

the school district is hereby authorized, or if payment has been made, it is hereby ratified, notwithstanding the fact that the contract was legally void by reason of the failure to advertise for bids or by reason of defect in the advertising, or by reason of any other defect in compliance with, or in the failure or omission to comply with, the school laws of this Commonwealth regulating the award of contracts for labor, materials and supplies. No board of school directors nor any member thereof shall be surcharged for any payment made on any such contract.

Payments already made on such contracts ratified.

No surcharge.

Section 2. The provisions of this act shall become effective immediately upon final enactment.

Act effective immediately.

APPROVED—The 27th day of July, A. D. 1953.

JOHN S. FINE

No. 172

AN ACT

To reenact subsection A of section 1012 of the act, approved the fifteenth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 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," by making further provision concerning the powers and limitations on powers of banks and bank and trust companies.

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

Section 1. Subsection A of section 1012 of the act, approved the fifteenth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 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

Subsection A of section 1012, act of May 15, 1933, P. L. 624, as last amended by acts of April 20, 1949, P. L. 626, and May 20, 1949, P. L. 1520, re-enacted.

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," as last amended by the acts, approved the twentieth day of April, one thousand nine hundred forty-nine (Pamphlet Laws 626), and the twentieth day of May, one thousand nine hundred forty-nine (Pamphlet Laws 1520), is hereby reenacted to read as follows:

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, or within fifty miles of a boundary thereof, 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 over a period not exceeding twenty years after the making of such loan or investment in 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 and mortgage or a judgment, if the total amount invested in both liens does not at any time exceed two-thirds 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,

mortgage 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 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 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 bonds secured by mortgages 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 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 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 secured by mortgages 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 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.

Act effective immediately.

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

APPROVED—The 27th day of July, A. D. 1953.

JOHN S. FINE

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No. 173

AN ACT

To further amend the act, approved the eighth day of July, one thousand nine hundred forty-one (Pamphlet Laws 298), entitled "An act authorizing the creation of, and providing for, and regulating the maintenance and operation of a county employes' retirement system in counties of the fourth class, imposing certain charges on counties, and fixing penalties," by authorizing the transfer to the one-eightieth ( $1/80$ ) class of members contributions at the option of the retirement board and adjusting the county annuity on superannuation retirement; further prescribing the power of the retirement board to provide minimum retirement allowances.

"Fourth Class County Retirement Law."

Last paragraph of section 6 and last paragraph of section 12, act of July 8, 1941, P. L. 298, added by act of May 17, 1949, P. L. 1398, amended.

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

Section 1. The last paragraph of section 6 and the last paragraph of section 12 of the act, approved the eighth day of July, one thousand nine hundred forty-one (Pamphlet Laws 298), entitled "An act authorizing the creation of, and providing for, and regulating the maintenance and operation of a county employes' retirement system in counties of the fourth class, imposing certain charges on counties, and fixing penalties," which was added by the act, approved the seventeenth day of May, one thousand nine hundred forty-nine (Pamphlet Laws 1398), are hereby amended to read as follows:

Section 6. County Employes' Retirement Fund.—

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The board may at any time by rule authorize members of the retirement system, whether original or new members, to transfer from the one one-hundred-twentieth ( $1/120$ ) or one one-hundredth ( $1/100$ ) class to the one [one-hundredth ( $1/100$ )] *eightieth* ( $1/80$ ) class, and