

17:12B-8

LEGISLATIVE HISTORY CHECKLIST

(Savings and loan associations--State chartered--application procedure for branch offices)

NJSA 17:12B-8 et al.

LAWS 1981

CHAPTER 376

Bill No. A2122

Sponsor(s) Bornheimer

Date Introduced Feb. 9, 1981

Committee: Assembly Banking & Insurance

Senate Labor, Industry & Professions

Amended during passage Yes

~~NO~~ Assembly Committee substitute enacted. Substituted for S3435 (not attached since substantially similar to A2122)

Date of Passage: Assembly Nov. 23, 1981

Senate Dec. 10, 1981

Date of approval Dec. 31, 1981

Following statements are attached if available:

Sponsor statement Yes ~~No~~

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

Regulations by Federal Home Loan Bank Board pursuant to 96-221: 12 CFR part 541 et seq.

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12-31-8

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2122

STATE OF NEW JERSEY

ADOPTED FEBRUARY 9, 1981

SPONSORED BY ASSEMBLYMAN BORNHEIMER

AN ACT to amend and supplement the "Savings and Loan Act (1963)" approved August 30, 1963 (P. L. 1963, c. 144), repealing sections 25, 26, 27, 42, 43, and 44 thereof and amending P. L. 1965, c. 127.

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

1 1. Section 8 of P. L. 1963, c. 144 (C. 17:12B-8) is amended to
 2 read as follows:

3 8. (a) "Principal office" shall mean the legally established office
 4 of an association for the transaction of its business, other than a
 5 branch office, auxiliary office, agency, or [limited facility branch
 6 office] *a remote service unit* of the association.

7 (b) "Branch office" shall mean a legally established office of an
 8 association, other than the principal office, an auxiliary office,
 9 agency, or [limited facility branch office] *a remote service unit*
 10 of the association, at which such operations as may be authorized
 11 by the board not inconsistent with the limitations of this act may be
 12 conducted.

13 (c) "Auxiliary office" shall mean a place of business other than
 14 the principal office, a branch office, agency, or [limited facility
 15 branch office] *a remote service unit* of an association wherein
 16 operations of an association may be conducted within the limitations
 17 set forth in this act relating to auxiliary offices.

18 (d) ["Limited facility branch office" shall mean such other
 19 facility as the commissioner may authorize, other than a branch
 20 office, auxiliary office or agency, including, but not limited to, an
 21 office or offices commonly known as a "satellite office," "mobile
 22 branch facility" or "fully automated office."] *(Deleted by amend-*
 23 *ment.)*

24 (e) "Remote service unit" shall mean an information processing
 25 device, including associated equipment, structures and systems, by

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

26 *which information relating to financial services rendered to the*
 27 *public is stored and transmitted to a financial institution. The term*
 28 *includes, without limitation, both "on-line" computer terminals and*
 29 *"off-line" cash dispensing machines. It excludes automated teller*
 30 *machines or devices on the premises of an association, unless shared*
 31 *with other financial institutions.*

1 2. Section 9 of P. L. 1963, c. 144 (C. 17:12B-9) is amended to
 2 read as follows:

3 9. "Agency" shall mean a place of business other than the
 4 principal office, a branch office, auxiliary office, or [limited facility
 5 branch office] *a remote service unit* of an association, at which an
 6 agent or agents of the association may receive payments on sav-
 7 ings accounts, payments on loans or any obligations to the associa-
 8 tion for the purpose of transmission thereof to the principal office
 9 or to a branch office of the association. At such agency, an agent
 10 or agents may perform such other duties not inconsistent with the
 11 limitations of this act as may be authorized from time to time by the
 12 board.

1 3. Section 24 of P. L. 1963, c. 144 (C. 17:12B-24) is amended to
 2 read as follows:

3 24. A. Branch offices. No State association shall hereafter
 4 establish or operate a branch office or offices, other than as provided
 5 by the conditions and limitations of sections 24 through 27 of this
 6 act *without the prior written approval of the commissioner*; pro-
 7 vided, however, that any association operating an authorized branch
 8 office at the effective date of this act may continue to do so.

9 (1) *An association operating a branch office approved prior to*
 10 *the effective date of this act with conditions or restrictions imposed*
 11 *on its operation may upgrade such office by notifying the commis-*
 12 *sioner at least 30 days before such upgrading. A branch office is*
 13 *considered upgraded if the association is relieved of any of the*
 14 *conditions or restrictions imposed on operation of the office when it*
 15 *opened. If within 30 days of receipt of the notice, the commissioner*
 16 *does not notify the association of his objection which would require*
 17 *the association to submit an application or additional information*
 18 *before upgrading, the association may upgrade the office.*

19 (2) *An approved, but unopened branch office as of the effective*
 20 *date of this amendatory act may open and operate in the same*
 21 *manner as a branch office approved subsequent to the effective date*
 22 *of this amendatory act.*

23 (3) *Any application which deals with offices of a State associa-*
 24 *tion filed with the commissioner prior to the effective date of this*

25 *amendatory act shall continue to be processed as any application*
 26 *filed subsequent to the effective date of this amendatory act; how-*
 27 *ever, the commissioner may request such additional information as*
 28 *may be necessary to comply with the requirements of this amend-*
 29 *atory act.*

30 **【**The provisions of section 25 of this act shall apply only to branch
 31 offices authorized as the result of an association meeting the capital,
 32 reserve, and other requirements set forth in such section. Such
 33 branch offices shall be designated as section 25 branch offices.

34 The provisions of section 27 of this act shall apply only to branch
 35 offices authorized as the result of a merger of two or more associa-
 36 tions or the purchase or acquisition of all or a substantial portion
 37 of the assets of one association by another association as set forth
 38 in Article XIII of this act. Such branch offices shall be designated
 39 as section 27 branch offices.**】**

40 B. **【**Limited facility branch offices. (1) In addition to an applica-
 41 tion or applications for a branch office or offices, a State associa-
 42 tion may make application for authority to operate one or more
 43 limited facility branch offices without regard to the requirements
 43A of section 25 (C. 17:12B-25) or section 26 (C. 17:12B-26) of this
 44 act. The application shall be in such form as shall be prescribed
 45 by the commissioner and notice of the application for a limited
 46 facility branch office shall be published in accordance with the
 47 rules and regulations of the commissioner as adopted under the
 48 provisions of the “Administrative Procedure Act” (P. L. 1968,
 49 c. 410, C. 52:14B-1 et seq.). Within 20 days after said notice is
 50 published, any person having objections to the application shall
 51 submit in writing to the commissioner detailed factual and legal
 52 grounds for the objections. The commissioner shall not be required
 53 to hold a hearing in connection with an application for a limited
 54 facility branch office. The commissioner shall approve such ap-
 55 plication as a limited facility branch office if, after consideration
 56 of written objections if any and such investigation as he deems
 57 advisable, he shall find:

58 (a) That the convenience and needs of the public will be served
 59 to advantage by the establishment of such limited facility branch
 60 office; and

61 (b) That the costs of establishing such limited facility branch
 62 office, including (i) construction and alteration costs, (ii) the cost
 63 of real property, if any, to be acquired in connection therewith or
 64 rental to be paid for space to be occupied by such office; (iii) the
 65 cost of purchasing or renting the equipment to be used in the op-

66 eration of such office, and (iv) the cost of personnel to be utilized
67 in the operation of such office shall not, in the aggregate, exceed
68 such sum as the commissioner shall deem reasonable, taking into
69 account the earnings, reserves, surplus and capital of the applying
70 association. The commissioner may approve the sharing of such
71 facilities with other associations when the application is for a fully
72 automated office or may require the sharing of such facilities with
73 other associations or banking institutions authorized to do business
74 in this State.

75 (2) Removal of limitations. Limitations imposed by the com-
76 missioner in the case of a limited facility branch office may be
77 removed, in whole or in part, from time to time upon application
78 by the State association operating a limited facility branch office.
79 No application for removal of limitations may be filed until a
80 limited facility branch office has been in operation for 2 years. If
81 and when all limitations have been removed by the commissioner,
82 the limited facility branch office will become a branch office to be
83 operated by the association in the same manner as a branch office
84 approved pursuant to this section.

85 (3) Any operating State association which has been authorized
86 to operate a limited facility branch office or offices may terminate
87 the operation of such limited facility branch office in its discretion
88 and, if so terminated, may not be reopened except upon a new
89 application to the commissioner. Notice of an application to ter-
90 minate a limited facility branch office shall be filed with the com-
91 missioner at least 2 weeks prior to the termination of operation.
92 The operation of a limited facility branch office may not be changed
93 to a new location except upon application to the commissioner.

94 (4) Subject to the "Administrative Procedure Act" (P. L.
95 1968, c. 410, C. 52:14B-1 et seq.), the commissioner may adopt,
96 amend, alter or rescind regulations limiting State associations'
97 powers to operate limited facility branch offices as hereinabove set
98 forth.】

99 *An association may apply for a branch office regardless of*
100 *the number of branch applications it has pending before the com-*
101 *missioner. Within 15 days after submission of any branch applica-*
102 *tion to the commissioner, the applying State association shall give*
103 *notice of such application by publication of a notice of such applica-*
104 *tion in a newspaper published within the municipality in which it is*
105 *proposed to locate the branch office if there be one or, if there be no*
106 *such newspaper, in a newspaper published in the county and having*
107 *a substantial circulation in the municipality. The notice shall be in*

108 a form approved by the commissioner, and shall include the name
 109 of the applying association and the location, as precisely as possible,
 110 in the municipality where such branch office is to be located. For
 111 good cause, the commissioner may dispense with the notice require-
 112 ments of this section.

113 No less than 30 days after filing with the commissioner the proof
 114 of publication of the aforementioned notice within 90 days there-
 115 after, the commissioner shall announce his decision upon such
 116 application and file in his office a written memorandum stating the
 117 reasons therefor, which shall be open to public inspection; and he
 118 shall forthwith thereafter give written notice thereof to the
 119 applicant.

120 C. The commissioner shall approve an application only if, in his
 121 opinion, the branch can be established without undue injury to
 122 properly conducted existing local thrift and home financing institu-
 123 tions; the policies, condition and operation of the applying State
 124 association afford no basis for supervisory objection, and the pro-
 125 posed branch will open within 12 months of approval unless other-
 126 wise allowed by the commissioner. In addition, in considering
 127 whether to approve an application, the commissioner shall take into
 128 account the State association's record of helping to meet the credit
 129 needs of its entire community, including low-to-moderate income
 130 neighborhoods pursuant to Part 563e of the regulations promul-
 131 gated by the Federal Savings and Loan Insurance Corporation.
 132 Assessment of a State association's record of performance may be
 133 the basis for denying an application.

134 D. Persons may submit communications and answers to protests
 135 only as provided in this subsection or as requested by the com-
 136 missioner.

137 (1) Within 10 days of the last day of publication of notice of
 138 application, or 30 days after that day if an extension is requested
 139 in writing within the 10-day period, any person may file a com-
 140 munication in favor or protest of the application by furnishing 4
 141 copies to the commissioner.

142 (2) Within 10 days after filing a protest, the commissioner shall
 143 advise the protestant and the State association, in writing, whether
 144 the protest is considered substantial.

145 (3) A protest is substantial only if it is in writing, filed on time,
 146 and contains at least the following:

147 (a) A summary of the reasons for protest;

148 (b) The specific matters in the application to which the
 149 protestant objects, and the reasons for each objection;

150 (c) *Facts supporting the protest, including relevant economic*
 151 *or financial data;*

152 (d) *Any adverse effects on the protestant which may result*
 153 *from the approval of the application.*

154 (4) *The commissioner shall determine whether a protest is sub-*
 155 *stantial and shall not consider protests which are not considered*
 156 *substantial in his assessment of the merits of the application.*

157 (5) *The applying State association may file an answer to any*
 158 *protest until 15 days after receipt of written notice from the com-*
 159 *missioner that such protest is considered substantial by furnishing*
 160 *4 copies of the answer to the commissioner.*

161 *E. The commissioner shall conduct such investigation or hearing,*
 162 *or both, as he may deem advisable. The commissioner may adopt,*
 163 *amend, alter or rescind regulations prescribing the form of protest*
 164 *to applications and the procedures to be followed in the event that*
 165 *the commissioner elects to hold a hearing in connection with an*
 166 *application for a branch office, and such other regulations as he*
 167 *may deem necessary with respect to the provisions of this section.*
 168 *Such regulations shall be in substantial conformity with similar*
 169 *rules and regulations promulgated by the Federal Home Loan*
 170 *Bank Board.*

1 4. Section 4 of P. L. 1965, c. 127 (C. 17:12B-27.1) is amended to
 2 read as follows:

3 4. Removal of branch offices. A State association may change
 4 the location of a branch office to a location, in the same municipality,
 5 which is 1,500 feet or less in distance from the existing location of
 6 the branch office to be relocated, provided it files a certificate of such
 7 change of location with the commissioner within 1 week from the
 8 date such change is made. Otherwise a State association may
 9 change the location of a branch office upon written application to
 10 and approval by the commissioner.

11 (1) If the distance between the proposed new location is more
 12 than 1,500 feet, but is in the same municipality as the existing
 13 branch office, the applying State association shall, within 10 days
 14 after the submission of any such application to the commissioner,
 15 give notice of such application by publication of a notice of such
 16 application in a newspaper published within the municipality in
 17 which it is proposed to locate such branch office, if there be one,
 18 or, if there be no such newspaper, in an newspaper published in
 19 the county and having a substantial circulation in the municipality.
 20 Notice shall be in a form approved by the commissioner and shall
 21 include the name of the applying association and the location, as

22 precisely as possible, in the municipality where such branch office
23 is to be located.

24 (2) If the proposed new location is in another municipality than
25 that in which the existing branch office is located, the State
26 association shall comply with the notice requirements set forth in
27 ~~subsection 2 of~~ section ~~26~~ 24 of this act ~~and the commissioner,~~
28 before approving the application, shall determine that the estab-
29 lishment and operation of such proposed branch office is in the
30 public interest, will be of benefit to the area served by such branch
31 office and that such branch office will meet the needs and conveni-
32 ence of the public in the area proposed to be served, and that
33 conditions in the area to be served, afford reasonable promise of
34 successful operation].

35 (3) For the purposes of this section, distances shall be measured
36 in a straight line drawn from the center point of the main entrance
37 of the nearest location of the branch office to the center point of the
38 main entrance of the proposed location.

39 ~~[(4) Upon receipt of a written application to change the location~~
40 ~~of branch office as provided in subsections (1) and (2) of this sec-~~
41 ~~tion, the commissioner shall conduct such investigation or hearing,~~
42 ~~or both, as he may deem to be advisable. Not less than 30 days after~~
43 ~~the publication of the required notice by the applying association~~
44 ~~and within 90 days thereafter, the commissioner shall announce~~
45 ~~his decision upon such application and file in his office a written~~
46 ~~memorandum stating the reasons therefor which shall be open to~~
47 ~~public inspection; and he shall forthwith thereafter give written~~
48 ~~notice thereof to the applicant.] (Deleted by amendment.)~~

1 5. Section 5 of P. L. 1965, c. 127 (C. 17:12B-27.2) is amended to
2 read as follows:

3 5. Time limit for opening branch office; discontinuance of branch
4 office.

5 The failure of a State association to open and operate a branch
6 office within ~~6~~ 12 months after the commissioner approves the
7 application therefor, shall automatically terminate the right of the
8 State association to open a branch office, except that, for good cause
9 shown, the commissioner may, in his discretion, on application of
10 the State association extend for additional periods, not in excess
11 of ~~6~~ 12 months each, the time within which such branch office
12 may be opened, provided the initial application shall be made before
13 the expiration of ~~6~~ 12 months from the date that the commis-
14-15 sioner approves the application and any subsequent application
16 for extension shall be made before the expiration of any subsequent

17 period for which permission to extend is granted by the commis-
18 sioner. A State association may discontinue a branch office upon
19 resolution of its board. Upon adoption of such a resolution, the
20 State association shall file a certificate with the commissioner
21 specifying the location of the branch office to be discontinued, and
22 the date upon which the discontinuance shall be effective.

1 6. Section 28 of P. L. 1963, c. 144 (C. 17:12B-28) is amended to
2 read as follows:

3 28. Interchange of principal and branch offices. A State associa-
4 tion may change the location of its principal office to a location
5 then occupied by a branch office operated by it, subject to the
6 requirements herein set forth:

7 (1) If the interchange results in the new location of the principal
8 office remaining in the same municipality as the previous location,
9 the State association shall file a certificate of such change with the
10 commissioner within 1 week from the date such change is made.

11 The State association may, in such case, operate its principal
12 office at the location previously occupied by its branch office and
13 may operate a branch office at the location previously occupied by
14 its principal office without further requirement.

15 (2) If the interchange results in the principal office being
16 removed from one municipality to another, the State association
17 shall apply to the commissioner for written approval of such change
18 of location in accordance with the provisions of section 40 of this
19 act. Upon approval of the commissioner, in accordance with section
20 40 of this act, the association may operate its principal office at the
21 previous location of its branch office and may operate a branch
22 office at the previous location of its principal office without further
23 requirement.

24 The failure of a State association to complete such interchange
25 within **[6]** 12 months after filing the certificate or after approval by
26 the commissioner, as the case may be, shall automatically terminate
27 the rights of the State association to effect such interchange, except
28 that, for good cause shown, the commissioner may in his discretion
29 on application of the State association, extend for additional
30 periods, not in excess of **[6]** 12 months each, the time within which
31 such interchange may be effected, provided the initial application
32 shall be made before the expiration of **[6]** 12 months from the date
33 that the commissioner approves the application and any subsequent
34 application for extension shall be made before the expiration of any
35 subsequent period for which permission to extend is granted by the
36 commissioner.

1 7. Section 33 of P. L. 1963, c. 144 (C. 17:12B-33) is amended to
2 read as follows:

3 33. An association may, for the purpose of establishing an
4 auxiliary office or offices, purchase or lease real property, or it may
5 use real property heretofore purchased or leased by it; provided,
6 that the cost of establishing an auxiliary office, including construc-
7 tion and alteration costs, and including the purchase price or the
8 rental of the real property, shall not exceed such sum as the
9 Commissioner of Banking and Insurance shall approve, taking into
10 consideration reserve accounts and undivided profits of the associa-
11 tion. As an incident to the conduct of its business at an auxiliary
12 office, an association may provide motor vehicle parking facilities
13 for its customers.

1 8. Section 37 of P. L. 1963, c. 144 (C. 17:12B-37) is amended to
2 read as follows:

3 37. Agencies. a. Any State association shall have the right to
4 make written application to the commissioner for permission to
5 establish and operate an agency or agencies as defined in section 9
6 of this act subject to the following requirements:

7 (1) The State association may, pursuant to resolution of its
8 board, establish and operate an agency or agencies [in the same
9 county in which its principal office is located] on written application
10 to the commissioner.

11 (2) The commissioner shall determine the conditions under
12 which he shall permit the establishment of the agency or agencies.

13 (3) No agency shall be established in a municipality whose popu-
14 lation at the time of the establishment of such agency exceeds 3,500.

15 (4) No agency shall be established in a municipality wherein
16 there is located the principal or branch office of an insured
17 association.

18 (5) No business shall be transacted at an agency other than the
19 following:

20 (a) The receipt of payments on savings accounts.

21 (b) The receipt of payments on loans, and

22 (c) The receipt of payments on other obligations to the State
23 association.

24 (6) An agency shall not be deemed a branch office or an auxiliary
25 office within the meaning of sections 24 and 29 of this act.

26 *b. Notwithstanding the provisions of subsection a. of this section,*
27 *any State association may, without approval of the commissioner,*
28 *to the commissioner, to the extent authorized by its board of*
29 *directors, establish or maintain, within the same state as the prin-*

30 *cipal office of the association, agencies which only service and*
 31 *originate, but do not approve, loans and contracts or which manage*
 32 *or sell real estate owned by the association, or both. Except for*
 33 *payment of savings accounts and loan approval services, offering*
 34 *of any services not listed in this subsection may be approved by the*
 35 *commissioner.*

1 9. Section 40 of P. L. 1963, c. 144 (C. 17:12B-40) is amended to
 2 read as follows:

3 40. Change of office location. A State association may change
 4 the location of its principal office to a new location subject to the
 5 following requirements:

6 (1) If the new location of its principal office is in the same
 7 municipality, the State association shall file a certificate of such
 8 change with the commissioner within 1 week from the date such
 9 change is made.

10 (2) Where the principal office is to be removed from one munici-
 11 pality to another, such change or removal shall take place only after
 12 receipt of **[application to and the]** written approval of the com-
 13 missioner *in accordance with the procedures established in section*
 14 *24 of this act, except that the State association shall publish the*
 15 *required notice of application in the State association's home office*
 16 *municipality, the municipality to be served by the new office, and*
 17 *the municipality where the office is to be closed or the principal*
 18 *office is to be designated as a branch. In addition, the State associa-*
 19 *tion shall post notice of the application for 17 days from the date*
 20 *of first publication in a prominent location in the office to be closed*
 21 **[of such change of location. Within 10 days after the submission of**
 22 **any such application, the commissioner shall give written notice by**
 23 **mail to the State association of a time and place designated by him**
 24 **for a hearing on such application. The time designated for such**
 25 **hearing shall be not less than 6 weeks nor more than 8 weeks after**
 26 **the date upon which the commissioner mails such notice. The State**
 27-29 **association [shall] may thereupon give notice of such application**
 30 **by publication of a notice of such application in a newspaper**
 31 **published within the municipality in which it is proposed to locate**
 32 **the branch office, if there be one, or, if there be no such newspaper,**
 33 **in a newspaper having a substantial circulation in the municipality.**
 34 **The notice shall be in a form approved by the commissioner and**
 35 **shall include the name of the applying association and the location,**
 36 **as precisely as possible, in the municipality where such branch**
 37 **office is to be located and shall set forth the time and place**
 38 **designated by the commissioner for a hearing thereon. Such notice**

39 shall be published at least 3 weeks prior to the date of such
40 hearing].

1 10. (New section) Failure to open and operate relocated principal
2 office; effect.

3 The failure of a State association to open and operate a relocated
4 principal office within [6] 12 months after the commissioner
5 approves the application therefor, shall automatically terminate
6 the right of the State association to open such relocated principal
7 office, except that, for good cause shown, the commissioner may, in
8 his discretion, on application of the State association, extend for
9 additional periods, not in excess of [6] 12 months each, the time
10 within which such relocated principal office may be opened, provided
11 that the initial application shall be made before the expiration of
12 [6] 12 months from the date authority is granted to relocate such
13 principal office and any subsequent application shall be made before
14 the expiration of any subsequent period for which permission to
15 extend has been granted by the commissioner.

1 11. (New section) A State association may establish or use remote
2 service units as defined in Section 8 of P. L. 1963, c. 144 (C.
3 17:12B-8). The commissioner may require the sharing of such
4 remote service units with other financial institutions. The com-
5 missioner may adopt, amend, alter, or rescind regulations govern-
6 ing the establishment and operation of remote service units. Such
7 regulations shall be in substantial conformity with similar rules
8 and regulations promulgated by the Federal Home Loan Bank
9 Board.

1 12. Sections 25 (C. 17:12B-25), 26 (C. 17:12B-26), 27 (C.
2 17:12B-27), 42 (C. 17:12B-42), 43 (C. 17:12B-43), 44 (C.
3 17:12B-44) of P. L. 1963, c. 144 are repealed.

1 13. This act shall take effect immediately.

ASSEMBLY, No. 2122

STATE OF NEW JERSEY

INTRODUCED OCTOBER 6, 1980

By Assemblymen BORNHEIMER, BURSTEIN, VAN WAGNER,
KARCHER, MAYS, T. GALLO, HURLEY, KAVANAUGH,
SMITH, LITTELL and ORECHIO

Referred to Committee on Banking and Insurance

AN ACT to amend the "Savings and Loan Act (1963)," approved
August 30, 1963 (P. L. 1963, c. 144).

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

1 1. Section 24 of P. L. 1963, c. 144 (C. 17:12B-24) is amended
2 to read as follows:

3 24. A. Branch offices. No State association shall hereafter estab-
4 lish or operate a branch office or offices, other than as provided by
5 the conditions and limitations of sections 24 through 27 of this act;
6 provided, however, that any association operating an authorized
7 branch office at the effective date of this act may continue to do so.

8 The provisions of section 25 of this act shall apply only to branch
9 offices authorized as the result of an association meeting the capital,
10 reserve, and other requirements set forth in such section. Such
11 branch offices shall be designated as section 25 branch offices.

12 The provisions of section 27 of this act shall apply only to branch
13 offices authorized as the result of a merger of two or more associa-
14 tions or the purchase or acquisition of all or a substantial portion
15 of the assets of one association by another association as set forth
16 in Article XIII of this act. Such branch offices shall be designated
17 as section 27 branch offices.

18 B. Limited facility branch offices. (1) In addition to an appli-
19 cation or applications for a branch office or offices, a State associa-
20 tion may make application for authority to operate one or more
21 limited facility branch offices without regard to the requirements
22 of section 25 (C. 17:12B-25) or section 26 (C. 17:12B-26) of this
23 act. The application shall be in such form as shall be prescribed
24 by the commissioner and notice of the application for a limited

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

25 facility branch office shall be published in accordance with the rules
26 and regulations of the commissioner as adopted under the provi-
27 sions of the "Administrative Procedure Act" (P. L. 1968, c. 410,
28 C. 52:14B-1 et seq.). Within 20 days after said notice is published,
29 any person having objections to the application shall submit in
30 writing to the commissioner detailed factual and legal grounds
31 for the objections. The commissioner shall not be required to hold
32 a hearing in connection with an application for a limited facility
33 branch office. The commissioner shall approve such application as
34 a limited facility branch office if, after consideration of written
35 objections if any and such investigation as he deems advisable,
36 he shall find:

37 (a) **That the convenience and needs of the public will be served**
38 **to advantage by the establishment of such limited facility branch**
39 **office; and**

40 (b) That the costs of establishing such limited facility branch
41 office, including (i) construction and alteration costs, (ii) the cost
42 of real property, if any, to be acquired in connection therewith or
43 rental to be paid for space to be occupied by such office, (iii) the
44 cost of purchasing or renting the equipment to be used in the op-
45 eration of such office, and (iv) the cost of personnel to be utilized
46 in the operation of such office shall not, in the aggregate, exceed
47 such sum as the commissioner shall deem reasonable, taking into
48 account the earnings, reserves, surplus and capital of the applying
49 association. The commissioner may approve the sharing of such
50 facilities with other associations when the application is for a fully
51 automated office or may require the sharing of such facilities with
52 other associations or banking institutions authorized to do business
53 in this State.

54 (2) Removal of limitations. Limitations imposed by the com-
55 missioner in the case of a limited facility branch office may be
56 removed, in whole or in part, from time to time upon application
57 by the State association operating a limited facility branch office.
58 No application for removal of limitations may be filed until a lim-
59 ited facility branch office has been in operation for 2 years. If and
60 when all limitations have been removed by the commissioner, the
61 limited facility branch office will become a branch office to be op-
62 erated by the association in the same manner as a branch office
63 approved pursuant to this section.

64 (3) Any operating State association which has been authorized
65 to operate a limited facility branch office or offices may terminate
66 the operation of such limited facility branch office in its discretion

67 and, if so terminated, may not be reopened except upon a new
 68 application to the commissioner. Notice of an application to termi-
 69 nate a limited facility branch office shall be filed with the commis-
 70 sioner at least 2 weeks prior to the termination of operation. The
 71 operation of a limited facility branch office may not be changed
 72 to a new location except upon application to the commissioner.

73 (4) Subject to the "Administrative Procedure Act" (P. L. 1968,
 74 c. 410, C. 52:14B-1 et seq.), the commissioner may adopt, amend,
 75 alter or rescind regulations limiting State associations' powers to
 76 operate limited facility branch offices as hereinabove set forth.

1 2. Section 25 of P. L. 1963, c. 144 (C. 17:12B-25) is amended
 2 to read as follows:

3 25. A. Mutual associations.

4 (1) Any mutual association may make written application to
 5 the commissioner for authority to operate one section 25 branch
 6 office when the total of its reserve accounts, established under the
 7 provisions of section 128 of this act, and undivided profits are at
 8 least equal to 4% of its capital or \$100,000.00, whichever is less.

9 (2) Any mutual association operating one or more section 25
 10 or 27 branch offices, may apply to the commissioner for authority
 11 to operate additional section 25 branch offices, when the total of
 12 its reserve accounts, established under the provisions of section 128
 13 of this act, and undivided profits are at least equal to **[4%]** 1%
 14 of its capital, plus an amount equal to \$50,000.00 for each existing
 15 section 25 branch office the association is operating at the date of
 16 its application.

17 If an applying mutual association's reserves and undivided
 18 profits do not equal or exceed the amounts for reserves and undi-
 19 vided profits hereinabove set forth, the mutual association may
 20 nevertheless make such application, provided the mutual associa-
 21 tion agrees to establish a "guaranty account," under the same con-
 22 ditions as set forth in section 18 except as modified by the follow-
 23 ing:

24 (a) The amount of such guaranty account shall equal the dif-
 25 ference between the reserves and undivided profits the applying
 26 mutual association requires under the provisions of subsection 2
 27 of this section, and the amount of reserves and undivided profits
 28 held by the applying mutual association at the date of such appli-
 29 cation.

30 (b) A separate guaranty account may be established for each
 31 section 25 branch office applied for.

32 (c) The agreement for the guaranty account shall contain a
 33 provision providing for its release to the owners thereof at such
 34 time as the reserves, established under section 128 of this act, and
 35 undivided profits of the mutual association are equal to ~~4%~~ 1%
 36 of capital, plus \$50,000.00 for each section 25 branch office in op-
 37 eration: or at such earlier time as the commissioner may upon
 38 application of the association approve, irrespective of the provi-
 39 sions of section 18. Upon release, the amount released shall be
 40 transferred to a savings account in the mutual association, in the
 41 name of the owner. In the event a mutual association simultane-
 42 ously applies for authority to operate more than one section 25
 43 branch office, or other applications for section 25 branch offices are
 44 pending by such association, the mutual association must comply
 45 with the reserve and undivided profits or guaranty account re-
 46 quirements as hereinabove set forth for each section 25 branch
 47 office applied for in excess of the first application.

48 B. Capital stock association.

49 (1) Any capital stock association may make written application
 50 to the commissioner for authority to operate one section 25 branch
 51 office when the total of its reserve accounts, required or permitted
 52 under the provisions of this act, its stated capital, capital surplus,
 53 and earned surplus are at least equal to 4% of its depositors' ac-
 54 counts, or \$100,000.00; whichever is less.

55 (2) Any capital stock association operating one or more sec-
 56 tion 25 or 27 branch offices, may apply to the commissioner for
 57 authority to operate additional section 25 branch offices when the
 58 total of its reserve accounts, required or permitted under the pro-
 59 visions of this act, its stated capital, capital surplus, and earned
 60 surplus are at least equal to ~~4%~~ 1% of its depositors' accounts,
 61 plus the sum of \$50,000.00 for each existing section 25 branch office
 62 said association is operating at the time of its application.

1 3. Section 26 of P. L. 1963, c. 144 (C. 17:12B-26) is amended
 2 to read as follows:

3 26. (1) Subject to the other limitations of this act, an associa-
 4 tion may establish and operate one or more section 25 branch offices
 5 as follows:

6 (a) In the same municipality in which it operates its principal
 7 office; or

8 (b) In any municipality where there is no principal office or
 9 branch office of any other association in operation at the time it
 10 is proposed to establish such branch office; or

11 (c) In any municipality where, at date of application, there is
 12 located a principal office or offices of an association or associations,
 13 and where the population of the municipality is 10,000 or more.
 14 The commissioner, upon application, may set aside the population
 15 requirement set forth above. The presence of one or more branch
 16 offices or limited facility branch offices of one or more associations
 17 in any municipality shall not prevent the establishment of a sec-
 18 tion 25 branch office under this subdivision; or

19 (d) In a municipality in which the association is operating a
 20 section 25 or 27 branch office where there is no principal office or
 21 branch office of another association.

22 (e) (Deleted by amendment.) P. L. 1973, c. 196.

23 (f) Nothing in this subsection shall affect the operation of any
 24 branch office legally established under prior law.

25 (2) No association shall establish a section 25 branch office un-
 26 less the association shall first file written application with the
 27 commissioner for his approval. An application shall be deemed to
 28 have been filed at such time as a written application, including
 29 such supporting data as may be required by the commissioner,
 30 shall have been made in writing by the applying association and
 31 delivered by certified mail, return receipt requested, or in person
 32 to the commissioner. Before approving such application, the com-
 33 missioner shall determine that:

34 (a) The association and the proposed branch meet all of the
 35 requirements of sections 25 and 26 of this act; and

36 (b) The establishment and operation of such branch office is in
 37 the public interest **【**and will be of benefit to the area served by
 38 such branch office**】**; and that

39 (c) **【**Such branch office may be established if the commissioner
 40 determines that the needs and convenience of the public will be
 41 served to advantage by the establishment of such branch office;
 42 and that**】** (*Deleted by amendment.*)

43 (d) **【**Conditions in the area to be served, afford reasonable
 44 promise of successful operation and that the**】** *The* costs of estab-
 45 lishing such branch office are reasonable, taking into consideration
 46 the association's earnings, reserves, surplus and capital.

47 Within 10 days after the submission of any such application to
 48 the commissioner, the applying State association shall give notice
 49 of such application by publication of a notice of such application
 50 in a newspaper published within the municipality in which it is
 51 proposed to locate the branch office if there be one or, if there be
 52 no such newspaper, in a newspaper published in the county and

53 having a substantial circulation in the municipality. The notice
54 shall be in a form approved by the commissioner, and shall include
55 the name of the applying association and the location, as precisely
56 as possible, in the municipality where such branch office is to be
57 located. The commissioner shall conduct such investigation or
58 hearing or both, as he may deem to be advisable. For good cause,
59 the commissioner may dispense with the notice requirements of
60 this section.

61 No less than 30 days after filing with the commissioner the proof
62 of publication of the aforementioned notice and within 90 days
63 thereafter, the commissioner shall announce his decision upon such
64 application and file in his office, a written memorandum stating
65 the reasons therefor, which shall be open to public inspection; and
66 he shall forthwith thereafter give written notice thereof to the
67 applicant.

1 4. Section 27 of P. L. 1963, c. 144 (C. 17:12B-27) is amended
2 to read as follows:

3 27. Any State association, into which another association has
4 been merged or which has acquired by purchase, reorganization
5 or in any other manner, all or a substantial portion of the assets
6 of another association, may make application to the commissioner
7 for authority to operate the office previously operated by such
8 other association, or a substitute therefor, as a section 27 branch
9 office. The commissioner may grant authority for the operation
10 of such section 27 branch office under such terms and conditions
11 as he shall prescribe, and such authority may be inclusive of au-
12 thorized branch offices operated by the selling or merging associa-
13 tion; provided, however, that no branch office or offices shall be
14 established under this section unless the commissioner shall first
15 determine that the operation of such branch office or offices is in
16 the public interest [and will be of benefit to the area served by
17 such branch office or offices and will serve to advantage the needs
18 and convenience of the public].

19 Within 30 days after the filing of the merger or asset sale agree-
20 ment with the commissioner or the holding of a hearing, whichever
21 last occurs, the commissioner shall announce his decision upon
22 such application and file in his office, a written memorandum stat-
23 ing the reasons therefor, which shall be open to public inspection;
24 and he shall forthwith thereafter give written notice thereof to
25 the applicant.

1 5. Section 5 of P. L. 1965, c. 127 (C. 17:12B-27.2) is amended
2 to read as follows:

3 5. Time limit for opening branch office; discontinuance of branch
4 office.

5 The failure of a State association to open and operate a branch
6 office within [6] 12 months after the commissioner approves the
7 application therefor, shall automatically terminate the right of the
8 State association to open the branch office, except that, for good
9 cause shown, the commissioner may, in his discretion, on appli-
10 cation of the State association extend for additional periods, not
11 in excess of [6] 12 months each, the time within which such branch
12 office may be opened, provided the initial application shall be made
13 before the expiration of [6] 12 months from the date that the
14 commissioner approves the application and any subsequent appli-
15 cation for extension shall be made before the expiration of any
16 subsequent period for which permission to extend is granted by
17 the commissioner. A State association may discontinue a branch
18 office upon resolution of its board. Upon adoption of such a reso-
19 lution, the State association shall file a certificate with the com-
20 missioner specifying the location of the branch office to be discon-
21 tinued, and the date upon which the discontinuance shall be effec-
22 tive.

1 6. This act shall take effect January 1, 1981.

STATEMENT

The purpose of the amendment to the Savings and Loan Act (1963), P. L. 1963, c. 144, is to facilitate branch applications by State-chartered savings and loan associations.

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ASSEMBLY BANKING AND INSURANCE COMMITTEE
STATEMENT TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2122

STATE OF NEW JERSEY

DATED: FEBRUARY 9, 1981

The Assembly Banking and Insurance Committee substitute for Assembly Bill No. 2122 amends the Savings and Loan Act (1963) to modify present law with respect to the establishment of savings and loan branch offices. These changes in State law are occasioned by recent changes in Federal law which remove some of the restrictions on branching which had previously been imposed on savings and loan associations. This legislation is part of a package of bills which make New Jersey law consonant with the provisions of the Federal "Depository Institutions Deregulation and Monetary Control Act."

The bill deletes the appellation "limited facility branch office," which refers to certain electronic devices, and substitutes the term "remote service unit" to describe these devices. This term encompasses both on-line computer terminals and automated cash dispensing machines. The legislation provides that no branch office could be established without the prior written approval of the commissioner but deletes from present law the criteria previously used by the commissioner. Branch offices which are presently operating under some restriction or limitation imposed by the commissioner would be given the authority to "upgrade" the office by notifying the commissioner of the upgrading of the office 30 days before the upgrading takes place.

The legislation provides that any association may apply for a branch office regardless of the number of branch applications it has pending before the commissioner. When such application for a branch is made to the commissioner, the association would be required to give notice of the application in a newspaper published in the municipality in which a branch office is proposed to be located. The commissioner would be required to make a decision on the application within 90 days and would be required to file a written memorandum on the reasons for his decision; the memorandum would be open for public inspection.

The legislation provides for certain criteria to be used by the commissioner in determining whether the application for the proposed

branch is to be approved. These include (1) whether the branch can be established without undue injury to properly conducted existing local thrift and home financing institutions; (2) whether the policies, condition, and operation of the applying State institution afford no basis for supervisory objection; (3) whether the proposed branch will open within 12 months of approval unless other arrangements are made and agreed to by the commissioner; and (4) whether the association has established a record of helping to meet the credit needs of its entire community. An association's record of performance could be the basis for denying an application.

After application for the proposed branch is made by the association, any person would be permitted to file a protest with the commissioner. The commissioner would be required to notify the protestor and the association within 10 days whether or not he considered the protest substantial, according to criteria established by the legislation. This would include whether or not the protestor had sufficient facts to support the protest. The legislation extends the time period within which an approval for a branch terminates if the branch is not established by the commissioner; the present time period is 6 months, and the period is extended to 12 months by the bill. Also changed from 6 to 12 months is the time period permitted to an association to exchange the location of its principal and branch offices.

The legislation would permit associations to establish agencies for the origination and servicing of loans and contracts without the express approval of the commissioner. The legislation deletes the requirement that the commissioner hold a hearing on the move of the principal office of an association from one municipality to another, and would require the association to publish notice of such a proposed move in the newspapers of the municipality in which the principal office was then located and in the municipality in which it proposed to relocate the principal office.

The legislation also provides that associations could establish or use remote service units, and that the commissioner could require such devices to be shared with other financial institutions. Regulations promulgated for remote service units would be required to be in substantial conformity with the regulations established by the Federal Home Bank Board.

The bill repeals several sections of New Jersey law which are contrary to the provisions of the Depository Institutions Deregulation and Monetary Control Act. The previous capital requirements for the establishment of branches are eliminated, as are the restrictions on the placement of section 25 branch offices and the criteria for

their establishment. Prior approval would no longer be required for the assumption of branch offices acquired because of the merger of two institutions.

The committee has amended the bill to delete the term "automated office" from the definition of "remote service unit," as this description goes beyond the purview of the Federal law.

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SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 2122

STATE OF NEW JERSEY

DATED: DECEMBER 7, 1981

This bill amends the Savings and Loan Act (1963) to establish parity for State chartered savings and loans with federally chartered savings and loans with regard to branching. The bill is in response to passage of the federal "Depository Institutions Deregulation and Monetary Control Act of 1980," which enabled the Federal Home Loan Bank Board to promulgate regulations removing various restrictions on branching for federally chartered savings and loans. The bill substitutes the term "remote service unit" for "limited facility branch office," in referring to certain electronic devices. This term encompasses both on-line computer terminals and automated cash dispensing machines. The legislation provides that no branch office could be established without the prior written approval of the commissioner but deletes from present law the criteria previously used by the commissioner. Branch offices which are presently operating under some restriction or limitation imposed by the commissioner would be given the authority to "upgrade" the office by notifying the commissioner of the upgrading of the office 30 days before the upgrading takes place.

The legislation provides that any association may apply for a branch office regardless of the number of branch applications it has pending before the commissioner. When such application for a branch is made to the commissioner, the association would be required to give notice of the application in a newspaper published in the municipality in which a branch office is proposed to be located. The commissioner would be required to make a decision on the application within 90 days and would be required to file a written memorandum on the reasons for his decision; the memorandum would be open for public inspection.

The legislation provides for certain criteria to be used by the commissioner in determining whether the application for the proposed branch is to be approved. These include (1) whether the branch can be established without undue injury to properly conducted existing local thrift and home financing institutions; (2) whether the policies, conditions and operation of the applying State institution afford no basis for supervisory objection; (3) whether the proposed branch will

open within 12 months of approval unless other arrangements are made and agreed to by the commissioner; and (4) whether the association has established a record of helping to meet the credit needs of its entire community. An association's record of performance could be the basis for denying an application.

After application for the proposed branch is made by the association, any person would be permitted to file a protest with the commissioner. The commissioner would be required to notify the protestor and the association within 10 days whether or not he considered the protest substantial, according to criteria established by the legislation. This would include whether or not the protestor had sufficient facts to support the protest.

The bill would extend from 6 months to 12 months the time within which an association must open a branch after receiving the approval of the commissioner. Also changed from 6 to 12 months is the time period permitted to an association to exchange the location of its principal and branch offices.

The legislation would permit associations to establish agencies for the origination and servicing of loans and contracts without the express approval of the commissioner. The legislation deletes the requirement that the commissioner hold a hearing on the move of the principal office of an association from one municipality to another, and would require the association to publish notice of such a proposed move in the newspapers of the municipality in which the principal office was then located and in the municipality in which it proposed to relocate the principal office.

The legislation also provides that associations could establish or use remote service units, and that the commissioner could require such devices to be shared with other financial institutions. Regulations promulgated for remote service units would be required to be in substantial conformity with the regulations established by the Federal Home Loan Bank Board.

The bill repeals several sections of New Jersey law which are contrary to the provisions of the Depository Institutions Reregulation and Monetary Control Act of 1980. The previous capital requirements for the establishment of branches are eliminated, as are the restrictions on the placement of section 25 branch offices and the criteria for their establishment. Prior approval would no longer be required for the assumption of branch offices acquired because of the merger of two institutions.