

fiduciary would be authorized to invest such moneys in such common trust fund. Any consents heretofore given by individual co-fiduciaries are hereby validated. The term "fiduciary" as used herein shall mean a trustee of a trust created by will, deed, declaration of trust, court order, or other instrument, a guardian of a minor or incompetent, [or] a committee of the estate of a lunatic or habitual drunkard, *or an executor of an estate falling within the definition of the term "estate" contained in subsection A of section 1109 of the "Banking Code," as amended*; and the term "co-fiduciary" as used herein shall mean a co-trustee of a trust created by will, deed, declaration of trust, court order, or other instrument, a co-guardian of a minor or incompetent, [or] a co-committee of the estate of a lunatic or habitual drunkard, *or a co-executor of an estate falling within the definition of the term "estate" contained in subsection A of section 1109 of the "Banking Code," as amended.*

Prior consents validated.

Term "fiduciary" defined.

Term "co-fiduciary" defined.

APPROVED—The 2nd day of October, A. D. 1959.

DAVID L. LAWRENCE

No. 424

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," further providing for making loans on the security of bonds or notes secured by mortgages or deeds of trust and judgments of record by banks and bank and trust companies.

Banking Code.

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

Subsection A.
section 1012, act
of May 15, 1933,
P. L. 624,
amended May 29,
1956, P. L. 1816,
further amended.

Section 1. Subsection A of section 1012, act of May 15, 1933 (P. L. 624), known as the "Banking Code," amended May 29, 1956 (P. L. 1816), is amended to read:

Section 1012. Loans on and Investments in Bonds [and] *or notes Secured By Mortgages or Deeds of Trust 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 *or notes* secured by mortgages *or deeds of trust* upon real property, but it shall lend upon, or invest in, only such bonds [and] *or notes secured by mortgages or deeds of trust* 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)] *where such bonds or notes or deeds of trust shall* become due within ten years after the making of such loan or investment [unless] *or do not exceed three-quarters of the actual value of such real property where such loan or investment shall be* amortized over a period not exceeding twenty years after the making of such loan or investment in *substantially equal* 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] *or note secured by a mortgage or deed of trust or a judgment*, if the total amount invested in both liens does not at any time exceed two-thirds *or three-quarters as the case may be* 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, *note*, mortgage, *deed of trust* 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, *deed of trust* 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, *deed *of trust* 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, or investments in, bonds or notes secured by mortgages or *deeds of trust* upon leasehold interests in real property made under such rules and regulations as may be prescribed by the Secretary of Banking, with the approval of the Banking Board, nor to loans on the security of bonds or notes secured by mortgages or *deeds of trust* 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 or notes secured by mortgages or *deeds of trust* 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 or notes secured by mortgages or *deeds of trust* 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 Agricul-

* "or" in original.

ture, 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 shall the provisions of this subsection apply to loans secured, in whole or in part, by bonds *or notes* secured by mortgages *or deeds of trust* made under the provisions of the Small Business Act of 1953, approved July 30, 1953, its amendments and supplements, and 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.

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Act effective immediately.

Section 2. This act shall take effect immediately.

APPROVED—The 2nd day of October, A. D. 1959.

DAVID L. LAWRENCE

No. 425

AN ACT

Amending the act of May 25, 1933 (P. L. 1050), entitled "An act creating and establishing a fund for the care, maintenance, and relief of aged, retired and disabled employees of the bureau of fire in cities of the second class; creating a board for the management thereof; providing the mode and manner of payment to beneficiaries, and for the care and disposition of its funds; and providing for the transfer and payment of all moneys and securities in existing funds in similar boards superseded by the fund and board herein created," regulating credit for pension for previous employment by the city other than in the bureau of fire, and further regulating pensions of reinstated members.

Cities of second class.

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

Act of May 25, 1933, P. L. 1050, amended by adding a new section 9.1.

Section 1. The act of May 25, 1933 (P. L. 1050), entitled "An act creating and establishing a fund for the care, maintenance, and relief of aged, retired and disabled employes of the bureau of fire in cities of the second class; creating a board for the management thereof; providing the mode and manner of payment to beneficiaries, and for the care and disposition of its funds; and