

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

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

**Authority**

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

**Source**

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

**Notes of Decisions**

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

**§ 30.1. Definitions.**

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

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

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

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

*NOW account*—An account under the terms of which money may be withdrawn by means of a NOW which requires the savings bank to pay the sum specified to a named third party.

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

**Source**

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

**§ 30.2. Rules governing NOW accounts.**

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

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

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

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

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

**Source**

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

**Notes of Decisions**

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

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