

17:12 B-25 and 26

LEGISLATIVE HISTORY CHECKLIST

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Laws of 1975 Chapter 159

Bill No. A 1418

Sponsor(s) Keegan

Date Introduced April 1, 1974

Committee: Assembly Banking & Insurance

Senate Labor, Industry & Professions

Amended during passage Yes

Amendments during passage denoted by asterisks

Date of passage: Assembly Oct. 21, 1974

Senate Feb. 10, 1975

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Following statements are attached if available:

Sponsor statement Yes

Committee Statement: Assembly  No

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Reports  No

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**ASSEMBLY, No. 1418**

**STATE OF NEW JERSEY**

INTRODUCED APRIL 1, 1974

By Assemblymen KEEGAN, CURRAN and BORNHEIMER

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 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, **[or an]** agency or limited facility  
6 branch office of the association.

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

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

17 (d) "Limited facility branch office" shall mean such other fa-  
18 cility as the commissioner may authorize, other than a branch office,  
19 auxiliary office or agency, including, but not limited to, an office  
20 or offices commonly known as a "satellite office," "mobile branch  
21 facility" or "fully automated office."

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, **[or]** auxiliary office or limited fa-

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

5 *cility branch office* of an association, at which an agent or agents  
 6 of the association may receive payments on savings accounts, pay-  
 7 ments on loans or any obligations to the association for the purpose  
 8 of transmission thereof to the principal office or to a branch office  
 9 of the association. At such agency, an agent or agents may per-  
 10 form such other duties not inconsistent with the limitations of this  
 11 act as may be authorized from time to time by the board.

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

3 24. Branch offices. No State association shall hereafter establish  
 4 or operate a branch office or offices, *or limited facility branch office*  
 5 *or offices*, other than as provided by the conditions and limitations  
 6 of sections 24 through 27 of this act; provided, however, that any  
 7 association operating an authorized branch office at the effective  
 8 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.

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

2A \*25. A. Mutual Association.\*

3 \***[25.]**\* (1) Any \***[State]**\* *mutual* association may make writ-  
 4 ten application to the commissioner for authority to operate one  
 5 section 25 branch office when the total of its reserve accounts, es-  
 6 tablished under the provisions of section 128 of this act, and un-  
 7 divided profits are at least equal to \***[5%]**\* *4%* of its capital  
 7A or \$100,000.00, whichever is less.

8 (2) Any \***[State]**\* *mutual* association operating one or more  
 9 section 25 or 27 branch offices, may apply to the commissioner for  
 10 authority to operate additional section 25 branch offices, when the  
 11 total of its reserve accounts, established under the provisions of  
 12 section 128 of this act, and undivided profits are at least equal to  
 13 \***[5%]**\* *4%* of its capital, plus an amount equal to \$50,000.00  
 14 for each existing section 25 branch office the association is operat-  
 15 ing at the date of its application.

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

22 (a) The amount of such guaranty account shall equal the differ-  
 23 ence between the reserves and undivided profits the applying  
 24 **State** *mutual* association requires under the provisions of  
 25 subsection 2 of this section, and the amount of reserves and un-  
 26 divided profits held by the applying **State** *mutual* associa-  
 26A tion at the date of such application.

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

29 (c) The agreement for the guaranty account shall contain a  
 30 provision providing for its release to the owners thereof at such  
 31 time as the reserves, established under section 128 of this act, and  
 32 undivided profits of the **State** *mutual* association are equal  
 33 to **5%** *4%* of capital, plus \$50,000.00 for each section 25  
 34 branch office in operation; or at such earlier time as the commis-  
 35 sioner may upon application of the association approve, irrespec-  
 36 tive of the provisions of section 18. Upon release, the amount re-  
 37 leased shall be transferred to a savings account in the **State**  
 38 *mutual* association, in the name of the owner. In the event a  
 39 **State** *mutual* association simultaneously applies for au-  
 39A thority to operate more than one section 25 branch office, or other  
 40 applications for section 25 branch offices are pending by such  
 41 association, the **State** *mutual* association must comply with  
 42 the reserve and undivided profits or guaranty account requirements  
 43 as hereinabove set forth for each section 25 branch office applied  
 44 for in excess of the first application.

44A *B. Capital Stock Associations.*

44B (1) *Any capital stock association may make written application*  
 44C *to the commissioner for authority to operate one section 25 branch*  
 44D *office when the total of its reserve accounts, required or permitted*  
 44E *under the provisions of this act, its stated capital, capital surplus,*  
 44F *and earned surplus are at least equal to 4% of its depositors'*  
 44G *accounts, or \$100,000.00; whichever is less.*

45 (2) *Any capital stock association operating one or more section*  
 45A *25 or 27 branch offices, may apply to the commissioner for authority*  
 45B *to operate additional section 25 branch offices when the total of its*

45C reserve accounts, required or permitted under the provisions of  
 45D this act, its stated capital, capital surplus, and earned surplus are  
 45E at least equal to 4% of its depositors' accounts, plus the sum of  
 45F \$50,000.00 for each existing section 25 branch office said association  
 45G is operating at the time of its application.\*

46 \*[(d) Limited facility branch office.]\* \*C. Limited Facility  
 47 Branch office. (1)\* In addition to an application or applications  
 48 for a branch office, a State association may make application for  
 49 authority to operate one or more limited facility branch offices  
 50 without regard to the capital and reserve requirements for a branch  
 51 office. In connection with such application, the applying association  
 52 may request limitations, as set forth below, to be imposed by the  
 53 commissioner; or the commissioner, when considering the applica-  
 54 tion, may make a determination that the application does not satisfy  
 55 the full requirements for a branch office, including capital and  
 56 reserve requirements, as set forth in this section for branch offices  
 57 but that, nevertheless, a limited facility branch office would be in  
 58 the public interest and of benefit to the area to be served. The com-  
 59 missioner may approve such application as a limited facility branch  
 59A office subject to one or more of the following limitations:

60 \*[(1)]\* \*(a)\* Number and type of personnel to be utilized  
 61 in the operation of the proposed office;

62 \*[(2)]\* \*(b)\* Physical size and characteristics of the pro-  
 63 posed office;

64 \*[(3)]\* \*(c)\* Amount of capital investment in the limited  
 65 facility branch office proposed by the applicant;

66 \*[(4)]\* \*(d)\* Type of activities proposed by the applicant;  
 67 and

67A \*[(5)]\* \*(e)\* The sharing of facilities with other associa-  
 67B tions where the application is for a fully automated office.

68 A "limited facility branch office" may be advertised to the public  
 69 as a "branch office."

70 \*[(e)]\* \*(2)\* Removal of limitations. Limitations imposed by  
 71 the commissioner in the case of a limited facility branch office may  
 72 be removed, in whole or in part, from time to time upon application  
 73 by the State association operating a limited facility branch office.  
 74 No application for removal of limitations may be filed until a  
 75 limited facility branch office has been in operation for 2 years. If  
 76 and when all limitations have been removed by the commissioner,  
 77 the limited facility branch office will become a branch office to be  
 78 operated by the association in the same manner as a branch office  
 79 approved pursuant to this section.

80 \***[(f)]**\* *\*(3)\* Any operating State association which has been*  
 81 *authorized to operate a limited facility branch office or offices may*  
 82 *terminate the operation of such limited facility branch office in its*  
 83 *discretion and, if so terminated, may not be reopened except upon a*  
 84 *new application to the commissioner. Notice of an application to*  
 85 *terminate a limited facility branch office shall be filed with the com-*  
 86 *missioner at least 2 weeks prior to the termination of operation. The*  
 87 *operation of a limited facility branch office may not be changed*  
 88 *to a new location except upon application to the commissioner;*  
 89 *and the operation of a limited facility branch office shall not be*  
 90 *continued for a period of more than 5 years from its initial opening,*  
 91 *or such shorter period as may be specified by the commissioner in*  
 92 *his approval, except upon approval of a new application.*

93 \***[(g)]**\* *\*(4)\* Subject to the "Administrative Procedure Act,"*  
 94 *(P. L. 1968, c. 410, C. 52:14B-1 et seq.), the commissioner may*  
 95 *adopt, amend, alter or rescind regulations limiting State associa-*  
 96 *tions' powers to operate limited facility branch offices as herein-*  
 97 *above set forth. The commissioner, when issuing such regulations,*  
 98 *shall, to the extent feasible and after giving consideration to the*  
 99 *financial and economic circumstances and the public welfare, en-*  
 100 *deavor to promulgate such rules and regulations in substantial con-*  
 101 *formity with similar rules and regulations of the Federal Home*  
 102 *Loan Bank Board as applied to Federal associations.*

1 5. 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  
 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 is  
 10 proposed to establish such branch office; or

11 (c) In any municipality where, at date of application, there  
 12 is located a principal office or offices of an association or associa-  
 13 tions, and where the population of the municipality is, prior to  
 14 January 1, 1974, 50,000 or more; commencing January 1, 1974,  
 15 40,000 or more; commencing January 1, 1975, 30,000 or more;  
 16 commencing January 1, 1976, 20,000; and, commencing January  
 17 1, 1977 and thereafter, 10,000 or more. The commissioner upon  
 18 application for good cause shown, may set aside the population  
 19 schedule set forth above. The presence of one or more branch

20 offices of one or more associations in any municipality having  
21 a population of 7,500 or more shall not prevent the establishment  
22 of a section 25 branch office under this subdivision prior to Janu-  
23 ary 1, 1977. Commencing January 1, 1977, and thereafter, the  
24 presence of one or more branch offices of one or more associations  
25 in any municipality shall not prevent the establishment of a sec-  
26 tion 25 branch office under this subdivision; or

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

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

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

33 2. No association shall establish a section 25 branch office *or*  
34 *limited facility branch office* unless the association shall first file  
35 written application with the commissioner for his approval. An  
36 application shall be deemed to have been filed at such time as a  
37 written application, including such supporting data as may be  
38 required by the commissioner, shall have been made in writing  
39 by the applying association and delivered by certified mail, return  
40 receipt requested, or in person to the commissioner. Before ap-  
41 proving such application, the commissioner shall determine that:

42 (a) The association and the proposed branch meet all of the re-  
43 quirements of sections 25 and 26 of this act; and

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

47 (c) Such branch office may be established without undue injury  
48 to any other association in the area in which it is proposed to  
48A locate such branch office; and that

49 (d) Conditions in the area to be served, afford reasonable  
50 promise of successful operation.

51 Within 10 days after the submission of any such application to  
52 the commissioner, the applying State association shall give notice  
53 of such application by publication of a notice of such application  
54 in a newspaper published within the municipality in which it is  
55 proposed to locate the branch office if there be one or, if there be  
56 no such newspaper, in a newspaper published in the county and  
57 having a substantial circulation in the municipality. The notice  
58 shall be in a form approved by the commissioner, and shall include  
59 the name of the applying association and the location, as precisely  
60 as possible, in the municipality where such branch office is to be

61 located. The commissioner shall conduct such investigation or  
 62 hearing or both, as he may deem to be advisable. For good cause,  
 63 the commissioner may dispense with the notice requirements of this  
 64 section.

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

1 6. Section 34 of P. L. 1963, c. 144 (C. 17:12B-34) is amended to  
 2 read as follows:

3 34. An auxiliary office shall not be deemed a branch office *or*  
 4 *limited facility branch office* within the meaning of section 24 of  
 5 this act. Each auxiliary office shall be deemed to be an integral  
 6 part of the office to which it is an adjunct, and all business trans-  
 7 acted at such auxiliary office shall be deemed to be transacted at  
 8 the office to which it is an adjunct.

1 7. Section 226 of P. L. 1963, c. 144 (C. 17:12B-226) is amended  
 2 to read as follows:

3 226. Fees and charges. A. Every State association shall pay  
 4 filing fees as follows:

5 (1) Annual report or certificates where required, \$25.00.

6 (2) Dissolution proceedings, \$150.00.

7 (3) Any new corporation filing, \$250.00; plus an additional fee  
 8 of \$250.00 to cover the cost of investigation of filing.

9 (4) Any proceeding under section 204, pertaining to bulk sales,  
 10 \$200.00.

11 (5) Any proceeding under section 198, pertaining to mergers,  
 12 \$250.00.

13 (6) Any application for a branch office **[.]** *or limited facility*  
 14 *branch office*, \$250.00.

15 (7) Application to interchange a principal and branch office  
 16 when such interchange involves two separate municipalities,  
 17 \$250.00.

18 (8) Application for change of name, \$50.00.

19 (9) Certifications by the commissioner, of papers or records on  
 20 file with the department, \$10.00 plus \$1.00 per page for each  
 21 certification.

22 (10) Application to interchange a principal and a branch office  
 23 within the same municipality, \$100.00.



24 (11) Application to change location of principal office pursuant  
25 to section 40(2), \$250.00.

26 (12) Application to change location of branch office beyond 1,500  
27 feet and in same municipality or pursuant to section 27(A)(1),  
28 \$100.00.

29 (13) Application to change location of branch office pursuant to  
30 section 27(A)(2), \$250.00.

31 B. Every State association shall defray all expenses incurred  
32 in making an examination of its affairs as provided in this act,  
33 and the commissioner may maintain an action, in the name of the  
34 State, against the association, for the recovery of such expenses, in  
35 a court of competent jurisdiction.

1 8. This act shall take effect immediately.

7 (3) Any new corporation filing, \$250.00; plus an additional fee  
8 of \$250.00 to cover the cost of investigation of filing.

9 (4) Any proceeding under section 204, pertaining to bulk sales,  
10 \$200.00.

11 (5) Any proceeding under section 198, pertaining to mergers,  
12 \$250.00.

13 (6) Any application for a branch office~~[,]~~ or *limited facility*  
14 *branch office*, \$250.00.

15 (7) Application to interchange a principal and branch office  
16 when such interchange involves two separate municipalities,  
17 \$250.00.

18 (8) Application for change of name, \$50.00.

19 (9) Certifications by the commissioner, of papers or records on  
20 file with the department, \$10.00 plus \$1.00 per page for each  
21 certification.

22 (10) Application to interchange a principal and a branch office  
23 within the same municipality, \$100.00.

24 (11) Application to change location of principal office pursuant  
25 to section 40(2), \$250.00.

26 (12) Application to change location of branch office beyond 1,500  
27 feet and in same municipality or pursuant to section 27(A)(1),  
28 \$100.00.

29 (13) Application to change location of branch office pursuant to  
30 section 27(A)(2), \$250.00.

31 B. Every State association shall defray all expenses incurred  
32 in making an examination of its affairs as provided in this act,  
33 and the commissioner may maintain an action, in the name of the  
34 State, against the association, for the recovery of such expenses, in  
35 a court of competent jurisdiction.

1 8. This act shall take effect immediately.

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#### STATEMENT

The purpose of this bill is to establish a procedure for the Commissioner of Banking to consider applications for satellite offices and fully automated offices for State chartered savings and loan associations in a similar manner to those authorized by the Federal Home Loan Bank Board for Federal savings and loan associations. Federal regulations limit a satellite office to 500 square feet of floor space with no more than four teller stations or, in the case of an automated office, the equivalent of four teller stations. The Federal regulations also state that a satellite office shall be located no more than 5 miles outside the primary service area of the Federal association's home office or branch office.

The fully-automated office is the result of technological developments in the savings and loan and banking business. It involves a machine that is triggered by a card, enabling depositors to make deposits at any time, as well as a limited amount of withdrawals.

This bill would permit the sharing of automated offices, so that a depositor could do business with more than one institution through the automated office. This is to meet another technological development in which joint ownership and joint usage of an automated office is being experimented with by savings and loan associations in other states. These offices would provide convenience facilities for depositors. In many areas, it would serve as a much less expensive method of developing branch facilities for service to depositors.

The Commissioner of Banking must adopt regulatory requirements substantially comparable to those of the Federal Home Loan Bank Board.