

17:12B-165

August 25, 1969

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Legislative Notes on R.S. 17:12B-165
(S&L invest in authorized loan or invest.)

No similar bills introduced in previous years.

*For materials in
see type*

L. 1969, Chapter 111 - A600
Introduced March 10, 1969 by Ewing and others.
Statement was made. (Copy enclosed)
Not amended *during passage.*

This legislation is listed as "approved" in:

974.905 New Jersey Association of Realtor Boards - New
R286 Jersey Realtor, Vol. 11, No. 4, Date - April 1969,
Page 3.

The following article discusses this bill -

974.905 Savings & Loan Guide Official Publication of the
S26 N.J. Savings & Loan League, March 1969, page 11. *(Copenc)*

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ASSEMBLY, No. 600

STATE OF NEW JERSEY

INTRODUCED MARCH 10, 1969

By Assemblymen EWING, McDONOUGH, TODD, COURY, HAELIG,
KEAN, KALTENBACHER, DENNIS, WILSON, WILENTZ and
OWENS

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 165 of the act of which this act is amendatory is
2 amended to read as follows:

3 165. Other investments, securities. A State association may
4 invest as follows:

5 (1) Obligations of the United States. In obligations of or guar-
6 anteed as to principal and interest by the United States of America.

7 (2) Federal Home Loan Bank Stock. In stock of the Federal
8 Home Loan Bank, of which it is eligible to be a member; and in
9 other obligations of any Federal Home Loan Bank or banks or of
10 the Federal Home Loan Bank System.

11 (3) Participation in mortgage loans.

12 (a) In the investment in participating interests in mortgage
13 loans. The mortgage which secures payment of any such partici-
14 pating interest shall be a lien upon real estate in this State used
15 or to be used wholly or partially for dwelling purposes and
16 shall conform with the limitations, conditions and requirements
17 set forth in this article regulating direct reduction mortgage
18 and straight mortgage loans, with respect to priority of lien,
19 the percentage of such loan to be the appraised value of the
20 mortgaged property, and the terms of repayment of such loan.
21 Such participating interest shall entitle the State association to
22 share all money and other benefits derived from such mortgage
23 loan, or incidental thereto, pro rata with, or with preference
24 and priority over, the holder of any other participating interest
25 therein.

26 (b) In addition to the participating interests in mortgage
27 loans permitted under paragraph (a) of this subsection, any
28 insured State association may participate in mortgage loans
29 to the extent and under the conditions permitted by the rules
30 and regulations adopted by the commissioner from time to
31 time. To the extent feasible and to the extent compatible with
32 local conditions relevant to financial and economic circum-
33 stances and the public welfare, the commissioner shall endeavor
34 to promulgate such rules and regulations in substantial con-
35 formity with similar rules and regulations of the Federal Sav-
36 ings and Loan Insurance Corporation.

37 (4) Accounts of other associations. In accounts of any insured
38 State association of this State and of any Federal association whose
39 principal office is located in this State; provided, that no such
40 investment shall be made in excess of the amount for which such
41 account is insured by the Federal Savings and Loan Insurance
42 Corporation.

43 (5) Savings banks' investments. In any investment in which
44 savings banks of New Jersey are or shall be authorized to invest by
45 any law of this State, other than investments which are, or which
46 hereafter shall be, specifically designated and regulated by this act;
47 provided, however, no funds may be invested pursuant to this sub-
48 section which are required for authorized loans to members.

49 (6) Loans on securities. In loans upon obligations secured by the
50 pledge of any security designated in subsections (1) and (5) of this
51 section; provided, that any loan made on an obligation designated
52 in subsection (1) of this section shall not exceed the market value of
53 the obligation pledged as collateral and any loan made on the
54 security designated in subsection (5) of this section; shall not ex-
55 ceed 80% of the market value of the security pledged as collateral
56 and provided further, that no funds may be invested pursuant to
57 this subsection which are required for other authorized loans to
58 members.

59 (7) Central corporation. In the capital stock, securities, deben-
60 tures or other obligations of a single corporation organized under
61 the laws of the State of New Jersey, the entire capital stock of
62 which corporation shall be open to, subscribed for, and issued to
63 State associations of this State and such Federal associations that
64 have their principal offices in this State; provided, however, that
65 the original capital stock of such corporation shall aggregate at
66 least \$200,000.00 from subscriptions and payments by at least 10 of
67 the aforementioned associations; and provided further, that no

68 association, aforementioned, may invest its funds under this sub-
69 section in an amount exceeding 5% of its assets at the time of such
70 subscription, payment or investment, except with the approval of
71 the commissioner.

72 (8) Federal corporations. In the capital stock, securities, debentures or other obligations of any corporation created by Act of
73 Congress in which such investment may be open to associations and
74 which shall afford advantages or safeguards to associations.

76 (9) In any other investment in which an association is, or shall
77 be, authorized to invest by any law of this State.

78 (10) *Participation in loans or investments. In a participating interest in any loan or investment which an association is authorized*
79 *to make.*

1 2. This act shall take effect immediately.

STATEMENT

This bill clarifies the right of a savings and loan association to invest in a participating interest in any authorized loan or investment.