

17:12B-24 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:12B-24 et al. (Savings & loan associations to share automated limited facility branch offices with other financial institutions)

LAWS OF 1977 CHAPTER 413

Bill No. A1941

Sponsor(s) Orechio, Scanlon

Date Introduced May 20, 1976

Committee: Assembly Commerce, Banking & Insurance

Senate Labor, Industry & Professions

Amended during passage Yes ~~XX~~

Amendments during passage denoted by asterisks

Date of Passage: Assembly March 21, 1977

Senate May 5, 1977

Date of approval February 23, 1978

Following statements are attached if available:

Sponsor statement Yes ~~XX~~ (Below)

Committee Statement: Assembly Yes ~~XX~~

Senate Yes ~~XX~~

Fiscal Note ~~XXX~~ No

Veto message ~~XXX~~ No

Message on signing ~~XXX~~ No

Following were printed:

Reports ~~XXX~~ No

Hearings ~~XXX~~ No

Sponsor's Statement:

The purpose of this bill is to make some technical changes to the Savings and Loan Act of 1963 to facilitate the Banking Commissioner's supervision of automated Limited Facility Branch Offices which were authorized in 1975 by enactment of A-1418.

The bill gives the Banking Commissioner the authority to require savings and loan associations to share automated Limited Facility Branch Offices with other types of financial institutions.

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ASSEMBLY, No. 1941

STATE OF NEW JERSEY

INTRODUCED MAY 20, 1976

By Assemblymen ORECHIO and SCANLON

Referred to Committee on Commerce, Banking and Insurance

AN ACT to amend P. L. 1965, c. 127 and the "Savings and Loan Act (1963)," approved August 30, 1963 (P. L. 1963, c. 144), and repealing section 41 thereof.

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 to
2 read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

3 25. A. Mutual associations.

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

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

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

24 (a) The amount of such guaranty account shall equal the
 25 difference 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
 29 application.

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% of
36 capital, plus \$50,000.00 for each section 25 branch office in opera-
37 tion; or at such earlier time as the commissioner may upon applica-
38 tion of the association approve, irrespective of the provisions of
39 section 18. Upon release, the amount released shall be transferred
40 to a savings account in the mutual association, in the name of the
41 owner. In the event a mutual association simultaneously applies
42 for authority to operate more than one section 25 branch office, or
43 other applications for section 25 branch offices are pending by such
44 association, the mutual association must comply with the reserve
45 and undivided profits or guaranty account requirements as herein-
46 above set forth for each section 25 branch office applied for in
47 excess of the first application.

48 B. Capital stock associations.

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'
54 accounts, or \$100,000.00; whichever is less.

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

63 **C. Limited Facility Branch office.**

64 (1) In addition to an application or applications for a branch
65 office, a State association may make application for authority to
66 operate one or more limited facility branch offices without regard
67 to the capital and reserve requirements for a branch office. In con-
68 nection with such application, the applying association may request
69 limitations, as set forth below, to be imposed by the commissioner;
70 or the commissioner, when considering the application, may make
71 a determination that the application does not satisfy the full re-
72 quirements for a branch office, including capital and reserve
73 requirements, as set forth in this section for branch offices but that,

74 nevertheless, a limited facility branch office would be in the public
75 interest and of benefit to the area to be served. The commissioner
76 may approve such application as a limited facility branch office
77 subject to one or more of the following limitations:

78 (a) Number and type of personnel to be utilized in the operation
79 of the proposed office:

80 (b) Physical size and characteristics of the proposed office;

81 (c) Amount of capital investment in the limited facility branch
82 office proposed by the applicant;

83 (d) Type of activities proposed by the applicant; and

84 (e) The sharing of facilities with other associations where the
85 application is for a fully automated office.

86 A "limited facility branch office" may be advertised to the
87 public as a "branch office."

88 (2) Removal of limitations. Limitations imposed by the com-
89 missioner in the case of a limited facility branch office may be
90 removed, in whole or in part, from time to time upon application
91 by the State association operating a limited facility branch office.
92 No application for removal of limitations may be filed until a
93 limited facility branch office has been in operation for 2 years. If
94 and when all limitations have been removed by the commissioner,
95 the limited facility branch office will become a branch office to be
96 operated by the association in the same manner as a branch office
97 approved pursuant to this section.

98 (3) Any operating State association which has been authorized
99 to operate a limited facility branch office or offices may terminate
100 the operation of such limited facility branch office in its discretion
101 and, if so terminated, may not be reopened except upon a new
102 application to the commissioner. Notice of an application to ter-
103 minate a limited facility branch office shall be filed with the com-
104 missioner at least 2 weeks prior to the termination of operation.
105 The operation of a limited facility branch office may not be changed
106 to a new location except upon application to the commissioner;
107 and the operation of a limited facility branch office shall not be
108 continued for a period of more than 5 years from its initial opening,
109 or such shorter period as may be specified by the commissioner in
110 his approval, except upon approval of a new application.

111 (4) Subject to the "Administrative Procedure Act," (P. L.
112 1968, c. 410, C. 52:14B-1 et seq.), the commissioner may adopt,
113 amend, alter or rescind regulations limiting State associations'
114 powers to operate limited facility branch offices as hereinabove set
115 forth. The commissioner, when issuing such regulations, shall, to

116 the extent feasible and after giving consideration to the financial
 117 and economic circumstances and the public welfare, endeavor to
 118 promulgate such rules and regulations in substantial conformity
 119 with similar rules and regulations of the Federal Home Loan Bank
 120 Board as applied to Federal associations.】

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

3 26. 1. Subject to the other limitations of this act, an association
 4 may establish and operate one or more section 25 branch offices as
 5 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 is
 10 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【, prior to January
 14 1, 1974, 50,000 or more; commencing January 1, 1974, 40,000 or
 15 more; commencing January 1, 1975, 30,000 or more; commencing
 16 January 1, 1976, 20,000; and, commencing January 1, 1977 and
 17 thereafter,】 10,000 or more. The commissioner, upon application
 18 【for good cause shown】, may set aside the population 【schedule】
 19 requirement set forth above. The presence of one or more branch
 20 offices or limited facility branch offices of one or more associations
 21 in any municipality 【having a population of 7,500 or more】 shall
 22 not prevent the establishment of a section 25 branch office under
 23 this subdivision 【prior to January 1, 1977. Commencing January
 24 1, 1977, and thereafter, the presence of one or more branch offices
 25 of one or more associations in any municipality shall not prevent
 26 the establishment of a section 25 branch office under this sub-
 27 division】; or

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

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

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

34 2. No association shall establish a section 25 branch office 【or
 35 limited facility branch office】 unless the association shall first file
 36 written application with the commissioner for his approval. An
 37 application shall be deemed to have been filed at such time as a
 38 written application, including such supporting data as may be

39 required by the commissioner, shall have been made in writing by
 40 the applying association and delivered by certified mail, return
 41 receipt requested, or in person to the commissioner. Before
 42 approving such application, the commissioner shall determine that:

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

45 (b) The establishment and operation of such branch office is in
 46 the public interest and will be of benefit to the area served by such
 47 branch office; and that

48 (c) Such branch office may be established [without undue injury
 49 to any other association in the area in which it is proposed to
 50 locate] *if the commissioner determines that the needs and con-*
 51 *venience of the public will be served to advantage by the establish-*
 52 *ment of such branch office; and that*

53 (d) Conditions in the area to be served, afford reasonable
 54 promise of successful operation *and that the costs of establishing*
 55 *such branch office are reasonable, taking into consideration the*
 56 *association's earnings, reserves, surplus and capital.*

57 Within 10 days after the submission of any such application to
 58 the commissioner, the applying State association shall give notice
 59 of such application by publication of a notice of such application
 60 in a newspaper published within the municipality in which it is
 61 proposed to locate the branch office if there be one or, if there be
 62 no such newspaper, in a newspaper published in the county and
 63 having a substantial circulation in the municipality. The notice
 64 shall be in a form approved by the commissioner, and shall include
 65 the name of the applying association and the location, as precisely
 66 as possible, in the municipality where such branch office is to be
 67 located. The commissioner shall conduct such investigation or
 68 hearing or both, as he may deem to be advisable. For good cause,
 69 the commissioner may dispense with the notice requirements of
 70 this section.

71 No less than 30 days after filing with the commissioner the
 72 proof of publication of the aforementioned notice and within 90
 73 days thereafter, the commissioner shall announce his decision upon
 74 such application and file in his office, a written memorandum stating
 75 the reasons therefor, which shall be open to public inspection; and
 76 he shall forthwith thereafter give written notice thereof to the
 77 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 or
 5 in any other manner, all or a substantial portion of the assets of
 6 another association, may make application to the commissioner for
 7 authority to operate the office previously operated by such other
 8 association, or a substitute therefor, as a section 27 branch office.
 9 The commissioner may grant authority for the operation of such
 10 section 27 branch office under such terms and conditions as he
 11 shall prescribe, and such authority may be inclusive of authorized
 12 branch offices operated by the selling or merging association;
 13 provided, however, that no branch office or offices shall be estab-
 14 lished under this section unless the commissioner shall first de-
 15 termine 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.* [The commissioner shall not approve
 19 a substitute office under this section unless and until the applying
 20 association has complied with any applicable notice requirements
 21 as provided for in section 26 of this act.]

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

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

3 4. Removal of branch offices. A State association may change the
 4 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 change
 9 the location of a branch office upon written application to and ap-
 10 proval 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 [by mail of such application to all associations having
 16 principal or branch offices located within 2 miles of the place where
 17 it is proposed to locate such branch office. Notice shall be in the

18 form approved by the commissioner, and shall include the name
 19 of the applying association, street, address and municipality where
 20 such branch office is to be located. Upon the request of the applying
 21 association, the commissioner shall furnish a written list showing
 22 the names and street addresses of all State associations to which
 23 such notice must be sent.】 *of such application by publication of a*
 24 *notice of such application in a newspaper published within the*
 25 *municipality in which it is proposed to locate such branch office,*
 26 *if there be one, or, if there be no such newspaper, in a newspaper*
 27 *published in the county and having a substantial circulation in the*
 28 *municipality. Notice shall be in a form approved by the commis-*
 29 *sioner and shall include the name of the applying association and*
 30 *the location, as precisely as possible, in the municipality where such*
 31 *branch office is to be located.*

32 (2) If the proposed new location is in another municipality than
 33 that in which the existing branch office is located, the State
 34 association shall comply with the notice requirements set forth
 35 in subsection 2 of section 26 of this act and the commissioner,
 36 before approving the application, shall determine that the estab-
 37 lishment and operation of such proposed branch office is in the
 38 public interest, will be of benefit to the area served by such branch
 39 office and that such branch office 【may be established without undue
 40 injury to any other association in the area in which it is proposed
 41 to locate such branch office,】 *will meet the needs and convenience*
 42 *of the public in the area proposed to be served, and that conditions*
 43 *in the area to be served, afford reasonable promise of successful*
 44 *operation.*

45 (3) For the purposes of this section, distances shall be measured
 46 in a straight line drawn from the center point of the main entrance
 47 of the present location of the branch office to the center point of the
 48 main entrance of the proposed location.

49 (4) Upon receipt of a written application to change the location
 50 of branch office as provided in subsections (1) and (2) of this sec-
 51 tion, the commissioner shall conduct such investigation or hearing,
 52 or both, as he may deem to be advisable. Not less than 30 days after
 53 【mailing of the aforementioned】 *the publication of the required*
 54 *notice by the applying association and within 90 days thereafter,*
 55 *the commissioner shall announce his decision upon such application*
 56 *and file in his office a written memorandum stating the reasons*
 57 *therefor which shall be open to public inspection; and he shall*
 58 *forthwith thereafter give written notice thereof to the applicant.*

1 6. 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 months after the commissioner approves the applica-
7 tion therefor, shall automatically terminate the right of the State
8 association to open the 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 months each, the time within which such branch office may be
12 opened, provided the initial application shall be made before the
13 expiration of 6 months from the date that the commissioner ap-
14 proves the application and any subsequent application for ex-
15 tension shall be made before the expiration of any subsequent period
16 for which permission to extend is granted by the commissioner.
17 A State association may discontinue a branch office upon resolution
18 of its board. Upon adoption of such a resolution, the State associa-
19 tion shall file a certificate with the commissioner specifying the
20 location of the branch office to be discontinued, and the date upon
21 which the discontinuance shall be effective.

1 7. 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)]** **(1)** If the interchange results in the new location of the
8 principal office remaining in the same municipality as the previous
9 location **[or being removed from one municipality to another of*
10 *10,000 or more in population]**, the State association shall file a
11 certificate of such change with the commissioner within 1 week
12 from the date such change is made **[, provided the present principal*
13 *office is maintained as a branch office, otherwise the State associa-*
14 *tion shall request written approval for such change of location in*
15 *accordance with the provisions of section 40 (C. 17:12B-40) of*
16 *this act]**.

17 **[**The State association may, in such case, operate its principal
18 office at the location previously occupied by its branch office and
19 may operate a branch office at the location previously occupied by
20 its principal office without further requirement.

21 (2) If the interchange results in the principal office being
22 removed from one municipality to another, the State association
23 shall apply to the commissioner for written approval of such change
24 of location in accordance with the provisions of section 40 of this act.

25 Upon approval of the commissioner, in accordance with section 40
 26 of this act, the association may operate its principal office at the
 27 previous location of its branch office and may operate a branch
 28 office at the previous location of its principal office without further
 29 requirement.】

29A **The State association may, in such case, operate its principal*
 29B *office at the location previously occupied by its branch office and*
 29C *may operate a branch office at the location previously occupied by*
 29D *its principal office without further requirement.*

29E (2) *If the interchange results in the principal office being*
 29F *removed from one municipality to another, the State association*
 29G *shall apply to the commissioner for written approval of such change*
 29H *of location in accordance with the provisions of section 40 of this*
 29I *act. Upon approval of the commissioner, in accordance with section*
 29J *40 of this act, the association may operate its principal office at the*
 29K *previous location of its branch office and may operate a branch*
 29L *office at the previous location of its principal office without further*
 29M *requirement.**

30 The failure of a State association to complete such interchange
 31 within 6 months after filing the certificate or after approval by the
 32 commissioner, as the case may be, shall automatically terminate
 33 the right of the State association to effect such interchange, except
 34 that, for good cause shown, the commissioner may in his discretion
 35 on application of the State association, extend for additional
 36 periods, not in excess of 6 months each, the time within which such
 37 interchange may be effected, provided the initial application shall
 38 be made before the expiration of 6 months from the date that the
 39 commissioner approves the application and any subsequent applica-
 40 tion for extension shall be made before the expiration of any sub-
 41 sequent period for which permission to extend is granted by the
 42 commissioner.

1 8. 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 the
 4 location of its principal office to a new location subject to the follow-
 5 ing requirements:

6 (1) If the new location of its principal office is in the same munici-
 7 pality, the State association shall file a certificate of such change
 8 with the commissioner within 1 week from the date such change is
 9 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 application to and the written approval of the commissioner of
 13 such change of location. Within 10 days after the submission of any
 14 such application, the commissioner shall give written notice by mail
 15 to the State association of a time and place designated by him for a
 16 hearing on such application. The time designated for such hearing
 17 shall be not less than 6 weeks nor more than 8 weeks after the date
 18 upon which the commissioner mails such notice. The State associa-
 19 tion shall thereupon give notice [by mail of such application and of
 20 the time and place designated by the commissioner for a hearing
 21 thereon at least 3 weeks prior to the date of such hearing to all
 22 associations located within the municipality in which it is proposed
 23 to locate the office of the State association.] *of such application by*
 24 *publication of a notice of such application in a newspaper published*
 25 *within the municipality in which it is proposed to locate the branch*
 26 *office, if there be one, or, if there be no such newspaper, in a news-*
 27 *paper having a substantial circulation in the municipality. The*
 28 *notice shall be in a form approved by the commissioner and shall*
 29 *include the name of the applying association and the location, as*
 30 *precisely as possible, in the municipality where such branch office*
 31 *is to be located and shall set forth the time and place designated by*
 32 *the commissioner for a hearing thereon. Such notice shall be pub-*
 33 *lished at least 3 weeks prior to the date of such hearing.*

1 9. Section 42 of P. L. 1963, c. 144 (C. 17:12B-42) is amended to
 2 read as follows:

3 42. [The notice shall set forth the name of the State association,
 4 the street address and municipality from which its location is to be
 5 changed and the street address and municipality to which its loca-
 6 tion is to be changed.] Within 30 days after the close of the hearing,
 7 the commissioner shall announce his decision upon such application
 8 and file in his office a written memorandum stating the reasons
 9 therefor, which shall be open to public inspection, and he shall forth-
 10 with furnish a copy thereof to the applicant.

1 10. Section 43 of P. L. 1963, c. 144 (C. 17:12B-43) is amended to
 2 read as follows:

3 43. If the commissioner shall find that—

- 4 (a) the proposed change of location is in the public interest, and
 5 (b) will be of benefit to the area to which it is proposed to remove
 6 such office, and
 7 (c) that the [removal of such office will not result in undue
 8 injury to any other association in the area to which it is proposed to
 9 remove such office] *new location will serve to advantage the needs*
 10 *and convenience of the public, and*

11 (d) the State association will have a reasonable prospect of
12 success in the proposed new location;
13 he shall approve such application.

1 11. Section 41 of P. L. 1963, c. 144 (C. 17:12B-41) is repealed.

1 12. This act shall take effect immediately.

ASSEMBLY COMMERCE, BANKING AND INSURANCE
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 1941

STATE OF NEW JERSEY

DATED: MAY 28, 1976

This bill revises the Savings and Loan Act (P. L. 1963, c. 144) with respect to the establishment of limited facility branch offices and removes certain restrictions on the establishment of full facility branch offices.

The bill provides that a savings and loan association may make application for authority to operate one or more limited facility branch offices without meeting either the capital and reserve requirements established by section 25 of the Savings and Loan Act or the population requirements established by section 26 of the act. No hearing would be required before a limited facility branch office was established; rather, the Commissioner of Banking may approve the establishment of such branch office after consideration of two criteria established by the act: if the convenience and needs of the public would be served by the establishment of a limited facility branch, and if the costs of establishing such a facility were deemed not to be excessive in light of the applying association's earnings, reserves, surplus, and capital. The commissioner would be authorized by the act to permit the sharing of such facilities with other associations or banking institutions.

The bill also provides that an association may terminate the use of such an office at its discretion; however, application would have to be made to the commissioner to reopen the facility. An association would be permitted to make application to the commissioner after 2 years of operation for removal of any limitations placed on the branch.

This legislation also removes the population limitations established by section 26 for branch offices established under section 25 of the Savings and Loan Act; providing that branch offices may be located in a municipality with a population of 10,000 or more where there is a principal office or offices of one or more associations.

The bill revises the criteria for the establishment of a branch office. Presently, branches may be established after due consideration by the commisisoner of the reasonableness of the cost of the facility and if there is no "undue injury to any other association in the area in which it proposes to locate." The latter criterion would be eliminated in favor of a determination by the commissioner as to whether the needs and convenience of the public would be served to advantage.

The bill provides that an association may give notice of the establishment of a branch by publication of such notice in a newspaper of general circulation in the county of the proposed branch.

The bill also provides that the association may move its principal office to a new location in another municipality with a population over 10,000 without approval by the commissioner, provided that they retain the former principal office as a branch.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1941

with Senate committee amendments

STATE OF NEW JERSEY

DATED: APRIL 25, 1977

This bill revises the Savings and Loan Act (P. L. 1963, c. 144) with respect to the establishment of limited facility branch offices and removes certain restrictions on the establishment of full facility branch offices.

The bill provides that a savings and loan association may make application for authority to operate one or more limited facility branch offices without meeting either the capital and reserve requirements established by Section 25 of the Savings and Loan Act or the population requirements established by Section 26 of the act. No hearing would be required before a limited facility branch office was established; rather, the Commissioner of Banking may approve the establishment of such branch office after consideration of two criteria established by the act: if the convenience and needs of the public would be served by the establishment of a limited facility branch, and if the costs of establishing such a facility were deemed not to be excessive in light of the applying association's earnings, reserves, surplus, and capital. The commissioner would be authorized by the act to permit the sharing of such facilities with other associations or banking institutions.

The bill also provides that an association may terminate the use of such an office at its discretion; however, application would have to be made to the commissioner to reopen the facility. An association would be permitted to make application to the commissioner after 2 years of operation for removal of any limitations placed on the branch.

This legislation also removes the population limitations established by Section 26 for branch offices established under Section 25 of the Savings and Loan Act; providing that branch offices may be located in a municipality with a population of 10,000 or more where there is a principal office or offices of one or more associations.

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The bill provides that an association may give notice of the establishment of a branch by publication of such notice in a newspaper of general circulation in the county of the proposed branch.

The bill also provides that the association may move its principal office to a new location in another municipality with a population over 10,000 without approval by the commissioner, provided that they retain the former principal office as a branch. The Senate Labor, Industry and Professions Committee, however, rejected this provision of the bill and amended it accordingly.