

the assessor in the township to inspect and reassess, subject to the right of appeal and adjustment provided by the act of Assembly under which assessments are made, all taxable property in the township to which major improvements have been made after the original duplicates were prepared and to give notice of such reassessments within ten days to the authority responsible for assessments, the township and the property owner: *Provided, That in the case of new construction for residential purposes, no increased valuation or assessment shall be made when new construction for residential purposes occurs until there has been a conveyance to a bona fide purchaser or the premises have been occupied whichever is the earlier to occur. In no event shall such postponement of increased valuation or assessment extend beyond the date on which the next annual tax duplicate is completed.* The property shall then be added to the duplicate and shall be taxable for township purposes at the reassessed valuation for that proportionate part of the fiscal year of the township remaining after the property was improved. Any improvement made during the month shall be computed as having been made on the first of the month. A certified copy of the additions or revisions to the duplicate shall be furnished by the township commissioners to the township treasurer, together with their warrant for collection of the same, and within ten days thereafter the township treasurer shall notify the owner of the property of the taxes due the township.

Section 2. This act shall take effect immediately.

Act effective
immediately.

APPROVED—The 24th day of August, A. D. 1963.

WILLIAM W. SCRANTON

No. 510

AN ACT

Amending the act of April 6, 1953 (P. L. 3), entitled, as amended, "An act relating to certain commercial transactions and contracts and other documents concerning them, including sales, commercial paper, bank deposits and collections, documentary letters of credit, bulk transfers, warehouse receipts, bills of lading, other documents of title, investment securities, and secured transactions, including certain sales of accounts, chattel paper, and contract rights; providing for public notice to third parties in certain circumstances; regulating procedure, evidence and damages in certain court actions involving such transactions, contracts or documents, and to make uniform the law with respect thereto," further promoting uniformity of state law, regulating certain commercial transactions, contracts and other documents, and except in distinctly local procedural matters making the act conform to the most recent Official Text of the

Uniform Commercial Code, promulgated by the Code's Permanent Editorial Board.

Uniform Commercial Code.

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

Subsection (27), section 1-201; clause (c), subsection (1), section 3-105; clause (b), subsection (1), section 3-112; clause (a), subsection (4), section 3-122; subsection (2), section 3-412; subsection (4), section 3-504; and section 4-106; act of April 6, 1953, P. L. 3, reenacted and amended October 2, 1959, P. L. 1023, further amended.

Section 1. Subsection (27) of section 1-201, clause (c) of subsection (1) of section 3-105, clause (b) of subsection (1) of section 3-112, clause (a) of subsection (4) of section 3-122, subsection (2) of section 3-412, subsection (4) of section 3-504 and section 4-106, act of April 6, 1953 (P. L. 3), known as the "Uniform Commercial Code," reenacted and amended October 2, 1959 (P. L. 1023), are amended to read:

Section 1-201. General Definitions.—Subject to additional definitions contained in the subsequent Articles of this Act which are applicable to specific Articles or Parts thereof, and unless the context otherwise requires, in this Act:

* * * * *

(27) Notice, knowledge or a notice or notification received by an organization is effective for a particular transaction from the time when it is brought to the attention of the individual conducting that transaction, and in any event from the time when it would have been brought to his attention if the organization had exercised due diligence. *An organization exercises due diligence if it maintains reasonable routines for communicating significant information to the person conducting the transaction and there is reasonable compliance with the routines. Due diligence does not require an individual acting for the organization to communicate information unless such communication is part of his regular duties or unless he has reason to know of the transaction and that the transaction would be materially affected by the information.*

* * * * *

Section 3-105. When Promise or Order Unconditional.—(1) A promise or order otherwise unconditional is not made conditional by the fact that the instrument

* * * * *

(c) refers to or states that it arises out of a separate agreement or refers to a separate agreement for rights as to prepayment or acceleration; or

* * * * *

Section 3-112. Terms and Omissions Not Affecting Negotiability.—(1) The negotiability of an instrument is not affected by

* * * * *

(b) a statement that collateral has been given [for the instrument] to secure obligations either on the in-

strument or otherwise of an obligor on the instrument or that in the case of default on [the instrument the collateral may be sold] those obligations the holder may realize on or dispose of the collateral; or

* * * * *

Section 3-122. Accrual of Cause of Action.—

* * * * *

(4) Unless an instrument provides otherwise, interest runs at the rate provided by law for a judgment

(a) in the case of a maker [of a demand note], acceptor or other primary obligor of a demand instrument, from the date of demand;

* * * * *

Section 3-412. Acceptance Varying Draft.—

* * * * *

(2) The terms of the draft are not varied by an acceptance to pay at any particular bank or place in the [continental] United States, unless the acceptance states that the draft is to be paid only at such bank or place.

* * * * *

Section 3-504. How Presentment Made.—

* * * * *

(4) A draft accepted or a note made payable at a bank in the [continental] United States must be presented at such bank.

* * * * *

Section 4-106. Separate Office of a Bank.—A branch or separate office of a bank is a separate bank for the purpose of computing the time within which and determining the place at or to which action may be taken or notices or orders shall be given under this Article and under Article 3.

Section 2. The act is amended by adding, after section 4-108, a new section to read:

Act amended by adding a new section 4-109.

Section 4-109. Process of Posting.—The “process of posting” means the usual procedure followed by a payor bank in determining to pay an item and in recording the payment, including one or more of the following or other steps as determined by the bank:

- (a) *verification of any signature;*
- (b) *ascertaining that sufficient funds are available;*
- (c) *affixing a “paid” or other stamp;*
- (d) *entering a charge or entry to a customer’s account;*
- (e) *correcting or reversing an entry or erroneous action with respect to the item.*

Section 4-204 of act, reenacted and amended October 2, 1959, P. L. 1023, amended by adding a new subsection (3).

Section 3. Section 4-204 of the act, reenacted and amended October 2, 1959 (P. L. 1023), is amended by adding, after subsection (2), a new subsection to read:

Section 4-204. Methods of Sending and Presenting; Sending Direct to Payor Bank.—

* * * * *

(3) *Presentment may be made by a presenting bank at a place where the payor bank has requested that presentment be made.*

Section 6-103 of act, reenacted and amended October 2, 1959, P. L. 1023, amended by adding a new paragraph after subsection (8).

Section 4. Section 6-103 of the act, reenacted and amended October 2, 1959 (P. L. 1023), is amended by adding, after subsection (8), a new paragraph to read:

Section 6-103. Transfers Excepted From This Article.—

* * * * *

Public notice under subsection (6) or subsection (7) may be given by publishing once a week for two consecutive weeks in a newspaper of general circulation where the transferor had its principal place of business in this state an advertisement including the names and addresses of the transferor and transferee and the effective date of the transfer.

* * * * *

Subsection (2), section 6-104 of act, reenacted and amended October 2, 1959, P. L. 1023, further amended.

Section 5. Subsection (2) of section 6-104 of the act, reenacted and amended October 2, 1959 (P. L. 1023), is amended to read:

Section 6-104. Schedule of Property List of Creditors.—

* * * * *

(2) The list of creditors must be signed and sworn to or affirmed by the transferor or his agent. It must contain the names and business addresses of all creditors of the transferor, with the amounts when known, and also the names of all persons who are known to the transferor to assert claims against him even though such claims are disputed. *If the transferor is the obligor of an outstanding issue of bonds, debentures or the like as to which there is an indenture trustee, the list of creditors need include only the name and address of the indenture trustee and the aggregate outstanding principal amount of the issue.*

* * * * *

Subsection (3), section 6-106 of act, reenacted and amended October 2, 1959, P. L. 1023, further amended.

Section 6. Subsection (3) of section 6-106 of the act, reenacted and amended October 2, 1959 (P. L. 1023), is amended to read:

Section 6-106. Application of the Proceeds.—In addition to the requirements of the two preceding Sections:

* * * * *

(3) If the consideration payable is not enough to pay all of the said debts in full distribution shall be *made pro rata*.

Section 7. Section 6-106 of the act, reenacted and amended October 2, 1959 (P. L. 1023), is amended by adding, at the end thereof, a new subsection to read:

Section 6-106 of act, reenacted and amended October 2, 1959, P. L. 1023, amended by adding a new subsection (4).

Section 6-106. Application of the Proceeds.—In addition to the requirements of the two preceding Sections:

* * * * *

(4) *The transferee may within ten days after he takes possession of the goods pay the consideration into the court of common pleas in the county where the transferor had its principal place of business in this state and thereafter may discharge his duty under this Section by giving notice by registered or certified mail to all the persons to whom the duty runs that the consideration has been paid into that court and that they should file their claims there. On motion of any interested party, the court may order the distribution of the consideration to the persons entitled to it.*

Section 8. Subsection (3) of section 6-107, clause (b) of subsection (3) of section 6-108, clause (b) of subsection (2) of section 7-210, subsections (2), (3), (4) and (5) of section 8-102 of the act, reenacted and amended October 2, 1959 (P. L. *1023), are amended to read:

Subsection (3), section 6-107; clause (b), subsection (3), section 6-108; clause (b), subsection (2), section 7-210; subsections (2), (3), (4) and (5), section 8-102 of act, reenacted and amended October 2, 1959, P. L. 1023, further amended.

Section 6-107. The Notice.—

* * * * *

(3) The notice in any case shall be delivered personally or sent by registered or certified mail to all the persons shown on the list of creditors furnished by the transferor (Section 6-104) and to all other persons who are known to the transferee to hold or assert claims against the transferor.

Section 6-108. Auction Sales; "Auctioneer".—

* * * * *

(3) The person or persons other than the transferor who direct, control or are responsible for the auction are collectively called the "auctioneer." The auctioneer shall:

* * * * *

(b) give notice of the auction personally or by registered or certified mail at least ten days before it occurs to all persons shown on the list of creditors and to all other persons who are known to him to hold or assert claims against the transferor; and

* * * * *

* "103" in original.

Section 7-210. Enforcement of Warehouseman's Lien.—

* * * * *

(2) A warehouseman's lien on goods other than goods stored by a merchant in the course of his business may be enforced only as follows:

* * * * *

(b) The notification must be delivered in person or sent by registered or certified letter to the last known address of any person to be notified.

* * * * *

Section 8-102. Definitions and Index of Definitions.—

* * * * *

[(2)] (2) "Proper form" means regular on its face with regard to all formal matters.

(3)] (2) A "subsequent purchaser" is a person who takes other than by original issue.

(3) A "clearing corporation" is a corporation all of the capital stock of which is held by or for a national securities exchange or association registered under a statute of the United States such as the Securities Exchange Act of 1934.

(4) A "custodian bank" is any bank or trust company which is supervised and examined by state or federal authority having supervision over banks and which is acting as custodian for a clearing corporation.

[(4)] (5) Other definitions applying to this Article or to specified Parts thereof and the sections in which they appear are:

"Adverse claim." Section 8-301.

"Bona fide purchaser." Section 8-302.

"Broker." Section 8-303.

"Guarantee of the signature." Section 8-402.

"Intermediary Bank." Section 4-105.

"Issuer." Section 8-201.

"Overissue." Section 8-104.

[(5)] (6) In addition Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

Act amended by
adding a new
section 8-107.

Section 9. The act is amended by adding, after section 8-106, a new section to read:

Section 8-107. Securities Deliverable; Action for Price.—(1) Unless otherwise agreed and subject to any applicable law or regulation respecting short sales, a person obligated to deliver securities may deliver any security of the specified issue in bearer form or registered in the name of the transferee or indorsed to him or in blank.

(2) When the buyer fails to pay the price as it comes due under a contract of sale, the seller may recover the price

(a) of securities accepted by the buyer; and

(b) of other securities if efforts at their resale would be unduly burdensome or if there is no readily available market for their resale.

Section 10. Clauses (a) and (c) of subsection (1) of section 8-208, subsection (3) of section 8-306, clause (b) of subsection (3) of section 8-308 and section 8-313, reenacted and amended October 2, 1959 (P. L. 1023), are amended to read:

Clauses (a) and (c), subsection (1), section 8-208; subsection (3), section 8-306; clause (b), subsection (3), section 8-308; and section 8-313, reenacted and amended October 2, 1959, P. L. 1023, further amended.

Section 8-208. Effect of Signature of Authenticating Trustee, Registrar or Transfer Agent.—(1) A person placing his signature upon a security as authenticating trustee, registrar, transfer agent or the like warrants to a purchaser for value without notice of the particular defect that

(a) the security is genuine [and in proper form]; and

* * * * *

(c) he has reasonable grounds to believe that the security is *in the form and* within the amount the issuer is authorized to issue.

* * * * *

Section 8-306. Warranties on Presentment and Transfer.—

* * * * *

(3) Where a security is delivered by an intermediary known to be entrusted with delivery of the security on behalf of another or with collection of a draft or other claim against such delivery, the intermediary by such delivery warrants only his own good faith and authority even though he has purchased or made advances against the claim to be collected against the delivery. [A broker is not an intermediary within the meaning of this subsection.]

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Section 8-308. Indorsement, How Made; Special Indorsement; Indorser Not a Guarantor; Partial Assignment.—

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(3) "An appropriate person" in subsection (1) means

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(b) where the person so specified is described as a fiduciary but is no longer serving in the described capacity, *either that person or his successor; or*

* * * * *

Section 8-313. When Delivery to the Purchaser Occurs; Purchaser's Broker as Holder.—(1) Delivery to a purchaser occurs when

(a) he or a person designated by him acquires possession of a security; or

(b) his broker acquires possession of a security specially indorsed to or issued in the name of the purchaser; or

(c) his broker sends him confirmation of the purchase and also by book entry or otherwise identifies a specific security in the broker's possession as belonging to the purchaser; or

(d) with respect to an identified security to be delivered while still in the possession of a third person when that person acknowledges that he holds for the purchaser; or

(e) *appropriate entries on the books of a clearing corporation are made under Section 8-320.*

(2) [Except as specified in subparagraphs (b) and (c) of subsection (1) the purchaser is not the holder of securities held for him by his broker despite a confirmation of purchase and a book entry and other indication that the security is part of a fungible bulk held for customers and despite the customer's acquisition of a proportionate property interest in the fungible bulk.] *The purchaser is the owner of a security held for him by his broker, but is not the holder except as specified in subparagraphs (b), (c) and (e) of subsection (1). Where a security is part of a fungible bulk the purchaser is the owner of a proportionate property interest in the fungible bulk.*

(3) *Notice of an adverse claim received by the broker or by the purchaser after the broker takes delivery as a holder for value is not effective either as to the broker or as to the purchaser. However, as between the broker and the purchaser the purchaser may demand delivery of an equivalent security as to which no notice of an adverse claim has been received.*

Act amended by adding a new section 8-320.

Section 11. The act is amended by adding, after section 8-319, a new section to read:

Section 8-320. Transfer or Pledge within a Central Depository System.—(1) If a security

(a) is in the custody of a clearing corporation or of a custodian bank or a nominee of either subject to the instructions of the clearing corporation; and

(b) is in bearer form or indorsed in blank by an appropriate person or registered in the name of the clearing corporation or custodian bank or a nominee of either; and

(c) is shown on the account of a transferor or pledgor on the books of the clearing corporation; then, in addition to other methods, a transfer or pledge of the security or any interest therein may be effected by the making of appropriate entries on the books of the clearing corporation reducing the account of the transferor or pledgor and increasing the account of the transferee or pledgee by the amount of the obligation or the number of shares or rights transferred or pledged.

(2) Under this section entries may be with respect to like securities or interests therein as a part of a fungible bulk and may refer merely to a quantity of a particular security without reference to the name of the registered owner, certificate or bond number or the like and, in appropriate cases, may be on a net basis taking into account other transfers or pledges of the same security.

(3) A transfer or pledge under this section has the effect of a delivery of a security in bearer form or duly indorsed in blank (Section 8-301) representing the amount of the obligation or the number of shares or rights transferred or pledged. If a pledge or the creation of a security interest is intended, the making of entries has the effect of a taking of delivery by the pledgee or a secured party (Sections 9-304 and 9-305). A transferee or pledgee under this Section is a holder.

(4) A transfer or pledge under this Section does not constitute a registration of transfer under Part 4 of this Article.

(5) That entries made on the books of the clearing corporation as provided in subsection (1) are not appropriate does not affect the validity or effect of the entries nor the liabilities or obligations of the clearing corporation to any person adversely affected thereby.

Section 12. Subsection (2) of section 9-103 of the act, reenacted and amended October 2, 1959 (P. L. 1023), is amended to read:

Section 9-103. Accounts, Contract Rights, General Intangibles and Equipment Relating to Another Jurisdiction; and Incoming Goods Already Subject to a Security Interest.—

* * * * *

(2) If the chief place of business of a debtor is in this state, this Article governs the validity and perfection of a security interest and the possibility and effect of proper filing with regard to general intangibles or with regard to goods of a type which are normally used in more than one jurisdiction (such as automotive equipment, rolling stock, airplanes, road building equipment, commercial harvesting equipment, construction machinery and the

* "effect" in original.

Subsection (2),
section 9-103
of act, reenacted
and amended
October 2, 1959,
P. L. 1023,
further amended.

like) if such goods are classified as equipment or classified as inventory by reason of their being leased by the debtor to others. Otherwise, the law (including the conflict of laws rules) of the jurisdiction where such chief place of business is located shall govern. If the chief place of business is located in a jurisdiction which does not provide for perfection of the security interest by filing or recording in that jurisdiction, then the security interest may be perfected by filing in this state. *For the purpose of determining the validity and perfection of a security interest in an airplane, the chief place of business of a debtor who is a foreign air carrier under the Federal Aviation Act of 1958, as amended, is the designated office of the agent upon whom service of process may be made on behalf of the debtor.*

* * * * *

Section 9-103 of act amended by adding a new subsection (5).

Section 13. Section 9-103 of the act is amended by adding, at the end thereof, a new subsection to read:

Section 9-103. Accounts, Contract Rights, General Intangibles and Equipment Relating to Another Jurisdiction; and Incoming Goods Already Subject to a Security Interest.—

* * * * *

(5) Notwithstanding subsection (1) and Section 9-302, if the office where the assignor of accounts or contract rights keeps his records concerning them is not located in a jurisdiction which is a part of the United States, its territories or possessions, and the accounts or contract rights are within the jurisdiction of this state or the transaction which creates the security interest otherwise bears an appropriate relation to this state, this Article governs the validity and perfection of the security interest and the security interest may only be perfected by notification to the account debtor.

Subsection (1), section 9-206; clause (b), subsection (1), section 9-318; clause (c), subsection (1), section 9-401; and subsection (2), section 9-403 of act, reenacted and amended October 2, 1959, P. L. 1023, further amended.

Section 14. Subsection (1) of section 9-206, clause (b) of subsection (1) of section 9-318, clause (c) of subsection (1) of section 9-401 and subsection (2) of section 9-403 of the act, reenacted and amended October 2, 1959 (P. L. 1023), are amended to read:

Section 9-206. Agreement Not to Assert Defenses Against Assignee; Modification of Sales Warranties Where Security Agreement Exists.—(1) Subject to any statute or decision which establishes a different rule for buyers or lessees of consumer goods, an agreement by a buyer or lessee that he will not assert against an assignee any claim or defense which he may have against the seller or lessor is enforceable by an assignee who takes his assignment for value, in good faith and without

notice of a claim or defense, except as to defenses of a type which may be asserted against a holder in due course of a negotiable instrument under the Article on Commercial Paper (Article 3). A buyer who as part of one transaction signs both a negotiable instrument and a security agreement makes such an agreement.

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Section 9-318. Defenses Against Assignee; Modification of Contract After Notification of Assignment; Term Prohibiting Assignment Ineffective; Identification and Proof of Assignment.—(1) Unless an account debtor has made an enforceable agreement not to assert defenses or claims arising out of a sale as provided in Section 9-206 the rights of an assignee are subject to

* * * * *

(b) any other defense or claim of the account debtor against the assignor which accrues before the account debtor receives notification of the assignment [or of the arrangement for assignment].

* * * * *

Section 9-401. Place of Filing; Erroneous Filing; Removal of Collateral.—(1) The proper place to file in order to perfect a security interest is as follows:

* * * * *

(c) in all other cases, in the office of the Secretary of the Commonwealth and in addition, [unless the debtor has places of business in more than one county of this state, then in the office of the prothonotary of the county in which he has his place of business, if any, otherwise his residence] *if the debtor has a place of business in only one county of this state, also in the office of the prothonotary of such county, or, if the debtor has no place of business in this state, but resides in the state, also in the office of the prothonotary of the county in which he resides.*

* * * * *

Section 9-403. What Constitutes Filing; Duration of Filing, Effect of Lapsed Filing; Duties of Filing Officer.—

* * * * *

(2) A filed financing statement which states a maturity date of the obligation secured of five years or less is effective until such maturity date and thereafter for a period of sixty days. Any other filed financing statement is effective for a period of five years from the date of filing. The effectiveness of a filed financing statement lapses on the expiration of such sixty day period after a stated maturity date or on the expiration of such five year period, as the case may be, unless a continuation

statement is filed prior to the lapse. Upon such lapse the security interest becomes unperfected. *A filed financing statement which states that the obligation secured is payable on demand is effective for five years from the date of filing.*

* * * * *

Effective date. Section 15. This act shall take effect at 12:01 a. m. on October 1, 1963.

APPROVED—The 24th day of August, A. D. 1963.

WILLIAM W. SCRANTON

No. 511

AN ACT

Amending the act of May 26, 1949 (P. L. 1828), entitled "An act concerning the investment powers and duties of guardians, committees, trustees, and other fiduciaries, except personal representatives, and prescribing the nature and kind of investments which may be made and retained by such fiduciaries," making further provisions concerning authorized investments in certain public authority bonds.

Fiduciaries Investment Act of 1949. The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 5, act of May 26, 1949, P. L. 1828, amended by adding a new clause (3.1). Section 1. Section 5, act of May 26, 1949 (P. L. 1828), known as the "Fiduciaries Investment Act of 1949," is amended by adding, after clause (3), a new clause to read:

Section 5. Obligations of Pennsylvania Governmental Organizations.—Obligations of the following Pennsylvania governmental organizations shall be authorized investments:

* * * * *

(3.1) Parking Authorities, Public Auditorium Authorities and Port Authorities. Obligations of any parking authority, public auditorium authority or port authority issued pursuant to the Parking Authority Law, the Public Auditorium Authorities Law or the Second Class County Port Authority Act, as the same have been heretofore or may be hereafter amended, if the obligations are not in default and if the project or facility for which the obligations were issued is under lease to a municipality or municipalities or is subject to a service contract or grant contract with a municipality or municipalities and if the term of such lease or contract is not less than the term of the final maturity of the obligations and if the authority will receive or is entitled to receive