

CHAPTER 37. SERVICE CORPORATIONS

Sec.	
37.1.	Service corporations generally.
37.2.	Maximum investment authorized.
37.3.	Examination of service corporations.
37.4.	Disposition of investment on notice.
37.5.	Special service corporations.
37.6.	Investment in service corporations in amounts over 1.0% of assets of an association.

Authority

The provisions of this Chapter 37 issued under section 122 of the Savings Association Code of 1967 (7 P. S. § 6020-122).

Source

The provisions of this Chapter 37 adopted by Secretary's Letter No. 2, dated August 6, 1969.

§ 37.1. Service corporations generally.

(a) A service corporation shall be incorporated under the laws of the Commonwealth and the entire capital stock shall be available for purchase by, or be transferable to, only:

- (1) Associations organized and existing under the laws of the Commonwealth.
- (2) Federal savings and loan associations having their home offices in this Commonwealth.

(b) The activities of a service corporation shall consist of originating, purchasing, selling and servicing loans upon real estate and participating interests therein, or performing clerical, bookkeeping, accounting, statistical, or similar functions primarily for associations and Federal savings and loan associations.

Cross References

This section cited in 10 Pa. Code § 37.5 (relating to special service corporations).

§ 37.2. Maximum investment authorized.

(a) An association shall not have an aggregate outstanding investment in the capital stock, securities or obligations of a service corporation, the cost of which exceeds 1.0% of the assets of the association at the time of acquisition of such stock, securities or obligations.

(b) No one association shall own more than 10% of the capital stock of such a service corporation, without the prior written approval of the Department.

§ 37.3. Examination of service corporations.

The Department may examine service corporations and their subsidiaries, if any, from time to time as the Department deems necessary, to determine the pro-

priety of any investment by an association in such service corporation. Service corporations and their subsidiaries, if any, shall permit and pay the cost of any such examination by the Department.

§ 37.4. Disposition of investment on notice.

Upon notice given by the Department to an association, stating that a service corporation in which such association has invested is engaged in activities in which an association shall not invest, as described in this chapter, the association shall dispose of such investment promptly; unless, within 90 days following notice given to such investing association, the impermissible activity is discontinued.

§ 37.5. Special service corporations.

An association may form a service corporation or invest in the capital stock, obligations or other securities of a service corporation, other than as provided in § 37.1 (relating to service corporations generally) if the purpose of such additional activities is authorized for service corporations by the Federal Home Loan Bank Board and the Department together, or authorized solely by the Department.

Notes of Decisions

Approval

The Secretary of Banking erred in concluding that request for approval for third party brokerage service was properly adjudicated on a case by case basis. *Miller v. Commonwealth Department of Banking*, 487 A.2d 1059 (Pa. Cmwlth. 1985).

§ 37.6. Investment in service corporations in amounts over 1.0% of assets of an association.

An association upon application to the Department may be authorized to invest in excess of 1.0% of its assets in a service corporation, or service corporations, upon furnishing to the Department such data as required by the Department to justify such excess investment.

Source

The provisions of this § 37.6 adopted May 19, 1972, 2 Pa.B. 897.

[Next page is 38-1.]