

## AN ACT

Empowering the Department of Property and Supplies, with the approval of the Governor and the Board of Trustees of the Pennsylvania Industrial Reformatory, to grant to the borough of Huntingdon a right of way or easement to lay a water line across lands of the Pennsylvania Industrial School.

Department of  
Property and  
Supplies.

Easement to  
borough of  
Huntingdon to  
lay water line.

May execute  
agreements.

Copy to be filed  
with Department  
of Internal  
Affairs.

When effective.

Be it enacted, &c., That the Department of Property and Supplies, with the approval of the Governor and the Board of Trustees of the Pennsylvania Industrial School at Huntingdon, is hereby empowered, on behalf of the Commonwealth of Pennsylvania, to grant a perpetual right of way or easement to the borough of Huntingdon to lay, or cause to be laid, a water line through lands of the Pennsylvania Industrial Reformatory, located in Smithfield Township, and to enter into, execute, and acknowledge such agreement or agreements, containing such covenants as may be deemed necessary to accomplish the purposes of this act and protect the interests of the Commonwealth. A copy of any such agreement shall be filed with the Department of Internal Affairs.

Section 2. This act shall become effective immediately upon its final enactment.

APPROVED—The 11th day of June, A. D. 1935.

GEORGE H. EARLE

## AN ACT

To amend the act, approved the fifteenth day of May, one thousand nine hundred and thirty-three (Pamphlet Laws, six hundred twenty-four), entitled "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; 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 of the officers, directors, trustees, share-holders, attorneys, and other employes of all such corporations 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," by further providing for the powers and limitations upon the acts of corporations and persons authorized to engage in a banking or a fiduciary business, or both, and of affiliates of such corporations

or persons, and of officers, directors, trustees, and employes of such corporations and persons.

Section 1. Be it enacted, &c., That sections 1001, 1012, 1202, 1208, and 1209 of the act, approved the fifteenth day of May, one thousand nine hundred and thirty-three (Pamphlet Laws, six hundred twenty-four), entitled "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; 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 of the officers, directors, trustees, shareholders, attorneys, and other employes of all such corporations 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," are hereby amended to read as follows:

Sections 1001,  
1012, 1202, 1208,  
and 1209, act  
of May 15, 1933  
(P. L. 624),  
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:

- (1) To receive money on deposit and to pay interest thereon;
- (2) To receive money for transmission either to a foreign country, or otherwise;
- (3) To rediscount and borrow money, bonds, or other securities, and to pledge collateral therefor;
- (4) To lend money either upon the security of real or personal property, or otherwise; to charge or to receive in advance interest therefor;
- (5) To discount, buy, sell, negotiate, or assign promissory notes, drafts, bills of exchange, trade and bank acceptances, stocks, bonds, or other evidences of debt;
- (6) To buy and sell exchange, coin and bullion;
- (7) To purchase, hold, or convey real property;
- (8) To improve or to lease real property for its accommodation;
- (9) To accept for payment, at a future date, drafts or bills of exchange drawn upon it;

(10) To issue letters of credit authorizing the holders thereof to draw drafts or bills of exchange upon it, or its correspondents;

(11) To become a member of a Federal Reserve Bank;

(12) To receive, for safe-keeping, jewelry, plate, coin and other similar personal property, or bonds, mortgages, shares of stock, securities, and other valuable papers; and to rent out receptacles or safe deposit boxes for the deposit of such papers or of such personal property;

(13) To invest in the shares of an institution engaged in a foreign banking business;

(14) To become a member of a clearing house association *and to pledge such assets therewith, as will qualify it for membership therein;*

(15) To establish branch banks, branch offices, agencies, sub-offices, sub-agencies, and branch places of business, as permitted in this act;

(16) *To become a member of the Federal Deposit Insurance Corporation in accordance with the provisions of the Federal Banking Act of one thousand nine hundred and thirty-three, approved the sixteenth day of June, one thousand nine hundred and thirty-three, its amendments and supplements, or of any other corporation thereafter organized by the United States for the purpose of insuring deposits in banks or bank and trust companies, and to purchase and hold so much of the capital of the Federal Deposit Insurance Corporation, or of such other corporation, as will qualify it for membership therein;*

(17) *To make application for, and obtain insurance of, mortgages as provided by 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.*

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

(1) To purchase, hold, or convey real property;

(2) To improve or to lease real property for its accommodation;

(3) To receive, for safe-keeping, jewelry, plate, coin, and other similar personal property, or bonds, mortgages, shares of stock, securities, and other valuable papers; and to rent out receptacles or safe deposit boxes for the deposit of such papers or of such personal property;

(4) To establish branch trust companies, branch offices, agencies, sub-offices, sub-agencies, and branch places of business, as permitted in this act;

(5) To make any investments, subject to the same limitations as in the case of savings banks incorporated hereunder, including such investments as are specifically authorized by its articles.

Section 1012. Loans on and Investments in Bonds and Mortgages 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 secured by mortgages upon real property, but it shall lend upon, or invest in, only such bonds and mortgages as (1) are first liens on unencumbered improved real property, including improved farm land, situated within the Commonwealth, and (2) do not exceed two-thirds of the actual value of such real property, and (3) become due within ten years after the making of such loan or investment, unless amortized in equal annual installments over a period not exceeding fifteen years after the making of such loan or investment. 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, 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, and shall, together with interest from the date of the payment of such charges and expenses, constitute a lien upon the property so mortgaged. 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 restrictions imposed by this section shall not apply 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.

B. A bank or bank and trust company shall have the power to lend on the security of, or invest in, judgments of record which are first liens on unencumbered real property situated within the Commonwealth, to the amount of fifty per centum of the actual value of such property, under the same circumstances and subject to the same conditions as are established by this section in the case of loans on the security of, or investments in, bonds secured by mortgages upon real property.

C. The aggregate amount of all loans and investments made by virtue of this section shall not at any time exceed twenty-five per centum of the unimpaired capital and twenty-five per centum of its unimpaired surplus, or fifty per centum of the total time deposits of such bank or bank and trust company, at the option of the bank or bank and trust company.

*D. The limitations, herein prescribed, in respect to the percentage of the actual value of the property upon which a bank or a bank and trust company may lend on the security of, or invest in, bonds secured by mortgages upon real property, the term for which such loan may be granted, shall not apply to bonds secured by mortgages which are insured by, or for which a commitment to insure has been made, by the Federal Housing Administrator pursuant to the provisions for mutual mortgage insurance in title two of the National Housing Act, for the purpose of financing the construction or purchase of dwellings and similar residential property, and the refinancing of mortgages.*

Section 1202. Powers of Savings Banks.—In addition to the general corporate powers granted by this act, and in addition to any powers specifically granted to a savings bank elsewhere in this act, a savings bank shall have the following powers, subject to the limitations and restrictions imposed by this act:

(1) To receive money on deposit and pay interest thereon;

(2) To receive money for transmission to a foreign country or otherwise, and to forward such money through any bank, bank and trust company, private bank, national banking association, or any other corporation or person authorized by the laws of any state to receive deposits, and subject to the supervision of the banking authorities of such state;

(3) To borrow money to repay the demands of depositors, and to pledge its assets therefor;

(4) To make investments;

(5) To lend money upon the security of real or personal property, and to charge or to receive in advance interest therefor;

(6) To purchase, hold, or convey real property;

(7) To improve or to lease real property for its accommodation;

(8) To receive for safe-keeping, jewelry, plate, coin and other similar personal property, or bonds, mortgages, shares of stock, securities and other valuable papers; and to rent out receptacles or safe deposit boxes for the deposit of such papers or of such personal property;

(9) To establish branch savings banks, branch offices, agencies, sub-offices, sub-agencies, and branch places of business, as permitted in this act;

(10) To become a member of a Federal Reserve Bank, and, for such purpose, to purchase and hold so much of the capital of such Federal Reserve Bank as will, under any Federal law, qualify it for membership therein.

(11) *To become a member of the Federal Deposit Insurance Corporation in accordance with the provisions of the Federal Banking Act of one thousand nine hundred thirty-three, approved the sixteenth day of June, one thousand nine hundred thirty-three, its amendments and supplements, or of any other corporation, hereafter organized by the United States for the purpose of insuring deposits in savings banks, and to purchase and hold so much of the capital of the Federal Deposit Insurance Corporation, or of such other corporation, as will qualify it for membership therein.*

(12) *To make application for and obtain insurance of mortgages, as provided by 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.*

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:

(1) 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, including the bonds or other interest-bearing obligations of the District of Columbia.

(2) Farm loan bonds issued by Federal land banks operating under the provisions of the Federal Farm Loan Act, approved the seventeenth day of July, one thousand nine hundred sixteen, its amendments and supplements.

(3) Bonds or other interest-bearing obligations of the Commonwealth of Pennsylvania, or of any state of the United States, or those for the payment of the principal and interest on which the faith and credit of this Commonwealth, or of such state, is pledged, provided that it has not, at any time within the ten years immediately

preceding the date of the purchase of such bonds or other obligations by the savings bank, defaulted in the payment of any part of any principal or interest due by it.

(4) Bonds or other interest-bearing obligations of any county, city, borough, township, school district, or other political subdivision of the Commonwealth of Pennsylvania, or of any city, borough, township, school district, or other political subdivision of any state of the United States, or those for the payment of the principal and interest on which the faith and credit of such political subdivision is pledged, provided that it has not, within the ten years immediately preceding the date of the purchase of such bonds or other obligations by the savings bank, defaulted in the payment of any part of any principal or interest due by it.

(5) Obligations issued, assumed, or guaranteed as to principal and interest by, or equipment bonds of, any railroad corporation, whether incorporated under the laws of this Commonwealth, of any other state, or of the Dominion of Canada, provided that such railroad corporation has not, at any time within the five years immediately preceding the date of the investment in such obligations or bonds by the savings bank, failed punctually to pay the matured principal and interest on all of its indebtedness.

(6) The bonds of any corporation, whether incorporated under the laws of the United States, of any other state, or of the District of Columbia, which transacts the business of supplying electrical energy, artificial gas, or natural gas purchased from another corporation and supplied in substitution for, or in mixture with, artificial gas, for light, heat, power, and other purposes, or which transacts any two or all of such businesses; but at least seventy-five per centum of the gross operating revenues of such corporation shall be derived from such business, and not more than fifteen per centum of the gross operating revenues shall be derived from any one kind of business other than supplying electricity and gas, and such corporation shall be subject to regulation by a public service commission, a public utility commission, or any other similar regulatory body duly established by the laws of the United States, or of any state in which such corporation operates, subject to the following conditions:

(a) Such corporation shall have all the franchises necessary to operate in territory in which at least seventy-five per centum of its gross income is earned, which franchises shall either be indeterminate permits of or agreements with, or subject to the jurisdiction of, a public service commission or other duly constituted regulatory body, or shall extend at least five years beyond the maturity of such bond; and such corporation shall file with the department and make public in each year, a

statement and a report giving the income account covering the previous fiscal year, and a balance sheet showing in reasonable detail the assets and liabilities at the end of the year.

(b) The outstanding full-paid capital stock of such corporation shall, at the time of such investment, be equal to at least two-thirds of the total debt secured by mortgage liens on any part or all of its property, but in the case of a corporation having non-par value shares, the amount of capital which such shares represent shall be the capital as shown by the books of the corporation.

(c) Such corporation shall have been in existence for a period of not less than eight fiscal years, and at no time, within such period of eight fiscal years immediately preceding the date of such investment, shall such corporation have failed to pay promptly and regularly the matured principal and interest of all its indebtedness, direct, assumed or guaranteed, but the period of life of the corporation, together with the period of life of any predecessor corporation or corporations from which a major portion of its property was acquired by consolidation, merger, or purchase, shall be considered together in determining such required period.

(d) For a period of five fiscal years immediately preceding such investment, the net earnings of such corporation shall have averaged per year not less than twice the average annual interest charges on its total funded debt applicable to that period, and for the last fiscal year preceding such investment, such net earnings shall have been not less than twice the interest charges for a full year on its total funded debt outstanding at the time of such investment, and, for such period, the gross operating revenues of any such corporation shall have averaged per year not less than one million dollars, and such corporation shall have, for each such year, either earned an amount available for dividends, or paid an amount in dividends, equal to four per centum upon a sum equivalent to two-thirds of its funded debt.

(e) In determining the qualifications of any bond under this clause, where a corporation shall have acquired its property, or any substantial part thereof, within the five years immediately preceding the date of such investment by consolidation or by merger, or by the purchase of all or a substantial portion of the property of any other corporation or corporations, the gross operating revenues, net earnings, and interest charges of the several predecessor or constituent corporations shall be consolidated and adjusted, so as to ascertain whether the requirements of the paragraph immediately preceding this one, as to net and gross earnings and as to dividends, have been complied with.

(f) The gross operating revenues and expenses of a corporation, for the purpose of this clause, shall be, re-



spectively, the total amount earned from the operation of and the total expense of maintaining and operating all property owned and operated by, or leased and operated by, such corporation, as determined by the system of accounts prescribed by the public service commission, or public utility commission, or other similar regulatory body having jurisdiction in the matter. The gross operating revenues and expenses, as defined above, of subsidiary companies may be included, provided that all the mortgage bonds, and a controlling interest in shares of such subsidiary companies, are pledged as part of the security for the mortgage debt of the principal company.

The net earnings of any corporation, for the purpose of this clause, shall be the balance obtained by deducting from its gross operating revenues its operating and maintenance expenses, taxes, other than Federal and State income taxes, rentals, and provision for renewals and retirements of the physical assets of the corporation, and by adding to such balance its income from securities and miscellaneous sources, but not, however, exceeding fifteen per centum of such balance.

(g) Such bonds must be part of an issue of not less than one million dollars and must be mortgage bonds secured by a first or refunding mortgage secured by property owned and operated by the corporation issuing or assuming them, or must be underlying mortgage bonds secured by property owned and operated by the corporations issuing or assuming them, but such bonds shall be refunded by a junior mortgage providing for their retirement; the bonds under such junior mortgage shall comply with the requirements of this section, and such underlying mortgage shall be either a closed mortgage or shall remain open solely for the issue of additional bonds which are to be pledged under such junior mortgage. The aggregate principal amount of bonds secured by such first or refunding mortgage, plus the principal amount of all the underlying outstanding bonds, shall not exceed sixty per centum of the value of the physical property owned, as shown by the books of the corporation, and subject to the lien of such mortgage or mortgages securing the total mortgage debt. However, if such mortgage is a refunding mortgage, it must provide for the retirement on or before the date of their maturity of all bonds secured by prior liens on the property.

(h) The term funded debt shall be construed to mean all interest-bearing debts maturing more than one year from date of issue.

(7) The bonds of any corporation, whether incorporated under the laws of the United States, of any other state, or of the District of Columbia, which engages and is authorized to engage in the business of furnishing telephone service in the United States, provided that such corporation is subject to regulation by the Interstate

Commerce Commission, a public service commission, a public utility commission, or any other similar Federal or State regulatory body duly established by the laws of the United States or by the laws of any state in which such corporation operates, subject to the following conditions:

(a) Such corporation shall have been in existence for a period of not less than eight fiscal years, and at no time, within such period of eight fiscal years immediately preceding the date of such investment, shall such corporation have failed to pay promptly and regularly the matured principal and interest of all its indebtedness, direct, assumed, or guaranteed, but the period of life of the corporation, together with the period of life of any predecessor corporation or corporations from which a major portion of its property was acquired by consolidation, merger, or purchase, shall be considered together in determining the required period; and such corporation shall file with the department, and make public, in each year a statement and a report giving the income account covering the previous fiscal year, and a balance sheet showing in reasonable detail the assets and liabilities at the end of the year.

(b) The outstanding full-paid capital stock of such corporation shall at the time of such investment be equal to at least two-thirds of the total debt secured by mortgage liens on any part or all of its property.

(c) For a period of five fiscal years immediately preceding such investment, the net earnings of such corporation shall have averaged per year not less than twice the average annual interest charges on its total funded debt applicable to that period, and for the last fiscal year preceding such investment, such net earnings shall have been not less than twice the interest charges for a full year on its total funded debt outstanding at the time of such investment, and, for such period, the gross operating revenues of any such corporation shall have averaged per year not less than five million dollars, and such corporation shall have, for each such year, either earned an amount available for dividends, or paid an amount in dividends, equal to four per centum upon all its outstanding capital stock.

(d) Such bonds must be part of an issue of not less than five million dollars and must be secured by a first or refunding mortgage, and the aggregate principal amount of bonds secured thereby, plus the principal amount of all underlying outstanding bonds, shall not exceed sixty per centum of the value of the property, real and personal, owned absolutely and subject to the lien of such mortgage. However, if such mortgage is a refunding mortgage, it must provide for the retirement of all bonds secured by prior liens on the property. Not more than thirty-three and one-third per centum of the

property, constituting the specific security for such bonds, may consist of shares or unsecured obligations of affiliated or other telephone companies, or both.

(e) In determining the qualifications of any bond under this clause, where a corporation shall have acquired its property, or any substantial part thereof, within five years immediately preceding the date of such investment by consolidation, by merger, or by the purchase of all or a substantial portion of the property of any other corporation or corporations, the gross operating revenues, net earnings, and interest charges of the several predecessor or constituent corporations shall be consolidated and adjusted, so as to ascertain whether the requirements of this clause, as to earnings and dividends, have been complied with.

(f) The gross operating revenues and expenses of a corporation, for the purpose of this clause, shall be, respectively, the total amount earned from the operation of and the total expense of maintaining and operating all property owned and operated by, or leased and operated by such corporation, as determined by the system of accounts prescribed by the Interstate Commerce Commission, or the public service commission, or the public utility commission, or any other similar Federal or State regulatory body having jurisdiction in the matter.

(g) The net earnings of any corporation, for the purpose of this clause, shall be the balance obtained by deducting from its gross operating revenues its operating and maintenance expenses, provision for depreciation of the physical assets of the corporation, taxes, other than Federal and State income taxes, rentals and miscellaneous charges, and by adding to such balance its income from securities and miscellaneous sources, but not, however, to exceed fifteen per centum of such balance.

(h) The term funded debt shall be construed to mean all interest-bearing debts maturing more than one year from date of issue.

(8) Bonds secured by mortgages which are first liens upon unencumbered improved real property, including improved farm land, situated within the Commonwealth, 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, unless amortized in equal annual installments over a period not exceeding fifteen years, and bonds secured by mortgages which are first liens upon unencumbered improved real property, including improved farm land, situated within the Commonwealth, which are insured by, or for which a commitment to insure has been made by, the Federal Housing Administrator pursuant to the provisions of mutual mortgage insurance, in title two of the National Housing Act, for the purpose of financing the construction or purchase of dwellings and similar residential property, and the re-

*financing of mortgages.* 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 the savings bank, by the mortgagor during the term of the bond, in a company which is authorized to do business in Pennsylvania and is approved by the savings bank making the investment. It shall be lawful for a savings bank to renew such policies, at the expense of such mortgagor, from year to year, or for a longer or shorter period, not, however, exceeding the term of the bond, in case the mortgagor shall fail to do so. All necessary charges and expenses paid by such savings bank for such renewals shall be paid by such mortgagor. In the event that the mortgagor shall refuse, upon demand, to pay such charges and expenses, they shall be added to the amount secured by the mortgage, and shall, together with interest from the date of payment of such charges and expenses by such savings bank, constitute a lien upon the property so mortgaged. 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. 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 trustees. 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 savings bank.

B. 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 a Federal Reserve Bank.

Section 1209. Authorized Investments of Special Charter Savings Banks.—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 a Federal Reserve Bank, or purchase or invest in bonds secured by mortgages upon real property, unless such bonds and mortgages are first liens upon unencumbered improved real property, including improved farm land, situated within the Commonwealth, and do not exceed two-thirds of the actual value of such real property, and become due within ten years after the making of such purchase or investment, unless amortized

in equal annual installments over a period not exceeding fifteen years after the making of such purchase or investment, *or unless such bonds and mortgages which are first liens upon unencumbered improved real property, including improved farm land, situated within the Commonwealth, are insured by, or for which a commitment to insure has been made by, the Federal Housing Administrator pursuant to the provisions for mutual mortgage insurance, in title two of the National Housing Act, for the purpose of financing the construction or purchase of dwellings and similar residential property, and the refinancing of mortgages.* 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 the savings bank, by the mortgagor during the term of the bond, in a company which is authorized to do business in Pennsylvania and is approved by the savings bank making the purchase or investment. It shall be lawful for a savings bank to renew such policies, at the expense of such mortgagor, from year to year, or for a longer or shorter period, not, however, exceeding the term of the bond, in case the mortgagor shall fail to do so. All necessary charges and expenses paid by such savings bank for such renewals shall be paid by such mortgagor. In the event that the mortgagor shall refuse, upon demand, to pay such charges and expenses, they shall be added to the amount secured by the mortgage, and shall, together with interest from the date of payment of such charges and expenses by such savings bank, constitute a lien upon the property so mortgaged. 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. 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 trustees. 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 savings bank. The restrictions contained in this section, with reference to real estate bonds, shall not apply 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.

When effective.

Section 2. Effective Date.—This act shall become effective immediately upon final enactment.

APPROVED—The 11th day of June, A. D. 1935.

GEORGE H. EARLE