

No. 115

AN ACT

To further amend section 306 and to amend subsection A of section 318 of the act, approved the fifth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 289), entitled "An act relating to nonprofit corporations; defining and providing for the organization, merger, consolidation, and dissolution of such corporations; conferring certain rights, powers, duties, and immunities upon them and their officers and members; prescribing the conditions on which such corporations may exercise their powers; providing for the inclusion of certain existing corporations of the first class within the provisions of this act; prescribing the terms and conditions upon which foreign nonprofit corporations may be admitted or may continue to do business within the Commonwealth; conferring powers and imposing duties on the courts of common pleas, prothonotaries of such courts, recorders of deeds, and certain State departments, commissions, and officers; authorizing certain local public officers and State departments to collect fees for services required to be rendered by this act; imposing penalties; and repealing certain acts and parts of acts relating to corporations," by authorizing nonprofit corporations to designate corporate trustees for the investment, reinvestment and maintenance of their funds and assets held in trust or otherwise and to transfer such funds to such corporate trustees for such purposes; and providing for the powers, duties and liabilities of such trustees.

"Nonprofit Corporation Law."

Section 306, act of May 5, 1933, P. L. 289, as last amended by act of July 2, 1937, P. L. 2838, further amended.

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

Section 1. Section 306 of the act, approved the fifth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 289), entitled "An act relating to nonprofit corporations; defining and providing for the organization, merger, consolidation, and dissolution of such corporations; conferring certain rights, powers, duties, and immunities upon them and their officers and members; prescribing the conditions on which such corporations may exercise their powers; providing for the inclusion of certain existing corporations of the first class within the provisions of this act; prescribing the terms and conditions upon which foreign nonprofit corporations may be admitted or may continue to do business within the Commonwealth; conferring powers and imposing duties on the courts of common pleas, prothonotaries of such courts, recorders of deeds, and certain State departments, commissions, and officers; authorizing certain local public officers and State departments to collect fees for services required to be rendered by this act; imposing penalties; and repealing certain acts and parts of acts relating to corporations," as last amended by the act, approved the second day of July, one thousand nine hundred thirty-seven (Pamphlet Laws 2838), is hereby further amended to read as follows:

Section 306. Authority to Take and Hold Trust Property; Investments.—Subject to any limitations or restrictions contained in its articles, every nonprofit corporation formed for religious, educational, scientific, or charitable purposes, may, without limitations as to value, take, receive and hold such real and personal property, including the principal or interest of any money or other fund, as may be given, granted, conveyed, bequeathed, devised to, or otherwise vested in, such corporation in trust for the purpose or purposes set forth in its articles. Such real and personal property shall be faithfully and specifically used for or applied to the purpose or purposes for which it was given in trust to the corporation. The directors of the corporation shall, as trustees of such property, be held to the same degree of responsibility and accountability as if not incorporated, unless a less degree or a particular degree of responsibility and accountability is prescribed in the trust instrument, or unless the directors remain under the control of the members of the corporation or third persons who retain the right to direct, and do direct, the actions of the directors as to the use of the trust property from time to time. Unless otherwise specifically directed in the trust instrument by which any real or personal property, money or other funds, are given, granted, conveyed, bequeathed, devised to, or otherwise vested in, corporations formed for religious, educational, scientific, or other charitable purposes, the directors thereof shall have power to invest the funds thus received, or the proceeds of any property thus received, in such investments as in the honest exercise of their judgment they may, after investigation, determine to be safe and proper investments, and to retain any investments heretofore so made. The directors of the corporation shall keep accurate accounts of all trust funds, separate and apart from the other funds of the corporation, and shall, unless the terms of the particular trust instrument provide otherwise, make an annual report, signed by the treasurer, to the members of the corporation concerning the trust funds held under this section and the use made of such funds and of the income thereof.

Any such nonprofit corporation may, by appropriate action of its board of directors or trustees, transfer any such real or personal property to a corporate trustee, which shall be a bank and trust company or a trust company incorporated under the laws of the Commonwealth of Pennsylvania or a national banking association having fiduciary powers and having its principal office in this Commonwealth, as trustee and with like investment restrictions, said transfers to be either revocable or irrevocable; and upon the transfer of any such prop-

erty, any such nonprofit corporation shall be relieved of all liability for the investment and reinvestment thereof. Such corporate trustee shall pay, at least semi-annually or at more frequent intervals if so agreed, the net income from such property to such nonprofit corporation, for use and application to the purpose or purposes for which it was given in trust to such nonprofit corporation.

Subsection A of section 318, said act, as added thereto by act of May 9, 1947, P. L. 196, amended.

Section 2. Subsection A of section 318 of the said act, as added thereto by the act, approved the ninth day of May, one thousand nine hundred forty-seven (Pamphlet Laws 196), is hereby amended to read as follows:

Section 318. Common Trust Funds.—A. Every nonprofit corporation may establish and maintain one or more common trust funds, *the assets of which shall be held invested and reinvested by the corporation itself or by a corporate trustee designated and empowered, as hereinafter provided, which corporate trustee shall be a bank and trust company or a trust company incorporated under the laws of Pennsylvania or a national banking association having fiduciary powers and having its principal office in Pennsylvania. The board of directors or trustees of any such nonprofit corporation may, by appropriate action, designate such corporate trustee transfer such assets to it in trust, and authorize it to invest, reinvest, apportion and amortize such assets, subject to the same powers, restrictions and obligations as are hereinafter provided with respect to investment, reinvestment, apportionment and amortization of such assets by the nonprofit corporation itself. Upon transfer of any such assets to such corporate trustee, such nonprofit corporation shall be relieved of all duties and liabilities for the investment, reinvestment, apportionment and amortization thereof hereinafter imposed by this section, and such duties and liabilities shall be assumed by and shall appertain to such corporate trustee. The corporate trustee shall pay, at least semi-annually or at more frequent intervals if so agreed, the net income from such assets to such nonprofit corporation, for use and application to the several participating interests in such common trust fund, the proportion of which participations in such net income to be designated upon payment thereof by the corporate trustee. The nonprofit corporation may, at any time, withdraw the whole or part of any participating interests in such common trust fund for distribution by it as hereinafter provided. The term "common trust fund" shall mean a fund maintained by the corporation for the collective investment and reinvestment of moneys of trusts, and any other funds contributed thereto by such corporation, as fiduciary or otherwise.*

APPROVED—The 17th day of July, A. D. 1953.

JOHN S. FINE