification of the foregoing facts and a statement of the intended use of the loan shall be lodged by a responsible employe of the bank in its appropriate loan file at the time such note is entered or recorded.*

Subsection B, section 1009 of the act, amended July 27, 1959, P. L. 562, further amended.

Section 7. Subsection B of section 1009 of the act, amended July 27, 1959 (P. L. 562), is amended to read:

Section 1009. Limitation upon Investing in Shares.—

\* \* \* \* \*

B. Any bank or bank and trust company may purchase or invest an amount not in excess of ten per centum of its unimpaired capital and ten per centum of its unimpaired surplus in the shares of common stock of the Federal National Mortgage Association issued in accordance with the provisions of Title III of the National Housing Act of one thousand nine hundred thirty-four, approved June 27, 1934, its amendments and supplements, or of any other corporation hereafter succeeding to the assets, liabilities and functions of said association in accordance with said act or any other applicable legislation hereafter adopted by the Congress of the United States or in the shares of any national banking association located within this Commonwealth, or the shares of any bank, bank and trust company, or trust company, incorporated under the laws of this Commonwealth: Provided, That no such purchase or investment may be made if the resulting ownership of shares in such national banking association or bank, bank and trust company or trust company exceeds ten per centum of the authorized capital of such national banking association or bank, bank and trust company or trust company. Any bank or bank and trust company may purchase or invest in the shares of a Federal Reserve Bank, or the shares of any corporation organized under the laws of this Commonwealth solely

for the purpose of conducting a safe deposit business, without regard to any limitations prescribed by this act. Any bank or bank and trust company may, to the extent approved by the department, purchase or invest in the shares of any corporation holding the premises of such bank or bank and trust company, [or] in the shares of any corporation owning reasonable parking facilities for the use of its directors, officers, employes and customers, *or in the shares of a corporation organized solely for the purpose of providing data processing facilities for the bank or bank and trust company or for the bank, or bank and trust company and one or more other institutions, corporations, associations, partnerships or individuals,* subject to the limitations of this act. Any bank or bank and trust company may purchase or invest an amount not in excess of one per centum of its unimpaired capital and one per centum of its unimpaired surplus in the shares of stock of small business investment companies which have been organized pursuant to the provisions of the "Small Business Investment Act of 1958," Public Law 699, 85th Congress.

This subsection shall not be construed to affect the shares of any national banking association located within this Commonwealth, or the shares of any bank, bank and trust company, or trust company incorporated under the laws of this Commonwealth, lawfully held on the effective date of this amendment. However, such shares shall be computed in determining the power under this act of a bank or bank and trust company to make any additional purchases of, or investment in, such shares.

\* \* \* \* \*

Section 8. Section 1014 of the act, amended June 28, 1951 (P. L. 658), is amended by adding, after clause (1), a new clause to read:

Section 1014 of the act, amended June 28, 1951, P. L. 658, further amended by adding a new clause (1.1).

Section 1014: Restriction on Ownership or Holding of Real Property by a Bank, a Bank and Trust Company, or a Trust Company.—Except as otherwise provided in this act, a bank, a bank and trust company, or a trust company shall not purchase, own, or hold any real property, except as follows:

\* \* \* \* \*

(1.1) *Such real property as a bank, a bank and trust company or a trust company might acquire, wholly or jointly, with other institutions, corporations, associations, partnerships or individuals, to be used solely for the purpose of providing data processing facilities for the bank, bank and trust company or trust company, or for the bank, bank and trust company or trust company and one or more other institutions, corporations, associations, partnerships or individuals.*

\* \* \* \* \*

Subsection A,  
section 1015,  
clause (2),  
subsection C,  
section 1208, and  
clause (2),  
subsection A,  
section 1209,  
amended May 29,  
1956, P. L. 1816,  
further amended.

Section 9. Subsection A of section 1015, clause (2) of subsection C of section 1208, and clause (2) of subsection A of section 1209, amended May 29, 1956 (P. L. 1816), are amended to read:

Section 1015. Limitation on Holdings in Bank Buildings, Furniture and Fixtures Therein, and Parking Facilities.—A. The cost of the real property, including the building or buildings thereon, which a bank, a bank and trust company, or a trust company occupies, or intends to occupy, for the transaction of its business, or partly so occupies and partly leases to others, together with the cost of furniture and fixtures therein which are owned by such institution, *and together with the cost to any bank, bank and trust company or trust company of real property and furniture and fixtures owned, wholly or jointly, and used for the purpose of providing data processing facilities for the bank, bank and trust company or trust company, or for the bank, bank and trust company or trust company and one or more other institutions, corporations, associations, partnerships or individuals,* and together with cost of the shares of any corporation holding the premises of such bank or bank and trust company or trust company, [and] the shares of any corporation owning reasonable parking facilities for the use of its directors, officers, employes and customers, *and the shares of any corporation organized solely for the purpose of providing data processing facilities for the bank, bank and trust company or trust company, or for the bank, bank and trust company, or trust company and one or more other institutions, corporations, associations, partnerships or individuals,* shall not at any time exceed in the aggregate twenty-five per centum of its unimpaired capital, plus twenty-five per centum of its unimpaired surplus, except with the written approval of the department. Before the erection of a building or buildings is commenced, the estimate of the costs thereof shall be submitted to the department for its approval.

\* \* \* \* \*

Section 1208. Authorized Investments of Savings Banks Not Under Special Charter.—

\* \* \* \* \*

C. A savings bank, other than a savings bank organized under a special act of the General Assembly, may make such additional investments as are authorized by its articles, but it shall not purchase or invest in bonds, secured by mortgage upon real property, other than such as are expressly authorized by this act, nor shall it invest in the shares of capital of any corporation whatsoever, except

\* \* \* \* \*

(2) Shares of any corporation organized under the laws of this Commonwealth for the purpose of conducting a safe deposit business and, to the extent approved by the department, in the shares of any corporation holding the premises of such savings bank, [or] in the shares of any corporation owning reasonable parking facilities for the use of its trustees, officers, employes and customers, *or in the shares of any corporation organized solely for the purpose of providing data processing facilities for the savings bank, or for the savings bank and one or more other institutions, corporations, associations, partnerships or individuals*, subject to the limitations of this act;

\* \* \* \* \*

Section 1209. Authorized Investments of Special Charter Savings Banks.—A. A savings bank organized under a special act of the General Assembly may make such investments as may be authorized by its articles of incorporation, but no such savings bank shall purchase or invest in the shares of capital of any corporation whatsoever, except

\* \* \* \* \*

(2) Shares of any corporation organized under the laws of this Commonwealth for the purpose of conducting a safe deposit business and, to the extent approved by the department, in the shares of any corporation holding the premises of such savings bank [or] in the shares of any corporation owning reasonable parking facilities for the use of its trustees, officers, employes and customers, *or in the shares of any corporation organized solely for the purpose of providing data processing facilities for the savings bank, or for the savings bank and one or more other institutions, corporations, associations, partnerships or individuals*, subject to the limitations of this act;

\* \* \* \* \*

Section 10. Section 1212 of the act, amended July 27, 1953 (P. L. 604), is amended by adding, after clause (1), a new clause to read:

Section 1212 of the act, amended July 27, 1953, P. L. 604, further amended by adding a new clause (1.1).

Section 1212. Restriction on Ownership or Holding of Real Property by a Savings Bank.—Except as otherwise provided in this act, a savings bank shall not purchase, own, or hold any real property, except as follows:

\* \* \* \* \*

(1.1) *Such real property as it might acquire, wholly, or jointly with other institutions, corporations, associations, partnerships or individuals, to be used solely for the purpose of providing data processing facilities for the savings bank, or for the savings bank and one or more other institutions, corporations, associations, partnerships or individuals.*

\* \* \* \* \*



Subsection A,  
section 1213 of  
the act, amended  
September 11,  
1959, P. L. 881,  
further amended.

Section 11. Subsection A of section 1213 of the act, amended September 11, 1959 (P. L. 881), is amended to read:

Section 1213. Limitations on Holdings in Bank Buildings, Furniture and Fixtures Therein, and Parking Facilities.—A. The cost of the real property, including the building or buildings thereon, which a savings bank occupies, or intends to occupy, for the transaction of its business, or partly so occupies and partly leases to others, together with the cost of furniture and fixtures therein which belong to the savings bank, *and together with the cost to the savings bank of real property and furniture and fixtures owned, wholly or jointly, and used for the purpose of providing data processing facilities for the savings bank, or for the savings bank and one or more other institutions, corporations, associations, partnerships or individuals,* and together with cost of the shares of any corporation holding the premises of such savings bank, [and] the shares of any corporation owning reasonable parking facilities for the use of its trustees, officers, employes and customers, *and the shares of any corporation organized solely for the purpose of providing data processing facilities for the savings bank, or for the savings bank and one or more institutions, corporations, associations, partnerships or individuals,* shall not at any time exceed in the aggregate twenty-five per centum of its unimpaired surplus, except with the written approval of the department. Before the erection of a building or buildings is commenced, the estimate of the costs thereof shall be submitted to the department for its approval.

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Subsection A,  
section 1402 of  
the act, amended.

Section 12. Subsection A of section 1402 of the act is amended to read:

Section 1402. Approval of Joint Plan of Merger or Consolidation.—A. In the case of a proposed merger or consolidation of two or more incorporated institutions, or of one or more banks or bank and trust companies and one or more national banking associations, or of two or more trust companies, the board of directors or trustees, as the case may be, of each of the incorporated institutions and national banking associations shall, by resolution adopted by vote of at least a majority of all the members of each board of directors, or by a two-thirds vote of those present at a meeting of each board of trustees, approve a joint plan of merger or consolidation, as the case may be, setting forth the terms and conditions of the merger or consolidation and the mode of carrying the same into effect, and such other details and provisions as are deemed necessary. In the case of banks or bank and trust companies, or trust companies, or national banking associations, it shall also set forth the

[manner and basis of converting the shares of each institution into shares of] *amount of stock, if any, to be allocated and cash, if any, to be paid to the shareholders of the respective institutions by the surviving or new institution, as the case may be.*

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Section 13. This act shall take effect immediately.

Act effective immediately.

APPROVED—The 26th day of July, A. D. 1961.

DAVID L. LAWRENCE

—  
No. 385

AN ACT

Amending the act of June 24, 1939 (P. L. 872), entitled "An act to consolidate, amend and revise the penal laws of the Commonwealth," prohibiting the purchase, acceptance, receipt or possession of starter pistols or similar pistols by minors and revising exemptions under this act.

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

Section 1. Section 626.1, act of June 24, 1939 (P. L. 872), known as "The Penal Code," added December 15, 1959 (P. L. 1774), is amended to read:

Section 626.1, act of June 24, 1939, P. L. 872, added December 15, 1959, P. L. 1774, amended.

Section 626.1. Sale of Starter Pistols to Minors.—Whoever sells, causes to be sold, gives or furnishes to any person under the age of eighteen years, or *whoever being under the age of eighteen years purchases, accepts, receives or possesses*, any pistol, commonly referred to as "starter pistol," specially designed to receive and discharge blank cartridges only or similar pistol, is guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine not exceeding five hundred dollars (\$500) or undergo imprisonment for not more than one (1) year, or both. Nothing in this section, however, shall prohibit the use of said starter pistols for the purpose of [starting or] officiating at [track and field events] athletic [or endurance contests] *events, use in dramatic productions*, or other similar events.

Section 2. This act shall take effect immediately.

Act effective immediately.

APPROVED—The 26th day of July, A. D. 1961.

DAVID L. LAWRENCE