

**CHAPTER 30. NEGOTIABLE ORDER OF
WITHDRAWAL ACCOUNTS**

- Sec.
30.1. Definitions.
30.2. Rules governing NOW accounts.

Authority

The provisions of this Chapter 30 issued under sections 201 and 202 of the Department of Banking Code (71 P. S. §§ 733-201 and 733-202); and section 103(a)(v)—(ix) of the Banking Code of 1965 (7 P. S. § 103(a)(v)—(ix)), unless otherwise noted.

Source

The provisions of this Chapter 30 adopted March 11, 1977, effective March 12, 1977, 7 Pa.B. 699, unless otherwise noted.

Notes of Decisions

NOW accounts do not contravene the Banking Code and the Department of Banking did not exceed its rulemaking authority in promulgating the regulations allowing mutual savings banks to offer them. *Pennsylvania Bankers Association v. Secretary of Banking*, 392 A.2d 1319 (Pa. 1978).

§ 30.1. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Commercial bank—A bank, a bank and trust company, or a national bank.

Draft—A negotiable instrument which is an order to pay. Reference should be made to 13 Pa.C.S. § 3104(a) and (b)(1) (relating to form of negotiable instruments; “draft”; “check”; “certificate of deposit”; “note”).

NOW—A negotiable order of withdrawal instrument which has all the attributes of negotiability required by 13 Pa.C.S. § 3104(a).

NOW account—An account under the terms of which money may be withdrawn by means of a NOW which requires the savings bank to pay the sum specified to a named third party.

Savings bank—As defined in section 102(x) of the Banking Code (7 P. S. § 102(x)).

Source

The provisions of this § 30.1 amended through August 14, 1981, effective August 15, 1981, 11 Pa.B. 2847. Immediately preceding text appears at serial pages (47313) and (53080).

§ 30.2. Rules governing NOW accounts.

A savings bank may permit the withdrawal of deposits by means of a NOW, subject to the following terms and conditions:

- (1) Savings banks may pay interest on accounts which are subject to withdrawal of funds by means of a NOW only as provided by Federal statute or regulation.

(2) Savings banks shall issue monthly statements to depositors who have a NOW account for any month in which there has been any activity on such account.

(3) Each new NOW account contract entered into between a savings bank and a depositor shall contain the following statement, conspicuously placed thereon:

NOTICE
UNDER PENNSYLVANIA LAW (NAME OF SAVINGS BANK)
RESERVES THE RIGHT TO REQUIRE NOT LESS THAN 14 DAYS'
PRIOR WITHDRAWAL NOTICE BEFORE PAYING REQUESTS FOR
WITHDRAWAL FROM NOW ACCOUNTS.

Source

The provisions of this § 30.2 amended August 14, 1981, effective August 15, 1981, 11 Pa.B. 2847. Immediately preceding text appears at serial page (53080).

Notes of Decisions

The Secretary of Banking is authorized to issue regulations requiring the notation on a NOW draft that the savings bank may require 14 days' notice before paying it. *Pennsylvania Bankers Association v. Secretary of Banking*, 379 A.2d 1062 (Pa. Cmwlth. 1977).

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