

17:13-27

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:13-27 (Credit unions--give State-chartered unions parity with Federal credit unions)

LAWS 1981 CHAPTER 245

Bill No. A3196

Sponsor(s) Mays

Date Introduced March 2, 1981

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage Yes ~~No~~ Amendments during passage denoted by asterisks. Substituted for S3117 (not attached since identical to A3196)

Date of Passage: Assembly March 23, 1981

Senate June 8, 1981

Date of approval Aug. 3, 1981

Following statements are attached if available:

Sponsor statement Yes ~~No~~ (Below)

Committee Statement: Assembly Yes ~~No~~

Senate Yes ~~No~~

Fiscal Note ~~Yes~~ No

Veto Message ~~Yes~~ No

Message on signing Yes ~~No~~

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

Sponsor's statement:

The purpose of this legislation is to enable the Commissioner of Banking to grant State chartered credit unions full parity with Federal credit unions.

Rules and regulations of the Federal Credit Union Administration: 12 CRF 700 et seq.

6/23/81

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## ASSEMBLY, No. 3196

STATE OF NEW JERSEY

INTRODUCED MARCH 2, 1981

By Assemblyman MAYS

Referred to Committee on Banking and Insurance

AN ACT concerning the regulation of credit unions and amending  
P. L. 1938, c. 293.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. Section 2 of P. L. 1938, c. 293 (C. 17:13-27) is amended to  
2 read as follows:

3 2. Upon executing, recording and filing a certificate of incorpora-  
4 tion as hereinafter provided and upon compliance with the pro-  
5 visions of this act and upon approval of the Commissioner of  
6 Banking as hereinafter provided, any seven or more natural per-  
7 sons citizens of this State, may become a credit union and shall be  
8 a corporation by the name set forth in its certificate of incorpora-  
9 tion with the following powers:

10 (a) To receive the savings of its members as payments on shares,  
11 including the right to conduct Christmas accounts, vacation ac-  
12 counts, and other such thrift accounts within the membership;

13 (b) To make loans to its members for provident or productive  
14 purposes;

15 (c) To make loans to any other credit union operating under the  
16 provisions of this act or of the Federal Credit Union Act; provided,  
17 however, that the aggregate of all loans to other credit unions shall  
18 not exceed 25% of its share liability, and no credit union shall loan  
19 to any other credit union more than 25% of the share liability of  
20 such other credit union;

21 (d) To invest in or purchase any security in which savings banks  
22 of this State are authorized by law to invest, including those in-  
23 vestments which are restricted by law to savings banks alone; and  
24 shares, certificates and accounts of savings and loan associations  
25 organized under the laws of the State of New Jersey and Federal  
26 Savings and Loan Associations, provided all such shares, cer-

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill  
is not enacted and is intended to be omitted in the law.**

27 tificates and accounts are insured by an agency or instrumentality  
28 of the United States Government, in an amount not to exceed the  
29 amount of the insurance; provided, that no such credit union shall  
30 invest in securities not permitted under the terms of this act; and  
31 provided, that investments, other than in loans to members, shall be  
32 made only from funds not needed for loans to members except when  
33 the board of directors of any such credit union deems it advisable  
34 to invest in other securities for the purpose of maintaining the  
35 liquidity of such credit union or maintaining a proper balance in  
36 its investment portfolio;

37 (e) \*~~["To"]~~\* *Notwithstanding the provisions of R. S. 31:1-1 or*  
38 *any other law to the contrary, to* charge, contract for and receive  
39 interest on loans at a rate \*~~["not to exceed 1% per month"]~~\* *or rates*  
40 *agreed to by the credit union and the members*\*; and such interest  
41 shall not be payable in advance, or compounded, and shall be com-  
42 puted on unpaid balances; provided, that no further or other charge  
43 or amount whatsoever for examination, service, brokerage, commis-  
43A sion or otherwise shall be directly or indirectly charged, contracted  
43B for or received on loans, in addition to the interest herein provided  
43C for, except that lawful fees, if any, actually and necessarily paid  
44 out on any such transaction to any public officer for filing or record-  
45 ing or releasing in any public office any instrument securing the  
46 loan, which fees may be collected when the loan is made, or at any  
47 time thereafter, and except on actual sale of the security in fore-  
48 closure proceedings or upon entry of judgment; and attorneys' fees  
49 not to exceed 20% but with a minimum fee of \$10.00, may be added  
50 to the principal amount of any loan of any such credit union  
51 resolved into judgment or placed in the hands of any attorney for  
52 collection after default thereon and such addition to the principal  
53 amount shall be collectible in any court of competent jurisdiction  
54 in addition to the court costs;

55 (f) To deposit its funds in national banks, banks, savings and  
56 loan associations organized under the laws of the State of New  
57 Jersey and Federal savings and loan associations, or savings  
58 banks of this State, central funds of credit unions or central credit  
59 unions organized under the laws of this State or of the Federal  
60 Government;

61 (g) To have and exercise all the powers of corporations orga-  
62 nized under Title 14A of the New Jersey Statutes not inconsistent  
63 with this act;

64 (h) To act as the fiscal agent for the Federal Government, the  
65 State of New Jersey, or any of the subdivisions thereof;

66 (i) To sell to members negotiable checks, drafts, money orders  
67 and travelers checks, for a reasonable fee, and to cash checks and  
68 money orders for members, for a reasonable fee; but credit unions  
69 operating under the provisions of this act are not required to be  
70 licensed under the provisions of P. L. 1951, c. 187 (C. 17:15A-1  
71 et seq.) and P. L. 1964, c. 273 (C. 17:15B-1 et seq.);

72 (j) To purchase land and building for the purpose of providing  
73 adequate facilities for the transaction of its business at a cost not  
74 to exceed 50% of the amount of its reserves, with the prior approval  
75 of the Commissioner of Banking;

76 (k) [The Department of Banking of the State of New Jersey, or  
77 what every agency may in the future be charged with the operation  
78 of State chartered credit unions, shall have the power in relation  
79 to loans or investments authorized under this act, to promulgate  
80 rules and regulations in substantial conformity with similar rules  
81 and regulations under the Federal Credit Union Act and under the  
82 regulations promulgated by the administrator of the National  
83 Credit Union Association.]

84 *The Commissioner of Banking shall have the power to promul-*  
85 *gate rules and regulations authorizing credit unions to exercise*  
86 *those powers and make those loans and investments now or here-*  
87 *after authorized for Federal credit unions to the same extent as*  
88 *Federal credit unions may exercise those powers and make those*  
89 *loans and investments. The regulations shall be in substantial con-*  
90 *formity with similar rules and regulations of the Federal Credit*  
91 *Union Administration.*

1 2. This act shall take effect immediately.

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**ASSEMBLY BANKING AND INSURANCE COMMITTEE**

STATEMENT TO

**ASSEMBLY, No. 3196**

**STATE OF NEW JERSEY**

DATED: MARCH 2, 1981

This legislation would permit the Commissioner of Banking to establish parity between State and Federally chartered credit unions by regulation, provided that the regulations promulgated by the commissioner are in substantial conformity with similar rules and regulations of the Federal Credit Union Administration.

This legislation is designed to provide for parity, at the discretion of the Commissioner of Banking, between State and Federally chartered credit unions, particularly with respect to the making of loans and investments, as well as the exercising of certain other powers. This legislation is occasioned by recent Federal legislation which made sweeping changes in the powers of depository institutions in general.

SENATE LABOR, INDUSTRY AND  
PROFESSIONS COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3196**

with Senate committee amendment

**STATE OF NEW JERSEY**

DATED: APRIL 27, 1981

This bill would empower the Commissioner of Banking, by regulation, to authorize State chartered credit unions to exercise all powers and make all loans and investments now or in the future authorized for Federal credit unions.

N. J. S. A. 17:13--27, amended by this bill, now permits the Commissioner of Banking, by regulation, to authorize State chartered credit unions to make all loans and investments made by Federal credit unions. The commissioner is not empowered, however, to provide parity between State and Federal credit unions with regard to "other powers"; Assembly Bill No. 3196 would give him that regulatory authority.

This bill would give the Commissioner of Banking the authority to grant State chartered credit unions the right to issue third party payment instruments, called share drafts, which would be comparable to NOW account checks. Credit unions could also be permitted, by regulation, to issue certificates of deposit, called share certificates.

The Senate Labor, Industry and Professions Committee made a technical amendment to the bill to make it conform to P. L. 1981, c. 103.

8-3-81

FROM THE OFFICE OF THE GOVERNOR

A-3196, sponsored by Assemblyman Charles Mays (D-Hudson), is designed to provide State credit unions parity with federal credit unions.

It permits the Commissioner of Banking to make regulations authorizing State credit unions to exercise powers and make loans and investments to the same extent as federal credit unions and lifts the 1% per month interest ceiling of credit union loans, permitting the credit unions to charge rates agreed to by the union and its members.

<sup>3422</sup>  
A-3244, sponsored by Assemblyman Christopher J. Jackman (D-Hudson), which exempts the Firemen's Home in Boonton from the Department of Health regulation requiring that nursing homes have licensed administrators.

A-3523, sponsored by Assemblyman Albert Burstein (D-Bergen), requires foreign insurance companies to make an additional prepayment of current taxes in an amount equal to 25% of taxes paid in the prior year. The payment is to be made annually on October 1.

The current prepayment requirement is an amount equal to 50% of the tax paid in the prior year and is payable March 1 annually. Upon repeal of the tax, this bill will require domestic insurance companies to pay equivalent installment payments during the course of the tax year. The total payments, due by August 1, will now be due by June 1 annually.

A-1427, sponsored by Assemblyman Robert C. Janiszewski (D-Hudson), provides for the enforcement of court orders concerning support payments when the parties involved reside in different jurisdictions. The bill replaces the Uniform Reciprocal Enforcement of Support Act adopted in 1950 with the Revised Enforcement of Support Act.

The Governor conditionally vetoed the original bill on June 11 for technical reasons, and recommended deleting from the bill a section concerning criminal immunity. The Legislature adopted his recommendation.