§ 235. Investment of funds. A savings bank may invest in the following property and securities and no others:

1. Obligations of the United States, or those for which the faith of the United States is pledged to provide for the payment of the interest and principal, or those for which annual contributions to be paid pursuant to contract by the United States government or any of its instrumentalities in accordance with an act of congress entitled the "Housing Act of 1949", are pledged as security for the payment of the interest and principal.

2. Obligations of this state, issued pursuant to the authority of any law of the state, or those for which the faith of this state is pledged to provide for the payment of the interest and principal.

3. Obligations of any state of the United States, or those for which the faith of any state of the United States is pledged to provide for the payment of the interest and principal, upon which there is no default and upon which there has been no default for more than ninety days; provided, that within ten years immediately preceding the investment such state has not been in default for more than ninety days in the payment of any part of principal or interest of any debt duly authorized by the legislature of such state to be contracted by such state after the first day of January, eighteen hundred seventy-eight, except debts representing a refunding or adjustment of any indebtedness originally contracted or in existence at that date or prior thereto.

4. Obligations of or those for which the faith of any city, county, town, village, school district, poor district, water district, sewer district or fire district in this state is pledged to provide for the payment of principal and interest, provided that they were issued pursuant to law and the faith and credit of the issuing municipal corporation or district is pledged for their payment, bonds and debentures or other obligations of any public authority or commission or similar body created or approved by the state of New York having assets of not less than fifty million dollars; and bonds and debentures of any other public authority, commission or similar body which is legally

obligated to establish rates which while any debt is outstanding will provide sufficient revenues for the cost of operation, maintenance and debt service, such debt service to include interest on all outstanding obligations and serial maturities and sinking funds, provided such other authority, commission or similar body shall issue financial statements at least annually which shall be available to the public, shall have had receipts from operations during each of the five fiscal years immediately preceding date of investment sufficient after meeting operation and maintenance expenses to cover debt service, and provided further that the revenues available for debt service received during the fiscal year immediately preceding investment or the average amount available for debt service for the three fiscal years preceding investment shall have been adequate to meet the maximum annual debt service of the bonds outstanding, and said obligations have not been in default as to principal or interest; and bonds, debentures or other obligations of any public authority or commission or similar body created by the state of New York, the average of receipts from the operations of which, during the three years immediately preceding the date of investment, after meeting operation and maintenance expenses, were not less than one hundred twenty-five per cent of the maximum annual debt service on the bonds outstanding and which obligations have not been in default as to principal or interest.

5. (a) Obligations, excluding however, non-negotiable warrants, of any city or of any school district coterminous with or which includes such city, or of any county situated in one of the states of the United States which adjoins the state of New York, provided said city or county has a population, as shown by the last federal census next preceding such investment, of not less than ten thousand inhabitants, and has not, within twenty-five years preceding said investment, defaulted for more than one hundred and twenty days in the payment of any part either of principal or interest of any bond, note, or other evidence of indebtedness. The term "city" in this paragraph shall include any city, town, borough, village, township or other incorporated municipality. An investment made before August first, nineteen hundred twenty-eight, shall not under the population provision of this paragraph, as to the then owner thereof, cease to be an authorized investment for the moneys

of savings banks.

(b) Obligations, excluding however, non-negotiable warrants, of any city or of any school district or county coterminous with or which includes such city, situated in any other of the states of the United States the obligations of which state are an authorized investment for the moneys of savings banks, provided said city has a population, as shown by the last federal census next preceding said investment, of not less than thirty thousand inhabitants, and was incorporated as a city at least twenty-five years prior to the making of said investment, and has not, within twenty-five years preceding said investment, defaulted for more than one hundred and twenty days in the payment of any part either of principal or interest of any bond, note, or other evidence of indebtedness. Provided further, that obligations issued by a city having a population of less than forty-five thousand inhabitants as shown by said census or by a school district or county shall not be an authorized investment for the moneys of savings banks unless the city, school district or county has power to levy taxes on the taxable real property therein for the payment of such obligations without limitation of rate or amount.

(c) If at any time the indebtedness of any city described in paragraphs (a) or (b) of this subdivision or in paragraph (c) of subdivision twenty-five of this section, together with the indebtedness of any district, municipal corporation or subdivision, except a county, which is wholly within the boundaries of such city, and together with a proportionate part of the indebtedness of any district, municipal corporation or subdivision, except a county, which is partly within the boundaries of such city, and together with so much of the indebtedness of any county wholly within the boundaries of such city and a proportionate part of so much of the indebtedness of any county partly within the boundaries of such city, as shall be in excess of five per centum of the valuation for the purposes of taxation of the real property in any such county, shall exceed twelve per centum of the valuation of real property in said city for the purposes of taxation, the obligations of such city or of any school district or of any county coterminous with or which includes such city, shall, thereafter, and until such indebtedness shall be reduced to twelve per centum of the valuation of real property in said city for the purposes of taxation,

cease to be an authorized investment for the moneys of savings banks. If there is no county wholly or in part within such city or if the county wholly or in part within such city has neither any indebtedness nor power to incur indebtedness, the obligations of such city or of any school district coterminous with or which includes such city, shall not cease to be an authorized investment unless such indebtedness shall exceed the percentage above provided plus an additional three per centum. If at any time the indebtedness of any county described in paragraphs (a) or (b) shall exceed five per centum of the valuation of real property for the purposes of taxation, the obligations of such county shall thereafter, and until such indebtedness shall be reduced to five per centum of the valuation of real property for the purposes of taxation, cease to be an authorized investment for the moneys of savings banks. A proportionate part of any indebtedness for the purpose of this paragraph shall be, unless otherwise apportioned by law, that proportion which the valuation of taxable real property of a county, district, municipal corporation or subdivision within the boundaries of a city bears to the total valuation of all taxable real property of said county, district, municipal corporation or subdivision. Contract liability shall be excluded unless represented by stocks, bonds, notes, certificates of indebtedness or other like instruments and water debt shall be excluded and sinking funds applicable to debts not excluded shall be deducted, in determining the amount of any indebtedness hereunder.

(d) The provisions of paragraph (c) shall not apply to the obligations of any city which has taxable real property with a valuation for the purposes of taxation in excess of two hundred million dollars and which has a population as shown by the last decennial federal census of not less than one hundred fifty thousand inhabitants and shall not apply to the obligations of any school district or county coterminous with or which includes such city, provided that the city, school district, or county, as the case may be, has power to levy taxes on the taxable real property therein for the payment of such obligations without limitation of rate or amount.

(e) The valuation of property for purposes of taxation under this subdivision and under subdivision twenty-five of this section shall be an official valuation duly made and recorded and in cases where the

assessed valuation is based on a percentage of such official valuation, the percentage used shall have been authorized under statutory or charter power prior to the determination of such assessed valuation.

(f) No obligations issued after the year nineteen hundred thirty-eight by any city, county, school district or other municipality of any state other than New York shall be an authorized investment for savings banks unless such city, county, school district or other municipality shall have power to levy taxes on the taxable real property therein for the payment of such obligation without limitation of rate or amount.

(g) Obligations issued by a city, village, town, county, department, agency, district, authority, commission or other public body in this state or any other state of the United States payable out of the revenues of a public utility system providing water, electricity, gas or sewerage service, provided that if the public utility system is located outside the state, it must serve an area having a population of not less than one hundred thousand. Said city, village, town, county, department, agency, district, authority, commission or other public body shall be legally obligated by statute, charter, indenture or covenant to fix, maintain and collect charges or taxes, or both, to provide net revenues after operation and maintenance of the facilities used to provide such service sufficient to meet maturing interest, principal and sinking fund payments on such obligations or shall be empowered to require the fixing, maintaining, and collecting of such charges or taxes, or both, by duly authorized public officers or bodies, and shall be restrained by statute, charter, indenture or covenant from disposing of all or any substantial portion of such facilities unless provision is made for a continuance of the interest, principal and sinking fund payments due on such obligations, or for the retirement of such obligations, provided said city, village, town, county, department, agency, district, authority, commission or other public body shall have had net earnings during each of the five years immediately preceding investment sufficient to cover all debt service and further provided that the net earnings available for debt service for the year immediately preceding investment shall have been sufficient to meet the maximum annual debt service of the obligations outstanding, and said obligations shall not have been in default as to principal or interest.

5-a. Bonds and mortgages and notes and mortgages on unimproved real property in this state or outside this state, subject to such limitations as the superintendent of financial services may prescribe.

6. Bonds and mortgages and notes and mortgages on improved real property, including leasehold estates, in this state, and, subject to such limitations and conditions as the superintendent of financial services may prescribe by general regulation, in any other location outside this state. The provisions of this subdivision shall not constitute the authority to make a loan to a natural person upon the security of a mortgage which is not a first lien.

(c) For the purposes of this subdivision real property upon which there is a building in process of construction, which when completed will constitute a permanent improvement with a value of more than twenty-five per centum of the value of such real property shall be considered improved real property, as shall real property with improvements thereon that are capable of producing income sufficient to pay all costs of operation and maintenance of such real property, all taxes thereon and to effect full repayment of principal and interest in accordance with the terms of the mortgage loan to be made pursuant to this subdivision.

(e) Except as hereinafter provided no investment in any bond and mortgage or any note and mortgage shall be made by any savings bank except upon the written and signed certificate of an appraiser appointed pursuant to policies established by the board of trustees stating that in such appraiser's judgment it affords adequate security for such investment. Such certificate shall be filed and preserved among the records of the savings bank.

(f) For the purpose of protecting its interests a savings bank may release any obligation to pay, or guarantee of the payment of, principal or interest, or otherwise waive or modify any of the terms and conditions of any bond and mortgage, and of any note and mortgage, and may extend or reextend any bond and mortgage and any note and mortgage, and may also accept a sum less than the principal amount thereof in full payment and satisfaction of the same.

A savings bank may also waive its right to enforce payment of any bond

or note secured by a mortgage on real property and may waive its right to obtain a deficiency judgment against the borrower in the event of foreclosure of such mortgage.

(g) Every mortgage and every assignment of a mortgage taken or held by a savings bank shall immediately be recorded or registered in the office of the proper recording officer of the county in which the real property described in the mortgage is located. This paragraph shall not apply to a participating interest in any mortgage which shall have been acquired by a savings bank under the provisions of subdivision fourteen of section two hundred thirty-four, paragraph (h) of this subdivision, and subdivision eighteen of section two hundred thirty-five.

(h) A savings bank may, subject to such regulations and restrictions as the superintendent of financial services finds to be necessary and proper, participate and invest in (1) loans of a type that it is authorized to invest in pursuant to subparagraph (a) of paragraph four of subdivision eight of section two hundred thirty-five of this chapter and (2) in any bond and mortgage or note and mortgage on improved and unencumbered real property including leasehold estates, in which it is individually authorized to invest, which said mortgage is duly recorded or registered in the office of the proper recording officer of the county in which the real property described in the mortgage is located, provided that no such investment shall be made by a savings bank in any part interest in such mortgage which is junior or subordinate to any other part interest nor if the aggregate amount of all part interests in such mortgage when added together will exceed any percentage of the appraised value of such real property by which the authority of a savings bank to invest individually in such mortgage is limited. Investments made by any savings bank in mortgage loans pursuant to this subdivision and pursuant to subdivision twenty-eight of this section shall be included in the computation of permissive investment in mortgage loans pursuant to paragraph (d) of subdivision six of this section.

(i) A mortgage loan upon a leasehold estate shall not be made unless such leasehold estate shall have an unexpired term of not less than twenty-one years, which term may include the term provided by an option of renewal enforceable at the exclusive discretion of the savings bank. No mortgage loan upon a leasehold estate shall be made or acquired by a

savings bank unless the terms thereof shall provide, regardless of the period of the loan, for payments to be made by the borrower on the principal thereof at least once in each year in amounts which would be sufficient to completely amortize a loan whose period extended for four-fifths of the unexpired term of the lease, which term may include the term provided by an option of renewal enforceable at the exclusive discretion of the savings bank; or, in the case of a mortgage loan upon a leasehold estate in real property upon which there is a building in process of construction, such payments of principal need not be required during the period of construction or the first three years of the mortgage, whichever is shorter. The provisions of paragraphs (c), (d), (e), (f), (g), and (h) of this subdivision shall be applicable to loans made upon leasehold estates.

6-a. A savings bank may, in addition to the authority granted under any other subdivisions of this section, make a loan to a natural person upon the security of a mortgage which is not a first lien at the rate or rates agreed to by the savings bank and the borrower, subject to such regulations as the superintendent of financial services may prescribe. Such regulations by the superintendent of financial services may include such restrictions as the superintendent of financial services finds necessary or proper, including without limitation, a restriction as to the percentage of total assets which may be invested in such loans or a restriction on the loan to appraisal value of property securing such loan.

For purposes of this subdivision, the term mortgage shall include a lien on an existing ownership interest in certificates of stock or other evidence of an ownership interest in, and a proprietary lease from, a corporation or partnership formed for the purpose of the cooperative ownership of real estate.

7. Railroad obligations as provided in this subdivision. (1) Obligations issued, assumed or guaranteed as to principal and interest by endorsement, or so guaranteed which guaranty has been assumed; or

(2) Obligations for the payment of the principal and interest of which a railroad corporation such as is described in this paragraph is

obligated under the terms of a lease made or assumed; or

(3) Equipment obligations in respect of which liability has been incurred: by a railroad corporation incorporated under the laws of the United States, or any state thereof, and owning and operating within the United States not less than five hundred miles of standard-gauge railroad line, exclusive of sidings, or if the mileage so owned shall be less than five hundred miles, the railroad operating revenues from the operation of all railroad operated by it, including such revenues from the operation of all railroad controlled through ownership of all (except directors' qualifying shares) of the voting stock of the owning corporation, shall have been not less than ten million dollars each year for at least five of the six fiscal years next preceding such investment; provided, however, (1) that in the five fiscal years next preceding such investment, the amount of income of such railroad corporation, available for its fixed charges, as hereinafter defined, shall have averaged not less than two and one-half times the amount of fixed charges at the time of investment, as hereinafter defined; (2) that at no time within such period of five years such railroad corporation, unless in process of reorganization or readjustment since completed, pursuant to applicable law, shall have failed regularly and punctually to pay the matured principal and interest on its mortgage and funded indebtedness; and (3) that the security, if any, for such obligations shall be property wholly or in part within the United States and which obligations shall be

(a) fixed interest-bearing bonds secured by direct mortgage on railroad owned or operated by such railroad corporation; or

(b) fixed interest-bearing bonds secured by first mortgage upon terminal, depot or tunnel property, including lands, buildings and appurtenances, used in the service of transportation by one or more such railroad corporations, provided that such bonds be the direct obligation of, or that payment of principal and interest thereof be guaranteed by endorsement by, or guaranteed by endorsement which guaranty has been assumed by, one or more such railroad corporations; or

(c) equipment obligations, comprising bonds, notes, certificates, conditional sale agreements or assignments of conditional sale agreements and participations therein, issued or made in connection with the purchase for use on railroads of new standard-gauge rolling stock

through the medium of an equipment agreement, and which obligations, so long as any thereof shall be outstanding and unpaid or unprovided for, shall be secured by an instrument (1) vesting title to such equipment in a trustee free of encumbrance, or (2) creating a first lien on such equipment, or, pending such vesting of title, by the deposit of cash in trust, which deposit may be invested in whole or in part in obligations of the United States or obligations for which the faith of the United States is pledged to provide for the payment of the interest and principal, or obligations of any public housing agency as defined in the United States housing act of nineteen hundred thirty-seven, as amended, in the United States as are secured either (1) by an agreement between the public housing agency and the public housing administration in which the public housing agency agrees to borrow from the public housing administration, and the public housing administration agrees to lend to the public housing agency, prior to the maturity of such obligations, which obligations shall have a maturity of not more than eighteen months, moneys in an amount which, together with any other moneys irrevocably committed to the payment of interest on such obligations, will suffice to pay the principal of such obligations with interest to maturity thereon, which moneys under the terms of said agreement are required to be used for the purpose of paying the principal of and the interest on such obligations at their maturity, or (2) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the public housing administration if such contract shall contain the covenant by the public housing administration which is authorized by section 1421a(b) of Title 42, U.S. Code, and if the maximum sum and the maximum period specified in such contract pursuant to section 1421a(b) of Title 42, U.S. Code, shall not be less than the annual amount and the period for payment which are requisite to provide for the payment, when due, of all installments of principal and interest on such obligations, to an amount equal to the face amount of such equipment obligations issued in respect of such equipment title to which is not yet so vested; provided further, that the maximum amount of such obligations so issuable shall not exceed eighty per centum of the cost of such equipment; and provided further, that the owner, purchaser or lessee, or the owners, purchasers or lessees, of such equipment shall be obligated by the terms of such obligations or of such instrument (a)

to maintain such equipment in proper repair; (b) to replace any thereof that may be destroyed or released with other equipment of equal value, or, if released in connection with a sale thereof, to deposit the proceeds of such sale in trust for the benefit of the holders of such obligations pending replacement of such equipment; (c) to pay any and all taxes or other governmental charges that may be required by law to be paid upon such equipment; (d) to pay, in accordance with the provisions of such obligations or of such instrument, to holders, or to such trustee for the benefit of holders, of such obligations the amount of interest due thereon or of the dividends payable in respect thereof; and (e) to pay the amount of the entire issue of such obligations in such annual or semi-annual installment each year throughout a period of not exceeding fifteen years from the first date of issue of any thereof that the amount of the respective unmatured installments at any time outstanding shall be approximately equal; provided, further, that unless the owner, purchaser or lessee of such equipment or one or more of such owners, purchasers or lessees shall be such railroad corporation as is described in and meets the requirements of this subdivision preceding paragraph (a), such obligations shall be guaranteed by endorsement as to principal and as to interest or dividends by such railroad corporations; or

(d) fixed interest-bearing bonds of such railroad corporation secured by irrevocable pledge as collateral under a trust agreement of other railroad bonds that are legal investments for savings banks under this section, have a maturity not earlier than the bonds that they secure and of a total face amount not less than the total face amount of the bonds that they secure; or

(e) fixed interest-bearing mortgage bonds other than those described in paragraphs (a) or (b) hereof, income mortgage bonds, collateral trust bonds or obligations other than those described in paragraph (d) hereof, or unsecured bonds or obligations, issued, assumed or guaranteed as to principal and interest by endorsement by, or so guaranteed which guaranty has been assumed by, such railroad corporation, provided that (a) the annual fixed charges and contingent interest charges of such railroad at the time of investment shall not exceed thirty per cent of the average annual income available for such charges for the five fiscal years next preceding, and (b) the net income of such railroad after all

taxes and charges shall have averaged not less than fifteen million dollars annually in such period.

The amount of income available for fixed charges shall be the amount obtained by deducting from gross income all items deductible in ascertaining net income other than federal income taxes, contingent income interest and those constituting fixed charges. Fixed charges shall be: rent for leased roads, miscellaneous rents, fixed interest on funded debt, interest on unfunded debt and amortization of discount on funded debt.

Accounting terms used in the preceding paragraph shall be deemed to refer to those used in the accounting reports prescribed by the accounting regulations for common carriers subject to the provisions of the interstate commerce act. If the interstate commerce commission shall prescribe accounting regulations wherein shall be defined the term income available for fixed charges and the term fixed charges, the definitions thereof as so prescribed shall be taken and used in lieu of the definitions set forth in the preceding paragraph of this subdivision for all purposes hereof, except that federal income taxes shall not be deducted, nor shall federal income tax credits be included, in computing income available for fixed charges. In determining income available for fixed charges and fixed charges pursuant to this paragraph or the immediately preceding paragraph interest, dividends and rentals paid by a railroad corporation and included in both such amounts shall be eliminated.

For all purposes of this subdivision seven, the revenues, earnings, income and fixed charges of, and dividends paid by, any railroad corporation prior to the acquisition of all or substantially all of its railroad lines by another railroad corporation, through merger, consolidation, conveyance or lease, shall, while such lines remain in the possession of the acquiring corporation, be deemed to have been revenues, earnings, income and fixed charges of, and dividends paid by, such acquiring corporation.

Whenever a railroad corporation shall own (directly or through a

subsidiary all of the stock of which, except directors' qualifying shares, is owned by such corporation) at least ninety per cent of the capital stock of one or more other railroad corporations, the property of which is operated by it under lease, the consolidated statements of all such railroad corporations may be used in determining the amount of income available for fixed charges and the amount of fixed charges.

Obligations of a railroad corporation the railroad lines of which have been so leased prior to April fifth, nineteen hundred twenty-nine, for the payment of which the lessee is not obligated, that are outstanding and officially listed by the department of financial services of the state of New York as authorized investments prior to that date, shall be and remain authorized investments hereunder; provided, that such railroad lines shall be in the possession of and be operated by a railroad corporation such as is described in and meets the requirements of the provisions of this subdivision preceding paragraph (a).

Notwithstanding any other provisions of this subdivision, equipment obligations described in paragraph (c) which shall have been issued, assumed or guaranteed by any railroad corporation classified by the interstate commerce commission as a class one railroad and which are not in default, shall be authorized investments hereunder.

Notwithstanding any of the provisions of this subdivision, fixed interest-bearing obligations of railroad corporations, excluding terminal, depot and tunnel corporations, which are eligible for purchase by savings banks on December thirty-first, nineteen hundred fifty-two under the provisions of subdivisions seven or nineteen of this section, or which shall thereafter become eligible pursuant to the provisions of this subdivision seven, as amended, if not in default, shall be and remain eligible hereunder, provided that the income available for fixed charges, as herein defined, of the railroad corporation which has issued, assumed or guaranteed such obligations, or which operates under lease the railroad lines of the corporation which has issued, assumed or guaranteed such obligations, shall have averaged for the five fiscal years next preceding the time of investment not less than twice the interest charges for the last such fiscal year on all equipment

obligations, and other obligations eligible hereunder, of such railroad corporation which remain outstanding at time of investment.

Fixed interest-bearing bonds of terminal, depot and tunnel companies which are eligible for purchase by savings banks on December thirty-first, nineteen hundred fifty-two under the provisions of subdivisions seven or nineteen of this section, or which shall thereafter become eligible pursuant to the provisions of this subdivision seven, as amended, shall be and remain eligible hereunder, provided that the principal and interest thereof be guaranteed by endorsement by, or guaranteed by endorsement which guaranty has been assumed by, a railroad corporation which meets the requirements of the preceding paragraph for continuing the eligibility of its own fixed interest-bearing obligations.

Not more than twenty-five per centum of the assets of any savings bank shall be loaned or invested in the bonds, notes, certificates, conditional sale agreements, assignments of conditional sale agreements and participations therein in this subdivision seven defined, and not more than ten per centum of such assets shall be invested in such bonds, notes, certificates, conditional sale agreements, assignments of conditional sale agreements and participations therein for which any one railroad corporation of this state shall be obligated, and not more than five per centum of such assets shall be invested in the bonds, notes, certificates, conditional sale agreements, assignments of conditional sale agreements and participations therein for which any one railroad corporation not of this state shall be obligated.

Street railroad corporations shall not be considered railroad corporations within the meaning of this subdivision.

7-a. Any savings bank which prior to April first, nineteen hundred thirty-eight acquired any railroad obligation eligible at the time of acquisition for investment by savings banks may continue to hold such obligation as though the same continue to be eligible by law for new investment by such savings bank.

8. Promissory notes and other agreements as provided in this subdivision.

(1) Promissory notes payable to the order of the savings bank which are:

(a) Secured by one or more mortgages in which a savings bank may invest; provided the amount loaned is not in excess of ninety per centum of the principal sum secured by such mortgage or mortgages. The assignment of every mortgage taken as security for any such note shall be recorded or registered in the office of the proper recording officer of the county in which the real property described in such mortgage is located, unless such mortgage or mortgages have been so assigned by a savings bank.

(b) Secured by any of the stocks and bonds in which a savings bank may invest; provided that (1) the amount of the loan is not in excess of ninety per centum of the market value of such stocks and bonds; and (2) the term "stocks," as used in this paragraph, shall be deemed to refer to stocks eligible for investment by a savings bank other than in accordance with the provisions of subdivision twenty-six of this section.

(c) Made by a savings and loan association which has been incorporated three years or more and has an accumulated capital of at least fifty thousand dollars.

(2) Promissory notes payable to the order of the savings bank which are secured by the assignment of a deposit in any savings bank; provided the amount of the loan is not in excess of the amount of such deposit.

(3) Any loan secured by not less than a like amount of direct obligations of the United States or of this state, or of any city, county, town, village or school district of this state or of any such department, agency or instrumentality of the United States or this state.

(4) (a) Promissory notes representing loans and advances of credit for the purpose of financing alterations, repairs and improvements upon or in connection with, or as the superintendent may authorize the equipping of existing structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado,

hurricane, cyclone, flood or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than six months after the maturity of the loan or advance of credit or by lessees under proprietary leases from a corporation or partnership formed for the purpose of the cooperative ownership of real estate, provided: (1) the amount of such loan, advance of credit, or purchase made for the purpose of financing the alteration, repair, equipping or improvement of existing structure or the building of new structure does not exceed twenty thousand dollars; (2) the maturity thereof does not exceed one hundred twenty-one months; (3) the rate which may be paid by the borrower for interest, discount, and fees of all kinds in connection with the transaction shall be the rate or rates agreed to by the savings bank and the borrower in the promissory note; and (4) the loan shall be paid in equal or substantially equal monthly installments calculated from the date of the note; provided, however, that in addition thereto the savings bank may contract to charge the borrower: (i) the fees payable to the appropriate public officer to perfect any lien or other security interest taken to secure the loan or the premium, not in excess of such filing fee, payable for any insurance in lieu of such filing; (ii) in case of default, and in accordance with the provisions of the instrument evidencing the obligation, either a fine in an amount not to exceed five cents per dollar on any installment which has become due and remained unpaid for a period in excess of ten days, but no such fine shall exceed five dollars and only one fine shall be collected on any such installment regardless of the period during which it remains in default, and provided further that should the aggregate of such fines collected in connection with any loan exceed two per centum of such loan, or in any event twenty-five dollars, the savings bank shall refund such excess to the borrower within sixty days after the loan is paid in full, or subject to an allowance of unearned interest attributable to the amount in default, interest on each amount past due at a rate not in excess of the rate provided for in the instrument evidencing the obligation; (iii) the actual expenditures, including reasonable attorney's fees, for necessary court process; and (iv) in case the savings bank insures a borrower under a credit unemployment insurance policy, group life insurance policy, group health insurance policy, group accident insurance policy, or group health and accident insurance

policy, or requires insurance on personal property securing any such loan, an amount not in excess of the premiums chargeable in accordance with rate schedules then in effect and on file with the superintendent of financial services for such insurance by the insurer. No savings bank shall require a borrower to place any sum on deposit, or to make deposits in lieu of regular periodic installment payments, or to do or refrain from doing any other act which would entail additional expense or sacrifice, as a condition precedent to granting a loan or advance of credit under the authority of this subdivision. Notwithstanding the provisions of this paragraph no refund of excess fines shall be required if it amounts to less than one dollar.

(b) Promissory notes representing loans and advances of credit for the purpose of defraying the cost of attendance of one or more students the income of whose family is fifteen thousand dollars or more per year at the time the loan or loan commitment is made at a university or college or for the purpose of defraying the cost of attendance of one or more students at an elementary or secondary school providing education required for minors; provided, however, that no such loan shall bring the total unpaid principal balances of any one or more loans made by such savings bank to the borrower pursuant to this subparagraph to an amount in excess of thirty thousand dollars; and further provided that the maturity of any such loan does not exceed eighty-five months; and further provided that the rate which may be paid by the borrower for interest, discount, and fees of all kinds in connection with the transaction shall be the rate or rates agreed to by the savings bank and the borrower in the promissory note, reckoned on each loan or advance from the date thereof, calculated on any of the following bases: (i) on the unpaid principal amount of such loans and advances from time to time outstanding, or (ii) for each month on an average balance outstanding determined by dividing by two the sum of the balances of unpaid principal of such loans and advances outstanding on two dates during such month, as specified in such agreement; the first of which dates being not later than the fifteenth day of such month and the second being not earlier than the sixteenth day of such month and not less than ten nor more than twenty days after the first day, or (iii) for each month on a fixed amount selected from a schedule, which fixed amount may exceed the average daily balance under (i) above, or the average balance

if determined under (ii) above, by a differential of not more than five dollars, provided the same fixed amount is also used for computing interest for any month for which such balance exceeds said fixed amount by any amount up to at least the same differential; and further provided that the loan shall be paid in equal or substantially equal monthly installments calculated from the date of the note. No fee, commission, expense, or other charge whatsoever shall be taken, received, reserved or contracted for in addition to the maximum rate of interest authorized by this subparagraph except (i) the fees payable to the appropriate public officer to perfect any lien or other security interest taken to secure the loan or the premium, not in excess of such filing fee, payable for any insurance in lieu of such filing; (ii) in case of default, and in accordance with the provisions of the instrument evidencing the obligation, either a fine in an amount not to exceed five cents per dollar on any installment which has become due and remained unpaid for a period in excess of ten days, but no such fine shall exceed five dollars and only one fine shall be collected on any such installment regardless of the period during which it remains in default, and provided further that should the aggregate of such fines collected in connection with any loan exceed two per centum of such loan, or in any event twenty-five dollars, the savings bank shall refund such excess to the borrower within sixty days after the loan is paid in full, or, subject to an allowance of unearned interest attributable to the amount in default, interest on each amount past due at a rate not in excess of the rate provided for in the instrument evidencing the obligation; (iii) the actual expenditures, including reasonable attorney's fees, for necessary court process; and (iv) in case the savings bank insures a borrower under a credit unemployment insurance policy, group life insurance policy, group health insurance policy, group accident insurance policy, or group health and accident insurance policy, or requires insurance on personal property securing any such loan, an amount not in excess of the premiums chargeable in accordance with rate schedules then in effect and on file with the superintendent of financial services for such insurance by the insurer. No savings bank shall require a borrower to place any sum on deposit, or to make deposits in lieu of regular periodic installment payments, or to do or refrain from doing any other act which would entail additional expense

or sacrifice, as a condition precedent to granting a loan or advance of credit under the authority of this subparagraph, except under such terms and conditions as the superintendent may from time to time approve. Notwithstanding the provisions of this subparagraph no refund of excess fines shall be required if it amounts to less than one dollar.

(c) Promissory notes secured by mobile home chattel paper evidencing a monetary obligation incurred to finance the purchase of a mobile home located at the time of such purchase, or to be located within ninety days, at a semipermanent site within the state or in a contiguous state and to be maintained as a residence of the borrower, the borrower's spouse, child, grandchild, parent or grandparent.

(1) For this subparagraph:

(i) "mobile home chattel paper" means written evidence of both a monetary obligation and a security interest of first priority in a mobile home and any equipment installed or to be installed therein; and

(ii) "mobile home" or "manufactured home" means a structure, transportable in one or more sections, which in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to required utilities, and includes the plumbing, heating, air-conditioning and electrical systems contained therein.

(2) If the loan is for the purpose of financing the purchase of a new mobile home,

(i) it shall mature not later than two hundred forty months after the date thereof, and

(ii) the amount advanced shall not exceed one hundred per cent of the sum of (a) the purchase price of such mobile home (including any installed equipment) plus (b) the price of any new equipment installed or to be installed by the dealer.

(3) If the loan for the purpose of financing the purchase of a used mobile home,

(i) it shall mature not later than two hundred forty months after the date thereof, and

(ii) the amount advanced shall not exceed one hundred per cent of the purchase price of the mobile home actually paid (including any installed

equipment).

(4) The loan shall be payable in equal or substantially equal monthly installments calculated from the date of the loan. Interest, which may be taken in advance, may be charged thereon, computed from the date of the loan to the date of the last installment payable thereunder, if the loan has a maturity (i) not exceeding thirty-seven months, at a rate not to exceed six dollars per annum discount per one hundred dollars of the face amount or ten dollars if the interest so computed is less than that amount, or (ii) exceeding thirty-seven months, at a rate not to exceed five dollars per annum discount, per one hundred dollars of the face amount or ten dollars if the interest so computed is less than that amount; provided that the interest which may be charged; if it exceeds ten dollars, shall not exceed one per cent per month on the unpaid principal balance.

(5) The authorized interest shall include all charges incident to investigating and making any loan. No fee, commission, expense, or other charge shall be permitted except that the savings bank may contract to charge the borrower (i) the fees payable to a public officer to perfect any lien or other security interest taken to secure the loan, or the premium, not in excess of such fee, payable for any insurance in lieu of such filing; (ii) in case of default, and in accordance with the instrument evidencing the obligation, either a fine in an amount not to exceed five per cent on any installment which has become due and remained unpaid for a period in excess of ten days, but no such fine shall exceed five dollars and only one fine shall be collected on any such installment regardless of the duration of the default, and provided further that should the aggregate of such fines collected in connection with any loan exceed two per cent of such loan or twenty-five dollars, the savings bank shall refund such excess within sixty days after the loan is paid in full, or, subject to an allowance of unearned interest attributable to the amount in default, interest on each amount past due at a rate not in excess of one per cent per month during the delinquency; (iii) the actual expenditures, including reasonable attorney's fees for necessary court process, and (iv) in case the savings bank insures a borrower under a credit unemployment insurance policy, group life, health, accident, or group health and accident insurance policy, or requires insurance on the property securing such

loan, an amount not in excess of the premiums lawfully chargeable. No savings bank shall require a borrower to place any sum on deposit, or to make deposits in lieu of regular periodic installment payments, or to do or refrain from doing any other act which would entail additional expense or sacrifice, as a condition to a mobile home loan except as the superintendent may from time to time approve. No refund of excess fines need be made if it amounts to less than one dollar.

(6) As a condition of any loan made pursuant hereto, the borrower shall certify that the mobile home, against which the loan is made, is intended to be maintained in the state or in a contiguous state as a residence of the borrower, the borrower's spouse, child, grandchild, parent or grandparent. If the mobile home shall not be so maintained on the ninetieth day next succeeding the date of the loan or if it is relocated so as to no longer be located in the state or a contiguous state at any time before the first anniversary of the date of the loan, then, in either event and notwithstanding anything to the contrary in this subparagraph, the loan and all authorized charges shall become immediately due and payable subject to the refund provisions of subparagraph (c) of paragraph four and the borrower may, if the contract so provides, be required to pay as an additional authorized charge, a penalty in an amount not to exceed two per cent of the face amount of the loan.

(7) No investment shall be made by a savings bank pursuant hereto if the total amount invested by it pursuant to this subparagraph exceeds, or by the making of such investment will exceed, an amount equal to thirty per cent of the assets of the savings bank.

(8) Subject to such limitations and conditions as the superintendent of financial services may prescribe by general regulation, a savings bank may make a loan pursuant to this subparagraph which the federal housing administrator has insured or has made a commitment to insure and may receive and hold such debentures as are issued by the federal housing administrator in payment of such insurance, or which is guaranteed pursuant to the provisions of the act of congress entitled the "Servicemen's Readjustment Act of 1944." No law of this state prescribing the nature, amount or form of security or requiring security upon which loans or advances of credit may be made or prescribing or limiting the period for which loans or advances of credit may be made or

limiting the amount of any class of loans, advances of credit or purchases which may be made shall be deemed to apply to loans, advances of credit or purchases made or to loans acquired by purchase pursuant to this item.

(d) A borrower may prepay in full any loan made pursuant to the provisions of subparagraph (a), (b) or (c) of this paragraph or, with the consent of the savings bank, may refinance the loan. In the event of such prepayment or refinancing, the savings bank shall refund: (1) the unearned portion of the interest to the borrower the amount of which portion shall be determined according to a generally accepted actuarial method; provided, however, that if the amount of interest previously deducted (i) was less than ten dollars, no refund shall be required; or (ii) exceeded the sum of ten dollars and the earned interest is less than that amount, the savings bank may retain such an additional amount as will bring the earned interest to the sum of ten dollars and refund the remainder, and provided further, that unless the loan is refinanced, no refund shall be required if it amounts to less than one dollar; and (2) if a charge was made to the borrower for premiums for insuring the borrower under a credit unemployment insurance policy, group life insurance policy, or under a group health, group accident or group health and accident insurance policy, the excess of the charge to the borrower therefor over the premiums paid or payable by the savings bank, if such premiums were paid or payable by the savings bank periodically or the refund for such insurance premium received or receivable by the savings bank, if such premium was paid or payable in a lump sum by the savings bank, provided that no such refund shall be required if it amounts to less than one dollar. In the event (i) the maturity of the loan is accelerated due to the default of the borrower or otherwise and judgment is obtained, or (ii) repayment is made pursuant to any such insurance policy, the borrower or his legal representative, as the case may be, shall be entitled to the same refund as if the loan had been prepaid in full on the date of acceleration or repayment.

(5) Promissory notes from a resident of the state of New York provided that payment of each such note is guaranteed by the New York Higher Education Assistance Corporation, or promissory notes that are insured or covered by a commitment to insure or are guaranteed or covered by a commitment to guarantee issued by the Federal Education Commissioner in

accordance with the provisions of the act of congress entitled "Higher Education Act of 1965".

8-a. Promissory notes representing loans for the purpose of financing the purchase of or refinancing an existing ownership interest in certificates of stock or other evidence of an ownership interest in, and a proprietary lease from, a corporation or partnership formed for the purpose of cooperative ownership of real estate within or without this state, as provided in this subdivision.

A savings bank may, subject to such regulations as the superintendent of financial services finds necessary and proper, invest to an amount not exceeding the maximum per cent of the loan permitted to be made on real estate improved by a single family residence occupied by the owner, provided that for purposes of this section the amount of the purchase price shall be deemed to equal the appraised value of such certificate of stock or other evidence of an ownership interest, or, in the case of a refinancing, the appraised value of certificates of stock or other evidence of an ownership interest in and a proprietary lease from, a corporation or partnership formed for the purpose of the cooperative ownership of real estate within or without this state, for the purpose of financing a purchase of or refinancing an existing ownership interest in such a corporation or partnership, provided (a) such investment is secured within ninety days from the making of the loan by an assignment or transfer of the stock or other evidence of an ownership interest of the borrower and a proprietary lease; and (b) repayment of principal and interest shall be effected within the same number of years as a conventional mortgage loan previously described in this subdivision. The maximum rate of interest which may be charged, taken or received upon any loan or forbearance made pursuant to this subdivision may exceed the rate of interest prescribed by the superintendent of financial services in accordance with section fourteen-a of this chapter by no more than one and one-half per centum per annum.

8-b. Personal loan departments. Subject to such regulations as the superintendent of financial services may prescribe, a savings bank may operate a personal loan department under the same terms and conditions

as are provided under the provisions of subdivisions four and five of section one hundred eight of this chapter.

The superintendent of financial services shall be empowered (a) to prescribe the terms and conditions governing the conduct and operation of personal loan departments including, the maximum amount, expressed as a percentage of assets or otherwise, which a savings bank may invest pursuant to the provisions of this subdivision or in the aggregate, taking into account such other provisions of law authorizing investments by savings banks, and (b) to prescribe such terms and conditions as may be appropriate to effect or facilitate the transfer of accounts operated pursuant to the provisions of any other section of this chapter to the personal loan departments authorized to be operated hereunder.

In pursuance of the authority granted hereunder savings banks shall be empowered to issue credit cards, extend credit in connection therewith, and otherwise engage in or participate in credit card operations, and to act as financing agency as defined in subdivision nine of section three hundred one and subdivision eighteen of section four hundred one of the personal property law.

8-c. Subject to such regulations as the superintendent of financial services may prescribe, promissory notes and other evidences of indebtedness representing commercial, corporate or business loans, provided that the aggregate amount of all such loans outstanding at any time to any borrower shall, if unsecured, not exceed fifteen per centum of the net worth of such savings bank or, if secured, subject to the same limitations as to amount in relation to net worth as are applicable to banks and trust companies pursuant to article three of this chapter. For purposes of this section the term "net worth" shall have the meaning ascribed to it by subdivision four of section two hundred forty-four of this chapter.

8-d. Subject to such regulations as the superintendent of financial services may prescribe and subject to the limits of subdivision eight-c of this section and any other applicable limits or requirements imposed by law or regulation, promissory notes and other evidence of

indebtedness that represent linked loans, each authorized and approved pursuant to article fifteen of the state finance law and each in an amount equal to a corresponding linked deposit made pursuant to such article.

8-e. Subject to such regulations as the superintendent of financial services may prescribe and subject to the limits of subdivision eight-c of this section and any other applicable limits or requirements imposed by law or regulation, promissory notes and other evidence of indebtedness that represent linked loans, each authorized and approved pursuant to article sixteen of the state finance law and each in an amount equal to a corresponding linked deposit made pursuant to such article.

9. Real estate as provided in this subdivision.

(a) A savings bank may purchase or acquire the following real estate:

(1) A plot whereon there is or may be erected a building suitable for the convenient transaction of the business of the savings bank, from portions of which not required for its own use a revenue may be derived, and a plot whereon parking accommodations are, or are to be, provided, with or without charge, primarily for its customers or employees or both. The aggregate of all investments of a savings bank in such plots and buildings shall not exceed five per centum of the assets of such savings bank, except with the approval of the superintendent.

(2) Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its business.

(3) Such as it shall purchase at sales under judgments, decrees or mortgages held by it.

(4) In lieu of instituting an action to foreclose a mortgage lien, a savings bank may purchase a deed to the underlying real property.

(5) A whole or part interest in a "project" as defined in the New York state urban development corporation act, pursuant to sections six or eight of such act. An investment by a savings bank in a single project shall not exceed one per centum of the assets or ten per centum of the net worth of such savings bank, whichever is less, and the aggregate of all investments of a savings bank in such projects and investments in securities pursuant to subparagraph one-a of paragraph (a) of

subdivision twenty-one of this section shall not exceed five per centum of the assets or fifty per centum of the net worth of such savings bank, whichever is less. For the purposes of this subdivision, "net worth" of a savings bank shall mean the excess of its assets at book value, less allocated reserves, over known liabilities.

* (6) Improved or unimproved real property (either by purchase, lease, exchange or otherwise), or any interest therein, to erect, construct, rebuild, enlarge, alter, improve, maintain, manage and operate buildings or other improvements of any description thereon, to sell, lease, sublet, mortgage, exchange or otherwise dispose of same and execute, perform and carry out contracts for construction, alteration, improvement, maintenance, management or repair thereof, to make loans in connection therewith, as owner, co-owner or otherwise, subject to such specific or general approvals and limitations as shall be required by regulations promulgated from time to time by the superintendent of financial services pursuant to this subparagraph; provided, however, that no activity specified herein, shall be undertaken pursuant to the authority contained in this subparagraph until the superintendent of financial services shall have issued regulations specifying the limitations and requirements which shall be imposed in connection with the investments and activities referred to herein including, without limitation, the consideration of such savings bank's record in meeting the credit needs of local communities within the meaning of section twenty-eight-b of this chapter.

* NB Expired June 30, 1988

(b) Every parcel of real estate acquired by a savings bank shall be conveyed to it directly by name, or, subject to such regulations and restrictions as the superintendent of financial services finds to be necessary and proper, may be taken in the name of a duly authorized nominee, and the conveyance shall be immediately recorded or registered in the office of the proper recording officer of the county in which such real estate is located.

10. Bonds and other obligations of Savings and Loan Bank of the State of New York.

11. Farm loan bonds, including consolidated bonds, issued by federal

land banks, federal intermediate credit bank debentures, including consolidated debentures, issued by federal intermediate credit banks and bonds, debentures or other obligations of banks for cooperatives, including consolidated debentures issued by banks for cooperatives organized under the laws of the United States.

12. Bankers' acceptances and bills of exchange which are eligible for purchase in the open market by federal reserve banks and which have been accepted by a bank, a trust company, a private banker or an investment company, as those terms are defined in this chapter, or by a banking corporation which is organized under the laws of the United States or of any state thereof and which is a member of the federal reserve system.

Aggregate liability of any bank, trust company, private banker, investment company or banking corporation to any savings bank for acceptances shall not exceed twenty-five per centum of the capital and surplus of such bank, trust company, private banker, investment company or banking corporation, or five per centum of the aggregate amount credited to the depositors of such savings bank, whichever amount is less.

12-a. * (a) Obligations of any corporation organized under the laws of any state of the United States maturing within two hundred seventy days, provided that such obligations receive the highest rating of an independent rating service designated by the superintendent of financial services.

* NB Effective until notification of the superintendent of financial services

* (a) Obligations of any corporation organized under the laws of any state of the United States maturing within two hundred seventy days, provided that such obligations meet the standards of creditworthiness established by regulation by the superintendent.

* NB Effective upon notification of the superintendent of financial services

(b) Subject to such regulations as the superintendent of financial services may impose, certificates of deposit issued by or accounts of (1) a bank, trust company or national bank having a principal, branch or

trust office in this state, (2) a banking corporation organized under the laws of the United States or of any state thereof whose deposits are insured by an agency of the United States, or (3) an agency or branch located within the United States of a foreign banking corporation with total worldwide bank assets in excess of one billion dollars.

12-b. Advances of federal funds to designated depositaries, provided such advances are made on the condition that they be repaid on the next business day following the day on which the advance is made. For purposes of this subdivision and subdivision twelve of this section, the term "federal funds" shall mean funds which a savings bank has on deposit at a depositary which are exchangeable for funds on deposit at a federal reserve bank; and the term "business day" shall mean any day on which the savings bank, the depositary and the federal reserve bank where the funds are on deposit are all open for general business.

13. Bonds of any corporation which at the time of such investment is incorporated under the laws of the United States or any state thereof, or the District of Columbia, and transacting the business of supplying electrical energy or artificial gas, or natural gas purchased from another corporation and supplied in substitution for, or in mixture with, artificial gas, for light, heat, power and other purposes, or transacting any or all of such business, provided at least eighty per centum of the gross operating revenues of any such corporation are derived from such business, subject to the following conditions:

(a) Such corporation shall have all franchises necessary to operate in territory in which at least seventy-five per centum of its gross income is earned. Such corporation shall file with the superintendent of financial services and make public in each year a statement and a report giving the income account covering the previous fiscal year and a balance sheet showing in reasonable detail the assets and liabilities at the end of the year.

(b) Either the outstanding full paid capital stock together with premiums thereon and the surplus of such corporation shall be not less than two-thirds of the total debt secured by mortgage lien on any part or all of its property, or the outstanding full paid capital stock together with premiums thereon and surplus and unsecured debt not

maturing within five years and not in excess of fifty per centum of such capital stock, premiums and surplus shall be equal to at least three-fourths of the total debt secured by mortgage lien on any part or all of its property, provided, however, that in case of a corporation having no-par value shares, the amount of capital which such shares represent shall be the capital as shown by the books of the corporation.

(c) Such corporation shall have been in existence for a period of not less than eight fiscal years and at no time within such period of eight fiscal years next preceding the date of such investment shall said corporation have failed to pay promptly and regularly the matured principal and interest of all its indebtedness direct, assumed or guaranteed, but the period of life of the corporation, together with the period of life of any predecessor corporation or corporations from which a major portion of its property was acquired by consolidation, merger or purchase shall be considered together in determining the required period.

(d) For a period of five fiscal years next preceding such investment the net earnings of such corporation shall have averaged per year not less than two times the average annual interest charges on its total funded debt applicable to that period, and for the last fiscal year preceding such investment such net earnings shall have been not less than twice the interest charges for a full year on its total funded debt outstanding at the time of such investment, and for such period the gross operating revenues of any such corporation shall have averaged per year not less than two million dollars.

(e) In determining the qualifications of any bond under this subdivision where a corporation shall have acquired its property or any substantial part thereof within five years immediately preceding the date of such investment by consolidation or merger, or by the purchase of all or a substantial portion of the property of any other corporation or corporations, the gross operating revenues, net earnings, and interest charges of the several predecessor or constituent corporations shall be consolidated and adjusted so as to ascertain whether the requirements of paragraph (d) of this subdivision have been complied with.

(f) Such bonds shall be (1) bonds secured by a first or refunding mortgage on property owned and operated, or controlled, by the

corporation issuing or assuming them, or underlying mortgage bonds secured by a lien on property owned and operated, or controlled, by the corporation issuing or assuming them, provided that such underlying mortgage bonds are to be refunded by a junior mortgage providing for their retirement, that the bonds under such junior mortgage comply with the requirements of this subdivision, and that such underlying mortgage is either a closed mortgage or remains open solely for the issue of additional bonds which are to be pledged under such junior mortgage and provided that the aggregate principal amount of bonds secured by such first or refunding mortgage plus the principal amount of all the underlying outstanding bonds shall not exceed two-thirds of the net value of the physical property owned or controlled as shown by the books of the owning corporation, and subject to the lien of such mortgage or mortgages securing the total mortgage debt and provided further, that if a refunding mortgage, it must provide for the retirement on or before the date of their maturity of all bonds secured by prior liens on the property, or (2) bonds, other than mortgage bonds, provided, that (a) for a period of five fiscal years next preceding such investment the net earnings of such corporation shall have averaged per year not less than two and one-half times the average annual interest charges on its total funded debt applicable to that period, and for the last fiscal year preceding such investment such net earnings shall have been not less than two and one-half times the interest charges for a full year on its total funded debt outstanding at the time of such investment, and (b) the capital stock together with premiums thereon and surplus of such corporation shall not be less than two-thirds of its total funded debt outstanding, and (c) such bonds, if issued for a term longer than fifteen years, shall have been issued under an indenture containing a covenant providing for the establishment of a sinking fund for the benefit of such bonds whereby such bonds shall be redeemed at an annual rate of not less than two per centum of the largest principal amount of their issue at any one time outstanding, and (d) the mortgage bonds of such corporation, if any, shall qualify under the provisions of this subdivision.

(g) (1) The gross operating revenues and expenses of a corporation for the purposes of this subdivision shall be, respectively, the total amount earned from the operation of, and the total expense of

maintaining and operating, all property owned and operated, or leased and operated, by such corporation, as determined by a system of accounts adopted by a federal, state or municipal public service commission, public utility commission or other similar regulatory body. The gross operating revenues and expenses, as defined above, of subsidiary companies may be included, provided all the mortgage bonds and a controlling interest in stock or stocks of such subsidiary companies are pledged as part security for the mortgage debt of the principal company. The net value of any property shall be its value as shown by the books of the corporation less the amounts of any reserves for depreciation, retirement or amortization thereof. Property shall be deemed to be controlled by a corporation if such corporation shall own not less than ninety per cent of the capital stock of the corporation owning such property.

(2) The net earnings of any corporation for the purposes of this subdivision shall be the balance obtained by deducting from its gross operating revenues, its operating and maintenance expenses, taxes other than federal and state income taxes, rentals and provision for renewals and retirements of the physical assets of the corporation, and by adding to said balance its income from securities and miscellaneous sources but not, however, to exceed fifteen per centum of said balance. The term funded debt shall be construed to mean all interest-bearing debt maturing more than one year from date of issue.

(3) In the computation for the purposes of this subdivision of the ratio of mortgage debt to net mortgaged property value there shall be excluded from the amount of outstanding mortgage bonds the amount of any cash deposited with the trustee of the mortgage and held in trust pursuant to the terms of such mortgage.

(h) Not more than twenty-five per centum of the assets of any savings bank shall be loaned on or invested in bonds of such electric and gas corporations, and not more than two per centum of the assets of any savings bank shall be invested in the bonds of any one such corporation, as authorized by this subdivision.

(i) As used in this subdivision, the term "bond" includes a note or debenture.

14. Bonds of any corporation which at the time of such investment is

incorporated under the laws of the United States or any state thereof, or the District of Columbia, and authorized to engage, and engaging, in the business of furnishing telephone service in the United States, subject to the following conditions:

(a) Such corporation shall have been in existence for a period of not less than eight fiscal years and at no time within such period of eight fiscal years next preceding the date of such investment shall said corporation have failed to pay promptly and regularly the matured principal and interest of all its indebtedness direct, assumed, or guaranteed, but the period of life of the corporation, together with the period of life of any predecessor corporation or corporations from which a major portion of its property was acquired by consolidation, merger or purchase, shall be considered together in determining the required period; and such corporation shall file with the superintendent of financial services and make public in each year a statement and a report giving the income account covering the previous fiscal year and a balance sheet showing in reasonable detail the assets and liabilities at the end of the year.

(b) The outstanding full paid capital stock together with premiums thereon and the surplus of such corporation shall at the time of such investment be equal to at least two-thirds of the aggregate of its funded debt and the total funded debt, exclusive of any such funded debt held by such corporation, of every telephone corporation a majority of the capital stock of which is owned by such corporation.

(c) For a period of five fiscal years next preceding such investment the net earnings of such corporation shall have averaged per year not less than two and one-half times the average annual interest charges on its total debt applicable to that period, and for the last fiscal year preceding such investment such net earnings shall have been not less than twice the interest charges for a full year on its total funded debt outstanding at the time of such investment, and for such period the gross operating revenues of any such corporation shall have averaged per year not less than five million dollars.

(d) In determining the qualifications of any bond under this subdivision where a corporation shall have acquired its property or any substantial part thereof within five years immediately preceding the date of such investment by consolidation or merger, or by the purchase

of all or a substantial portion of the property of any other corporation or corporations, the gross operating revenues, net earnings and interest charges of the several predecessor or constituent corporations shall be consolidated and adjusted so as to ascertain whether the requirements of paragraph (c) of this subdivision have been complied with.

(e) The gross operating revenues and expenses of a corporation for the purposes of this subdivision shall be, respectively, the total amount earned from the operation of, and the total expense of maintaining and operating, all property owned and operated, or leased and operated, by such corporation, as determined by a system of accounts adopted by the federal communications commission, a public service commission, or public utility commission, or other similar federal or state regulatory body.

(f) The net earnings of any corporation for the purposes of this subdivision shall be the balance obtained by deducting from its gross operating revenues, its operating and maintenance expenses, provision for depreciation of the physical assets of the corporation, taxes other than federal and state income taxes, rentals and miscellaneous charges, and by adding to said balance its income from securities and miscellaneous sources but not, however, to exceed fifteen per centum of said balance. The term funded debt shall be construed to mean all interest-bearing debt maturing more than one year from date of issue.

Whenever a corporation shall own a majority of the capital stock of one or more other telephone corporations, the consolidated statements of all such telephone corporations shall be used in determining the amount of net earnings available for interest charges, and the amount of interest charges, of such corporation.

(g) Not more than twenty-five per centum of the assets of any savings bank shall be loaned on or invested in bonds of such telephone corporations, and not more than three per centum of the assets of any savings bank shall be invested in the bonds of any one telephone corporation, as authorized by this subdivision.

(h) As used in this subdivision, the term "bond" includes a note or debenture.

15. Bonds, debentures, consolidated debentures or other obligations of

any federal home loan bank or banks, or of Tennessee Valley Authority, and obligations of, or instruments issued by or fully guaranteed as to principal and interest by, the Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, and notes, bonds, debentures, mortgages and other evidences of indebtedness of the United States Postal Service.

16. Stock of a federal reserve bank in the amount necessary to qualify for membership in such bank.

17. Stock of a federal home loan bank in the amount necessary to qualify for membership in such bank and in such additional amounts as are approved by the superintendent of financial services.

19. Securities of corporations which securities are made eligible for investment by savings banks by the superintendent of financial services.

20. Subject to such regulations and restrictions as the superintendent of financial services finds to be necessary and proper, (a) (1) any bond and mortgage insured by the federal housing commissioner, or for which a commitment to insure has been made by the federal housing commissioner, or (2) any bond and mortgage guaranteed pursuant to the provisions of the act of congress entitled the "Servicemen's Readjustment Act of 1944", or (3) provided the mortgage is a first lien, any bond and mortgage at least twenty per centum of which is guaranteed pursuant to the provisions of such act, or (4) a participation in any loan or a part interest in any bond and mortgage, secured by real property, to the extent that the small business administration is committed to pay the principal and interest thereof; (b) any whole or part interest in any such bond and mortgage or in any whole or part interest in any such bond and mortgage, which bond and mortgage is held for the benefit of the holder or holders of a whole interest or part interests therein by any entity or entities with which a savings bank is authorized to participate pursuant to this paragraph, but no such investment shall be made in any part interest which is junior or subordinate to any other part interest therein; (c) any bond secured by any such mortgage or mortgages, which mortgage is, or which mortgages are, held for the

benefit of the holder or holders of the bond or bonds secured thereby, by a savings bank or bank or trust company; and (d) any property improvement note issued pursuant to the provisions of the national housing act, provided the savings bank investing in such note shall have qualified for and received in connection therewith a contract of insurance from the federal housing commissioner. A savings bank may receive and hold such debentures as are issued in payment of any such insurance. No law of this state prescribing or limiting the interest rate upon loans or advances of credit or prescribing a penalty for violation thereof or prescribing the nature, amount or form of security or requiring security upon which loans or advances of credit may be made or prescribing or limiting the period for which loans or advances of credit may be made or limiting the amount of any class of loans, advances of credit or purchases which may be made shall be deemed to apply to loans, advances of credit or purchases made or to loans acquired by purchase pursuant to this subdivision.

The provisions of subdivision six of this section, except those of paragraph (f) thereof, shall not apply to investments made pursuant to this subdivision by any savings bank. Paragraphs (a), (b) and (c) of section one of chapter eight hundred ninety-seven of the laws of nineteen hundred thirty-four as amended shall not apply to savings banks. The term "bond", as used in this subdivision, includes a note. The authority provided in this subdivision to invest in any bond and mortgage guaranteed pursuant to the provisions of the act of congress entitled the "Servicemen's Readjustment Act of 1944", shall include authority to acquire title to real property in connection with investing in an installment contract for the sale of real property, so guaranteed, where the purchaser under such contract is in possession and control of the property, and title is acquired by the savings bank solely as security for the obligations of the purchaser.

21. (a) Subject to such regulations and restrictions as the superintendent of financial services finds to be necessary and proper:

(1) Stock and obligations, not otherwise eligible for investment by the savings bank, of any corporation organized under any law of this state for the purpose of acquiring, constructing, owning, maintaining,

operating, selling or conveying a housing project or projects (not including hotels but including accommodations for retail stores, shops, offices and other community services reasonably incident to such projects) located within this state, provided that all the stock and obligations of any such corporation have been or are originally issued to one or more savings banks of this state.

(1-a). Stock and obligations, not otherwise eligible for investment by the savings bank, of any "subsidiary" of the New York state urban development corporation, as defined in the New York state urban development corporation act, provided that all the stock and obligations of any such subsidiary is or is to be owned by one or more savings banks of this state, or by such other owners of such stock and obligations as may be approved by the superintendent of financial services.

(2) Corporate interest-bearing securities, other than those issued by any corporation organized under the laws of a foreign country except Canada whose securities are not registered with the United States Securities and Exchange Commission or listed on a national securities exchange in accordance with the Securities Exchange Act of 1934, as amended, and interest-bearing securities of any state in the United States or of any public authority, commission or instrumentality organized under the laws of any state of the United States or of any political subdivision of any such state, not otherwise eligible for investment by the savings bank, which are not in default as to either principal or interest when acquired, provided that no investment shall be made pursuant to this subparagraph (2) in the securities of any corporation if the total direct liabilities of such corporation to the savings bank exceed, or by the making of such investment will exceed, ten per centum of the total direct liabilities of such corporation or one per centum of the assets of the savings bank, whichever amount is less. The term "securities", as used in this subparagraph (2), means such bonds, notes, debentures and other obligations for payment of money as are negotiable, or conditional sale agreements, assignments of conditional sale agreements and participations therein which are issued or made by railroads for the purchase of rolling stock, and which have a maturity of not less than five years from the date of issue or making, or, if issued or made in a series or repayable in installments, an average maturity of not less than five years from the date of issue or

making.

(b) No investment shall be made by a savings bank pursuant to subparagraphs one and two of paragraph (a) of this subdivision if the total amount invested by it pursuant to such paragraph, together with the total amount invested by it pursuant to any provisions of any law other than the banking law, exceeds, or by the making of such investment will exceed, an amount equal to ten per centum of the assets of the savings bank. An investment by a savings bank in a single subsidiary of the New York state urban development corporation pursuant to subparagraph one-a of paragraph a of this subdivision shall not exceed one per centum of the assets or ten per centum of the net worth of such savings bank, whichever is less, and the aggregate of all investments of a savings bank in such subsidiaries and investments in securities pursuant to subparagraph five of paragraph (a) of subdivision nine of this section shall not exceed five per centum of the assets or fifty per centum of the net worth of such savings bank, whichever is less. For the purposes of this paragraph, "net worth" of a savings bank shall mean the excess of its assets at book value, less allocated reserves, over known liabilities.

(d) For the purposes of sections two hundred seventy-four, two hundred eighty-five and four hundred thirty-five of this chapter, investments authorized by this subdivision shall not be deemed investments in which savings banks may legally invest, except that investments authorized by subparagraph one-a of paragraph (a) of this subdivision shall be deemed investments in which savings banks may legally invest for the purposes of section three hundred seventy-nine of this chapter.

(e) For the purposes of section three hundred fifty-nine-f of the general business law, investments authorized by sub-paragraph (2) of paragraph (a) of this subdivision shall not be deemed investments in which savings banks may legally invest.

* 21-a. Interest-bearing obligations payable in United States funds which at the time of investment are rated in one of the three highest rating grades by each rating service, designated by the superintendent of financial services, which has rated such obligations, provided that the aggregate amount invested in the obligations of any single issuer pursuant to this subdivision and pursuant to subparagraph (2) of paragraph (a) of subdivision twenty-one of this section may not exceed

one per centum of the assets of the savings bank, and provided further that the aggregate amount invested in the interest-bearing obligations of any single issuer pursuant to this subdivision and pursuant to any provision of this section specifically authorizing such investment, may not exceed the percentage limitations contained in any such provision.

* NB Effective until notification of the superintendent of financial services

* 21-a. Interest-bearing obligations payable in United States funds which at the time of investment meet the standards of creditworthiness established by regulation by the superintendent, provided that the aggregate amount invested in the obligations of any single issuer pursuant to this subdivision and pursuant to subparagraph (2) of paragraph (a) of subdivision twenty-one of this section may not exceed one per centum of the assets of the savings bank, and provided further that the aggregate amount invested in the interest-bearing obligations of any single issuer pursuant to this subdivision and pursuant to any provision of this section specifically authorizing such investment, may not exceed the percentage limitations contained in any such provision.

* NB Effective upon notification of the superintendent of financial services

22. Certificates of investment in savings banks life insurance fund.

23. Certificates representing advances to the surplus fund of its life insurance department.

24. Obligations issued or guaranteed by the international bank for reconstruction and development.

24-a. Obligations issued or guaranteed by the inter-American development bank.

24-b. Obligations issued or guaranteed by the Asian development bank.

24-c. Obligations issued or guaranteed by the African Development Bank.

24-d. Obligations guaranteed by the youth facilities project guarantee fund and participations therein.

24-e. Obligations issued or guaranteed by the International Finance Corporation.

25. Obligations of the Dominion of Canada, or of any province or city of the Dominion of Canada, as provided in this subdivision. (a) Obligations of the Dominion of Canada, or those for which the faith of the Dominion of Canada is pledged to provide for the payment of the interest and principal, provided that the principal and interest of such obligations are payable in United States funds.

(b) Obligations of any province of the Dominion of Canada or those for which the faith of any such province is pledged to provide for the payment of the interest and principal upon which there is no default and upon which there has been no default for more than ninety days; provided, that within ten years immediately preceding the investment such province has not been in default for more than ninety days in the payment of any part of principal or interest of any debt duly authorized by the legislature of such province; and provided that the principal and interest of such obligations are payable in United States funds; and provided further, that if at any time the net debt, as hereinafter defined, of any such province shall exceed twenty-five per centum of the valuation of real property in such province for the purposes of taxation, the obligations of such province shall, thereafter, and until such net debt shall be reduced to twenty-five per centum of the valuation of real property in such province for the purposes of taxation, cease to be an authorized investment for the moneys of savings banks. The term "net debt" as used in this paragraph shall mean the aggregate of all direct obligations funded and unfunded of any such province and all other obligations excluding any on which interest is being paid out of other than the ordinary revenues of such province; less sinking funds applicable to such obligations.

(c) Obligations of any city in Canada, provided that said city has a population, according to the last federal census of Canada next preceding said investment, of not less than one hundred fifty thousand inhabitants, and has not, within twenty-five years preceding said

investment, defaulted for more than one hundred and twenty days in the payment of any part either of principal or interest of any bond, note, or other evidence of indebtedness, provided that the indebtedness of such city does not exceed the limitations imposed by paragraph (c) of subdivision five of this section if applicable; and provided further that the principal and interest of such obligations are payable in United States funds. No obligations of any such city shall be an authorized investment for savings banks unless such city shall have power to levy taxes on the taxable real property therein or to require a levy thereon by municipalities within its area in either case for the payment of such obligation without limitation of rate or amount. The term "city" as used in this paragraph and in paragraph (d) of subdivision five of this section shall include The Municipality of Metropolitan Toronto and any other similar corporation in Canada, and the power to require a levy by municipalities within its area shall be deemed to be a power to levy taxes within the meaning of such last mentioned paragraph.

(d) Not more than ten per centum of the assets of any savings banks shall be invested in the obligations defined in this subdivision, and not more than two per centum of such assets shall be invested in the obligations of any province, nor more than two per centum of such assets in the obligations of any city, as authorized by this subdivision.

26. Subject to such regulations and restrictions as the superintendent of financial services finds to be necessary and proper:

(a) Preferred stock of any corporation, created or existing under the laws of the United States or of any state, district or territory thereof, provided (1) the net earnings of such corporation available for its fixed charges for a period of five fiscal years next preceding the date of investment by such savings bank shall have averaged per year not less than one and one-half times the sum of the following, computed as of the date of such investment: its annual fixed charges, if any, its annual maximum contingent interest, if any, and its annual preferred dividend requirements; and (2) during either of the last two years of such period such net earnings shall have been not less than one and one-half times the sum of its fixed charges, contingent interest and preferred dividend requirements for such year. As used in this paragraph

(a), the term "dividend requirements" shall be construed to mean cumulative or non-cumulative dividends whether or not paid.

(b) Guaranteed stock of any corporation created or existing under the laws of the United States or of any state, district or territory thereof, provided (1) the net earnings of the guaranteeing corporation available for its fixed charges for a period of five fiscal years next preceding the date of investment by such savings bank shall have averaged per year not less than one and one-half times its annual fixed charges computed as of the time of such investment; and (2) during either of the last two years of such period net earnings shall have been not less than one and one-half times its fixed charges for such year.

(c) Common stock of any corporation created or existing under the laws of the United States or of any state, district or territory thereof, provided such common stock is registered on a national securities exchange, as provided in an act of congress of the United States, entitled the "Securities Exchange Act of 1934", approved June sixth, nineteen hundred thirty-four, as amended.

(e) Stock or shares of any investment company, as defined by, and which is registered under, an act of congress of the United States, entitled the "Investment Company Act of 1940", approved August twenty-second, nineteen hundred forty, as amended, provided such company may invest only in such investments as are eligible for savings banks, including, without limitation, investments made eligible for savings banks by paragraphs (a), (b) and (c) of this subdivision but excluding investments made eligible for savings banks by subdivisions five-a, six, eight, nine, sixteen, seventeen, eighteen, twenty-two and twenty-three of this section, provided that (i) investment restrictions based upon the assets, surplus fund, net worth or other features of the condition or operation of the savings bank shall not be applicable to such investment company, (ii) the amount of stock of any corporation which may be held by such investment company shall not exceed five per centum of the number of shares of stock of such corporation outstanding at the time of investment by such investment company, and (iii) at the time the investment is made, the percentage of assets that a savings bank may invest in the stock or shares of the investment company shall not exceed the limitation, if any, applicable to a savings bank's investment in any individual security included in the investment company's portfolio.

Nothing contained in the provisions of this chapter shall prevent an officer, director, clerk or other employee of any bank or trust company from being an officer, director or employee of any such investment company.

(ee) Stock of any "bank service corporation", as such term is defined by an act of congress of the United States, entitled the "Bank Service Corporation Act", approved October twenty-third, nineteen hundred sixty-two, as such act may be amended from time to time, provided such investment shall have been authorized by the superintendent.

(eee) Stock or shares of any investment company, as defined by, and which is registered under, an act of Congress of the United States, entitled the "Investment Company Act of 1940", approved August twenty-second, nineteen hundred forty, as amended, provided: (1) such company is managed, advised and has its assets held at a bank or trust company which is supervised and examined by the superintendent; (2) all of the stock and shares, other than stock or shares required by law to qualify directors, of such investment company are or are to be owned by savings banks, savings and loan associations and pension trusts, funds, plans or agreements participated in by one or more savings banks or savings and loan associations to provide retirement benefits, for any or all of its or their active officers and employees; and (3) such investment company may invest only in investments as are made eligible for savings banks by subdivisions one, two, three, four and fifteen of this section. For the purpose of investments authorized by this paragraph, no investment shall be made by a savings bank if the total amount invested by it exceeds, or by the making of the investment will exceed, an amount equal to thirty-five percent of its assets.

(f) For the purposes of this subdivision, (1) the term "net earnings available for fixed charges" shall mean net income after deducting operating and maintenance expenses, taxes other than federal and state income taxes, depreciation and depletion, but excluding extraordinary non-recurring items of income or expense appearing in the regular financial statements of the issuing, assuming or guaranteeing corporation; provided, however, that in the case of preferred stocks, federal and state income taxes shall also be deducted in determining net earnings available for fixed charges; (2) the term "fixed charges" shall include interest on funded and unfunded debt, amortization of debt

discount and rentals for leased properties; (3) if net earnings are determined in reliance upon consolidated earnings statements of parent and subsidiary corporations, such net earnings shall be determined after provision for income taxes of subsidiaries and after proper allowance for minority stock interest, if any, and the required coverage of fixed charges shall be computed on a basis including fixed charges and preferred dividends of subsidiaries other than those payable by such subsidiaries to the parent corporation or to any other of such subsidiaries; and (4) in applying the earnings tests under this subdivision to any issuing, assuming, or guaranteeing corporation, where such corporation shall have acquired its property or any substantial part thereof within the five years immediately preceding the date of investment by consolidation or merger, or by the purchase of all or a substantial portion of any other corporation or corporations, or shall have acquired the assets of any unincorporated business enterprise by purchase or otherwise, the gross operating income, net earnings and interest charges of the several predecessor or constitutent corporations or enterprises shall be consolidated and adjusted so as to ascertain whether or not the applicable requirements of this subdivision have been complied with.

(g) No investment shall be made by a savings bank pursuant to paragraphs (a), (b) or (c) of this subdivision in the stock of any corporation if the total investment by the savings bank in the stock of such corporation exceeds, or by the making of such investment will exceed (1) in amount, one per centum of the assets of the savings bank, or (2) in number of shares, two per centum of the total issued and outstanding shares of stock of such corporation.

(h) No investment shall be made by a savings bank pursuant to paragraph (a), (b) or (c) of this subdivision if the total aggregate amount so invested by it exceeds, or by the making of such investment will exceed, an amount equal to seven and one half per centum of its assets.

(i) No investment in an investment company shall be made by a savings bank pursuant to paragraph (e) of this subdivision if the total amount invested by it in all such investment companies pursuant to such paragraph exceeds, or by the making of such investment will exceed, an amount equal to seven and one-half per centum of its assets.

(k) For the purposes of sections two hundred seventy-four, two hundred eighty-five and four hundred thirty-five of this chapter, investments authorized by this subdivision shall not be deemed investments in which savings banks may legally invest.

(l) For the purposes of any other statutes which restrict investments to securities authorized for investment by savings banks, including but not limited to section ninety-two of the membership corporation law, section 9.27 of the mental hygiene law and sections fifteen and twenty-five-a of the workmen's compensation law, investments authorized by this subdivision, shall not be deemed investments in which savings banks may legally invest.

26-a. (1) Subject to such regulations and restrictions as the superintendent of financial services finds to be necessary and proper, the stock or obligations of one or more corporations engaged, or to be engaged, primarily in originating and servicing mortgages on real property, provided, however, that if the savings bank shall own less than all of the stock and obligations of any such corporation, the remainder of the stock, excluding directors' qualifying shares, if any, and obligations of such corporation shall be owned by one or more savings banks or savings and loan associations located in this state.

(2) No investment shall be made pursuant to this subdivision unless the corporation in which such investment is to be made shall have furnished satisfactory assurance to the superintendent that it will be subject to examination by him to the same extent as if the business of such corporation were being conducted by the savings bank on its own premises. No investment shall be made by a savings bank pursuant to this subdivision if the total amount so invested by it exceeds, or by the making of such investment will exceed, an amount equal to one per centum of its assets.

(4) For the purposes of any other provisions of law which restrict investments to those in which savings banks may legally invest, other than subdivision five of section three hundred seventy-nine of this chapter, investments authorized by this subdivision shall not be deemed investments in which savings banks may legally invest.

27. For the purposes of this section the term "state", when used

generally to include every state of the United States, includes also the commonwealth of Puerto Rico, and the term "city", when used generally to include cities in every state of the United States, includes also any municipality of the commonwealth of Puerto Rico.

28. Bonds, notes or evidences of indebtedness issued by a corporation organized for the purpose of undertaking, constructing, owning, maintaining, operating, selling or conveying a slum clearance and redevelopment project, located within this state, pursuant to title one of an act of congress of the United States approved July fifteenth, nineteen hundred forty-nine, entitled the "Housing Act of 1949," or organized pursuant to articles five and six of the private housing finance law, and secured by a first mortgage upon all of the real property owned by the corporation. A mortgage loan made under this subdivision may equal but shall in no event exceed ninety per centum of the cost as estimated prior to the completion of the project, or ninety per centum of the total actual final cost, if that shall be greater than the estimated cost, but in no event, shall such mortgage loan exceed ninety per centum of the appraised value of the completed project determined pursuant to subdivision six of this section. The estimated cost and the total actual final cost shall be certified as to reasonableness and correctness by an independent engineering organization and shall include the cost to the corporation of the lands owned by the corporation, the cost of demolition, the cost of constructing the improvements, including planning, designing, engineering and landscaping, the cost of relocation of tenants, interest and other carrying charges during the period of acquisition and of construction, all other costs necessarily incurred and properly attributable to undertaking, constructing and completing the project, and an allowance for working capital which shall not exceed an amount equal to three per centum of the estimated cost or of the total actual final cost of the project if that shall be greater than the estimated cost. A mortgage loan made under this subdivision may be participated in by one or more savings banks. An agreement setting forth the manner in which the participating banks shall administer the mortgage and acquire real estate, if any, shall be executed on behalf of each bank by two persons appointed by the board of trustees of such bank. Investments

made by any savings bank in mortgage loans pursuant to this subdivision and pursuant to paragraph (h) of subdivision six of this section shall not, in the aggregate, exceed ten per centum of the assets or an amount equal to the surplus fund and undivided profits and surplus reserve of such savings bank, whichever is less, and shall be included in the computation of permissive investment in mortgage loans pursuant to paragraph (d) of subdivision six of this section. Investments in such mortgage loans shall be subject to such regulations and restrictions as the superintendent of financial services finds to be necessary and proper.

28-a. Such bonds or other evidences of indebtedness issued or guaranteed by the State of Israel as are approved by the comptroller of the currency for investment by national banks; provided, however, that the principal and interest payable thereon shall be payable in United States dollars; and provided that such investments may not exceed in the aggregate five percent of the bank's capital deposits, undivided profits, surplus and reserves.

28-b. Such acquisitions and leases of personal property as are authorized to be made by commercial banks by subdivision twelve of section ninety-six of this chapter, subject to those limitations applicable to such investments in the case of banks or trust companies.

29. Subject to such restrictions as the superintendent of financial services may prescribe, stock or other equity interest in one or more small business investment companies, as authorized pursuant to the provisions of an act of congress entitled "Small Business Investment Act of 1958," as amended, or in any entity established to invest solely in such small business investment companies, except that in no event shall the total amount of such investments exceed: (a) for a stock form savings bank five percent of its capital stock, surplus fund and undivided profits; or (b) for a non-stock savings bank five percent of its net worth.

30. Alternative investment authority of savings banks to invest in certain securities. Notwithstanding the limitations contained in

subdivision one, two, three, four, five, seven, seven-a, ten, eleven, thirteen, fourteen, fifteen, nineteen, twenty-one-a, twenty-four, twenty-four-a, twenty-four-b, twenty-four-c, twenty-five, twenty-six, twenty-seven, twenty-eight-a, or subparagraph two of paragraph (a) or paragraph (b) of subdivision twenty-one of this section, and subject to such limitations as the superintendent of financial services shall adopt, a savings bank shall be authorized to invest in such debt securities as are not in default as to either principal or interest when acquired, and in such equity securities, in both cases as would be acquired by prudent persons of discretion and intelligence in such matters who are seeking a reasonable income and preservation of their capital.

Without limiting its authority hereunder, the superintendent of financial services shall adopt regulations to require that any savings bank which shall elect to make investments pursuant to this subdivision shall have first established an investment committee of its board of trustees to supervise and monitor the investment activities exercisable pursuant to the authority granted by this subdivision, the majority of the members of which shall be trustees who are not also officers or employees of such savings bank.

The superintendent of financial services shall, in addition, adopt regulations to require that no savings bank, in making investments pursuant to this subdivision shall (either before or after the making of such investments) control, as the superintendent of financial services shall define the term "control", the issuer of any such securities acquired by such savings bank.

For purposes of any other law establishing or limiting the investments of any person or entity to those investments which are permitted for savings banks, the investments authorized by this subdivision shall not, by virtue of this subdivision alone, be deemed investments in which a savings bank may legally invest.

31. Subject to such regulations as the superintendent of financial services may promulgate, investments which do not qualify under any of

the preceding subdivisions of this section, provided that:

(a) No investment shall be made by a savings bank pursuant to this subdivision if the amount of such investment exceeds one per centum of the assets of the savings bank, or if the aggregate amount of all such investments by a savings bank exceeds, or by the making of such investment will exceed, five per centum of its assets;

(b) No investment shall be made by a savings bank in the equity securities of any one issuer pursuant to this subdivision if the aggregate amount invested by it pursuant to this subdivision together with the amount invested in the equity securities of such issuer pursuant to any other provision of law exceeds, or by the making of such investment will exceed, one per centum of the assets of the savings bank, and no investment shall be made by a savings bank in a loan to, or in the debt securities of, any one issuer pursuant to this subdivision, if the aggregate amount invested by it pursuant to this subdivision together with the amount invested in a loan to, or in the debt securities of, such issuer pursuant to any other provision of law exceeds, or by the making of such investment will exceed, one per centum of the assets of the savings bank;

(c) This subdivision shall not be deemed to alter any provision of this chapter limiting the aggregate amount which may be invested in any class of loan or investment;

(e) For the purposes of this subdivision, "net worth" of a savings bank shall mean the excess of its assets at book value, less allocated reserves, over known liabilities; and

(f) For the purposes of sections two hundred seventy-four, two hundred eighty-five and four hundred thirty-five of this chapter, section three hundred fifty-nine-f of the general business law, and any other provisions of law which restrict investments to those in which savings banks may legally invest, other than subdivision six of section three hundred seventy-nine of this chapter, investments authorized by this subdivision shall not be deemed investments in which savings banks may legally invest.