

17:9A-1

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LAWS OF: 1999 **CHAPTER:** 252

NJSA: 17:9A-1 (Banking procedure—revision)

BILL NO: A2393 (Substituted for S1853)

SPONSOR(S): Bateman and Cohen

DATE INTRODUCED: September 14, 1998

COMMITTEE: **ASSEMBLY:** Banking & Insurance

SENATE: State Government. Banking & Financial Institutions

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** March 29, 1999

SENATE: July 1, 1999

DATE OF APPROVAL: October 15, 1999

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: 1st Reprint
(Amendments during passage denoted by superscript numbers)

A2393

SPONSORS STATEMENT: (Begins on page 11 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes](#)

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

S1853

SPONSORS STATEMENT: (Begins on page 10 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: [Yes](#)

Identical to Senate Statement for A2393

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: [Yes](#)

FOLLOWING WERE PRINTED:

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No

P.L. 1999, CHAPTER 252, *approved October 15, 1999*
Assembly, No. 2393 (*First Reprint*)

1 AN ACT concerning the organization and operation of banks¹, savings
2 banks¹ and ¹savings and loan associations and amending
3 ¹P.L.1948, c.67¹ and ¹**[**supplementing various parts of the statutory
4 law**]** P.L.1963, c.233¹.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

9 1. Section 1 of P.L.1948, c.67 (C.17:9A-1) is amended to read as
10 follows:

11 1. As used in this act, and except as otherwise expressly provided
12 in this act:

13 (1) "Bank" shall include the following:

14 (a) Every corporation heretofore organized pursuant to the act
15 entitled "An act concerning banks and banking (Revision of 1899),"
16 approved March 24, 1899;

17 (b) Every corporation heretofore organized pursuant to the act
18 entitled "An act concerning trust companies (Revision of 1899),"
19 approved March 24, 1899;

20 (c) Every corporation heretofore organized pursuant to chapter 4
21 of Title 17 of the Revised Statutes;

22 (d) Every corporation, other than a savings bank, heretofore
23 authorized by any general or special law of this State to transact
24 business as a bank or as a trust company, or as both;

25 (e) Every corporation hereafter organized pursuant to article 2 of
26 this act;

27 (2) "Banking institution" shall mean a bank, an out-of-State bank
28 having a branch office in this State, an out-of-country bank having a
29 branch office in this State, savings bank, and a national banking
30 association having its principal or a branch office in this State;

31 (3) "Board of managers" of a savings bank shall include the board
32 of trustees of a savings bank;

33 (4) "Capital stock" shall include both common stock and preferred
34 stock;

35 (5) "Certificate of incorporation," unless the context requires
36 otherwise, shall mean:

37 (a) The certificate of incorporation, together with all amendments
38 thereto, of every bank and savings bank organized pursuant to any
39 general law of this State;

40 (b) The charter, together with all amendments thereto, of every

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ABI committee amendments adopted January 21, 1999.

- 1 bank and savings bank organized pursuant to any special law of this
2 State;
- 3 (6) "Commissioner" shall mean the Commissioner of Banking and
4 Insurance of New Jersey;
- 5 (7) "Department" shall mean the Department of Banking and
6 Insurance of New Jersey;
- 7 (8) "Fiduciary" shall include trustee, executor, administrator,
8 receiver, guardian, assignee, and every other person occupying any
9 other lawful office or employment of trust;
- 10 (9) "Manager" of a savings bank shall include a trustee of a savings
11 bank;
- 12 (10) "Municipality" shall mean a city, town, township, village, and
13 borough of this State;
- 14 (11) "Population" shall mean the population as determined by the
15 latest federal census or as determined by the commissioner from other
16 information which he may deem reliable;
- 17 (12) "Qualified bank" shall mean:
- 18 (a) A bank or an out-of-State bank with a branch office in New
19 Jersey which has heretofore been authorized or which shall hereafter
20 be authorized to exercise any of the powers authorized by section 28
21 of P.L.1948, c.67 (C.17:9A-28);
- 22 (b) A savings bank which has heretofore been authorized or which
23 shall hereafter be authorized to exercise any of the powers authorized
24 by section 28 of P.L.1948, c.67 (C.17:9A-28); and
- 25 (c) A national banking association having its principal or a branch
26 office in this State authorized to act as a fiduciary;
- 27 (13) "Savings bank" shall include the following:
- 28 (a) Every corporation heretofore organized pursuant to the act
29 entitled "An act concerning savings banks," approved April 12, 1876;
- 30 (b) Every corporation heretofore organized pursuant to the act
31 entitled "An act concerning savings banks," approved May 2, 1906;
- 32 (c) Every corporation heretofore organized pursuant to chapter 6
33 of Title 17 of the Revised Statutes;
- 34 (d) Every corporation, other than a bank, authorized by any
35 general or special law of this State to carry on the business of a
36 savings bank or institution or society for savings;
- 37 (e) Every corporation hereafter organized pursuant to article 3 of
38 P.L.1948, c.67 (C.17:9A-7 and 17:9A-8) or P.L.1982, c.9
39 (C.17:9A-8.1 et seq.);
- 40 (14) "Branch office" of a bank or savings bank shall mean an
41 office, unit, station, facility, terminal, space or receptacle at a fixed
42 location other than a principal office, however designated, at which
43 any business that may be conducted in a principal office of a bank or
44 savings bank may be transacted. "Branch office" includes full branch
45 offices~~[,]~~ and minibranch offices ~~[and]~~, but does not include
46 communication terminal ~~[branch offices]~~ facilities;

1 (15) "Full branch office" means a branch office of a bank or savings
2 bank not subject to the limitations or restrictions imposed upon
3 minibranch offices or communication terminal **【branch offices】**
4 facilities;

5 (16) "Minibranch office" means a branch office of a bank or
6 savings bank which does not occupy more than 500 square feet of
7 floor space and which does not contain more than four teller stations,
8 manned by employees of the bank or savings bank;

9 (17) "Communication terminal **【branch office】 facility**" means a
10 **【branch office】 facility** of a bank or savings bank which is ¹**【either**
11 **manned by a bona fide third party under contract to a bank or savings**
12 **bank or】¹ unmanned and which consists of equipment, structures or**
13 **systems, by means of which information relating to financial services**
14 **rendered to the public is transmitted and through which transactions**
15 **with banks and savings banks are consummated, either instantaneously**
16 **or otherwise;**

17 (18) "Secondary mortgage loan" means a loan made to an
18 individual, association, joint venture, partnership, limited partnership
19 association, or any other group of individuals however organized,
20 except a corporation, which is secured in whole or in part by a lien
21 upon any interest in real property, including, but not limited to, shares
22 of stock in a cooperative corporation, created by a security agreement,
23 including a mortgage indenture, or any other similar instrument or
24 document, which real property is subject to one or more prior
25 mortgage liens and which is used as a dwelling, including a dual
26 purpose or combination type dwelling which is also used as a business
27 or commercial establishment, and has accommodations for not more
28 than six families, except that a loan which: (a) is to be repaid in 90
29 days or less; (b) is taken as security for a home repair contract
30 executed in accordance with the provisions of P.L.1960, c.41
31 (C.17:16C-62 et seq.); or (c) is the result of the private sale of a
32 dwelling, if title to the dwelling is in the name of the seller and the
33 seller has resided in said dwelling for at least one year, if the buyer is
34 purchasing said dwelling for his own residence and, as part of the
35 purchase price, executes a secondary mortgage in favor of the seller,
36 shall not be included within the definition of "secondary mortgage
37 loan";

38 (19) With respect to savings banks, "director" and "board of
39 directors" may be used to mean "manager" and "board of managers,"
40 respectively;

41 (20) "Foreign bank" means a company, other than a banking
42 institution, organized under the laws of the United States, another
43 state, or a foreign government, which is authorized by the laws under
44 which it is organized to exercise some or all of the powers specified in
45 paragraph (4) of section 24 of P.L.1948, c.67 (C.17:9A-24),
46 paragraphs (4), (5) and (13) of section 25 of P.L.1948, c.67

1 (C.17:9A-25), and paragraphs (3) through (9), inclusive, of section 28
2 of P.L.1948, c.67 (C.17:9A-28);

3 (21) "Home state" means:

4 (a) with respect to a national bank, the state in which the main
5 office is located; and

6 (b) with respect to a state bank, the state by which the bank is
7 chartered;

8 (22) "Host state" means, with respect to a bank, a state, other than
9 the home state of the bank, in which the bank maintains, or seeks to
10 establish and maintain, a branch office.

11 For purposes of this subsection and subsection (21), "bank" means a
12 State bank as defined in the Federal Deposit Insurance Act, 12 U.S.C.
13 1813(a)(2);

14 (23) "Out-of-State bank" means a state bank, as defined in the
15 Federal Deposit Insurance Act, 12 U.S.C. 1813(a)(2), with a home
16 state other than New Jersey;

17 (24) "Out-of-country bank" means a bank chartered under the laws
18 of a country other than the United States;

19 (25) "Interstate merger transaction" means:

20 (1) The merger or consolidation of banks with different home
21 states, and the conversion of branches of any bank involved in the
22 merger or consolidation into branches of the resulting bank; or

23 (2) The purchase of all or substantially all of the assets, the
24 assumption of all or substantially all of the liabilities, or both, including
25 all or substantially all of the branches, of a bank whose home state is
26 different from the home state of the acquiring bank;

27 (26) "State" means any state of the United States, the District of
28 Columbia, any territory of the United States, Puerto Rico, Guam,
29 American Samoa, the Trust Territory of the Pacific Islands, the Virgin
30 Islands and the Northern Mariana Islands;

31 (27) "Resulting bank" means a state or federally chartered bank or
32 state chartered savings bank that has resulted from an interstate
33 merger transaction pursuant to P.L.1948, c.67 (C.17:9A-1 et seq.).

34 (cf: P.L.1996, c.17, s.2)

35

36 2. Section 19 of P.L.1948, c.67 (C.17:9A-19) is amended to read
37 as follows:

38 19. A. Any bank or savings bank may, pursuant to a resolution of
39 its board of directors or board of managers, establish and maintain
40 branch offices, subject to the conditions and limitations of this article.

41 B. (Deleted by amendment, P.L.1996, c.17.)

42 (3) (Deleted by amendment.)

43 C. No bank shall hereafter establish a full branch office unless its
44 capital shall equal or exceed the minimum capital established by the
45 commissioner by regulation.

46 D. No savings bank shall hereafter establish a full branch office

1 unless its capital shall equal or exceed the minimum capital established
2 by the commissioner by regulation.

3 E. (Deleted by amendment.)

4 F. (Deleted by amendment.)

5 G. (Deleted by amendment.)

6 H. (Deleted by amendment.)

7 I. (Deleted by amendment.)

8 J. (Deleted by amendment.)

9 K. A bank or savings bank may establish a full branch office, a
10 minibranch office, or communications terminal **【branch office】** facility
11 anywhere in this State.

12 L. Except as otherwise provided by law, no foreign bank shall
13 establish, operate or maintain in this State any full branch office,
14 minibranch office or communication terminal **【branch office】** facility.
15 (cf: P.L.1996, c.17, s.3)

16

17 3. Section 20 of P.L.1948, c.67 (C.17:9A-20) is amended to read
18 as follows:

19 20. A. (1) Before any full branch office shall be established, the
20 bank or savings bank shall file written application in the department
21 for the commissioner's approval thereof. If, after such investigation or
22 hearings, or both, as the commissioner may determine to be advisable,
23 the commissioner shall find:

24 (a) That the bank or savings bank has complied with the
25 requirements of section 19 of P.L.1948, c.67 (C.17:9A-19);

26 (b) That the interests of the public will be served to advantage by
27 the establishment of such full branch office;

28 (c) That conditions in the locality in which the proposed full branch
29 office is to be established afford reasonable promise of successful
30 operation; and

31 (d) That the applicant has achieved sufficient compliance, as
32 defined by the commissioner by regulation, with the "Community
33 Reinvestment Act of 1977," 12 U.S.C. 2901 et seq.;

34 the commissioner shall, within 90 days after the filing of the
35 application, approve such application.

36 (2) To determine if an applicant meets the requirements of
37 subparagraph (c) of paragraph (1) of this subsection A., the
38 commissioner shall consider only the costs of purchasing, constructing,
39 leasing or otherwise establishing the proposed office including the
40 costs for staffing, furniture and equipment needed therefor and the
41 effect of these costs on the operations of the applicant as a whole.

42 (3) The applicant need not demonstrate an ability to operate the
43 proposed office at a profit within a definable period of time based on
44 the generation of new deposits from the market area to be entered
45 except to the extent that losses suffered at the proposed office could
46 affect the safety and soundness of the applicant's overall operations.

1 B. Before any minibranch office shall be established, the bank or
2 savings bank shall file a written application on forms supplied by the
3 commissioner. A duly adopted resolution of the board of directors or
4 managers authorizing such application shall accompany the
5 application. Notice of such application shall be published in
6 accordance with procedural rules and regulations of the department.
7 Within 20 days after said notice is published, any person or banking
8 institution having objections to the application shall submit detailed
9 written factual and legal grounds for the objection to the
10 commissioner. There shall be no hearing required to be held by the
11 commissioner in connection with such application. The commissioner,
12 after considering the application and written objections and such
13 investigation as the commissioner deems advisable, shall approve the
14 application, if the commissioner shall find

15 (1) That the convenience and needs of the public will be served to
16 advantage by the establishment of such minibranch office; and

17 (2) That the costs of establishing such minibranch office, including
18 (a) construction and alteration costs; (b) the cost of real property to
19 be acquired in connection therewith or rental to be paid for space to
20 be occupied by such office; (c) the cost of purchasing or renting and
21 installing the equipment to be used in the operation of such office; and
22 (d) the cost of manning such office, shall not in the aggregate exceed
23 such sum as the commissioner shall deem reasonable, taking into
24 consideration the capital and surplus of the bank, or the surplus of the
25 savings bank.

26 C. ~~Before any communication terminal branch office shall be~~
27 ~~established, the bank or savings bank shall file in the department~~
28 ~~written notice of the proposed establishment and such other~~
29 ~~information as the commissioner shall require.~~~~(Deleted by~~
30 ~~amendment, P.L. , c. .)~~

31 D. ~~Any bank or savings bank may participate in the establishment,~~
32 ~~maintenance or use of one or more communication terminal branch~~
33 ~~offices with one or more financial institutions whose deposits are~~
34 ~~insured by the Federal Deposit Insurance Corporation. The~~
35 ~~commissioner may require a bank or savings bank to participate with~~
36 ~~one or more insured financial institutions, at a reasonable cost, if the~~
37 ~~institution requesting participation maintains a principal, full branch or~~
38 ~~minibranch office located within five miles of the proposed~~
39 ~~site.~~~~(Deleted by amendment, P.L. , c. .)~~

40 E. A bank or savings bank shall provide insurance protection under
41 its bonding program for transactions involving ~~such~~ a
42 communication terminal ~~branch offices~~ facility.

43 F. (Deleted by amendment, P.L.1996, c.17.)

44 G. The commissioner shall have the power to make, amend and
45 repeal rules and regulations concerning the establishment, maintenance
46 and operation of full branch offices, minibranch offices and

1 communication terminal **branch offices** facilities not inconsistent
2 with the provisions of this act. The regulations so made shall also be
3 directed toward the creation, operation and maintenance of a
4 substantial competitive parity between banking institutions and other
5 financial institutions in all matters relating to the establishment,
6 operation, and maintenance of branch offices and communication
7 terminal facilities.

8 (cf: P.L.1996, c.17, s.5)

9

10 4. Section 103 of P.L.1948, c.67 (C.17:9A-103) is amended to
11 read as follows:

12 103. A. Each director shall own in good faith and hold in **his** the
13 director's own name **not less than \$500.00 par value** unpledged
14 shares of the capital stock of the bank, or of a company as such term
15 is defined in section **1** 2 of **chapter 70 of the laws of**
16 **1957(C.17:9A-344)** the federal "Bank Holding Company Act of
17 1956," 12U.S.C. s.1841 owning more than 80% of the capital stock of
18 such bank, **or if the shares of any such company shall be without par**
19 **value, capital stock having an aggregate book value of at least**
20 **\$500.00** which shares shall comply with at least one of the following
21 conditions:

22 (1) the aggregate par value of the shares is at least \$500, or
23 (2) the shares have an aggregate book value of at least \$500, or
24 (3) the shares have an aggregate fair market value of at least \$500
25 as determined by the Commissioner of Banking and Insurance.

26 B. Each director shall, following his election or appointment and
27 before assumption of any duties as a director, take an oath that he will,
28 so far as the duty devolves upon him, diligently and honestly
29 administer the affairs of the bank, and that he will not knowingly
30 violate, or knowingly permit to be violated, any provision of this act,
31 and that he owns in good faith and holds in his own name, **not less**
32 **than \$500.00 par value unpledged shares of the capital stock of the**
33 **bank, or of a company as such term is defined in section 1 of chapter**
34 **70 of the laws of 1957 (C.17:9A-344) owning more than 80% of the**
35 **capital stock of such bank, or if the shares of any such company shall**
36 **be without par value, capital stock having an aggregate book value of**
37 **at least \$500.00** capital stock as required by this section. Such oath,
38 subscribed by the director and certified by the officer before whom it
39 is taken, shall be transmitted to the commissioner and filed in the
40 department.

41 (cf: P.L.1968, c.417, s.1)

42

43 5. Section 110 of P.L.1948, c.67 (C.17:9A-110) is amended to
44 read as follows:

45 110. Directors; other committees. The bylaws of a bank may

1 provide for other committees of the board of directors in addition to
2 the committees elsewhere in this act authorized. Not less than a
3 majority of the members of any such other committee shall be
4 directors. Any or all of the remaining members of any such other
5 committee may be directors or may be officers of the bank who are not
6 directors. Each committee shall have the authority to take any action
7 on behalf of the board that may be delegated to the committee in the
8 bylaws or by resolution of the board. The minutes of each committee
9 authorized to take action on behalf of the board of directors pursuant
10 to this section shall be presented to the board at its next meeting
11 following ~~the meeting of the committee~~ ¹the meeting of the
12 committee, or at a meeting following¹ the ¹~~second~~ ~~fifth~~¹ business
13 day after the committee meeting at which such action was taken.

14 (cf: P.L.1997, c.33, s.13)

15

16 6. Section 111 of P.L.1948, c.67 (C.17:9A-111) is amended to
17 read as follows:

18 111. Officers; election; appointment; limitation.

19 A. At the first meeting of the board of directors following each
20 annual meeting of the stockholders of a bank, the directors shall elect
21 a chairman of the board of directors, if the office of chairman of the
22 board of directors has been created pursuant to section 107 of
23 P.L.1948, c.67 (C.17:9A-107), and a president, from their own
24 number. They shall also elect at such meeting either a cashier or a
25 secretary and a treasurer, none of whom need be a director. Other
26 officers, including one or more vice-presidents, who need not be
27 directors, may from time to time be elected or appointed by the board
28 of directors , or by the president if the authority to appoint officers
29 other than president or chairman has been delegated to the president
30 by the bylaws or by resolution of the board of directors.

31 B. Any person who holds more than one office in a bank shall not
32 sign in more than one official capacity any writing requiring the
33 signatures of more than one officer of the bank.

34 (cf: P.L.1986, c.186, s.6)

35

36 ¹~~7.~~ (New section) a. No banking institution shall be liable to a
37 depositor for any payment upon any receipt, draft or other order for
38 the withdrawal or payment of money from the depositor's account
39 upon which the signature of any party was forged, or which was made,
40 drawn or endorsed without authority, or which was raised or
41 otherwise materially altered, if payment is made upon presentation of
42 the passbook or other evidence of credit of deposit furnished by the
43 banking institution and if the withdrawal or payment is entered therein,
44 unless within two years after that entry the depositor shall notify the
45 banking institution in writing that the signature of a party to the
46 receipt, draft or other order was forged, or that it was made, drawn or

1 indorsed without authority, or that it was raised or otherwise
2 materially altered.

3 b. This section shall apply only to savings accounts.】¹

4

5 ¹【8. (New section) When a banking institution renders or has
6 rendered to a depositor a statement of account, accompanied by
7 vouchers, if any, which are the basis for debit entries in the account,
8 or when a banking institution writes up or has written up a depositor's
9 passbook to show the credits to and debits against the account, and
10 delivers or has delivered the passbook to the depositor, with the
11 vouchers, if any, which are the basis for the debit entries in the
12 account, those acts shall constitute an accounting by the banking
13 institution to the depositor.】¹

14

15 ¹【9. (New section) An accounting by the banking institution shall
16 be conclusively presumed to be correct after six years from its
17 rendition, and the depositor, and all those claiming through or under
18 him, shall thereafter be barred from questioning the correctness
19 thereof, unless before the expiration of the six-year period, the
20 depositor, or someone claiming through or under him, questions the
21 correctness of the accounting in writing to the banking institution.】¹

22

23 ¹【10. (New section) When written notice is given to a banking
24 institution pursuant to section 9 of this amendatory and supplementary
25 act, the accounting shall, after one year from the date of the notice, be
26 conclusively presumed to be correct, and the depositor, and all those
27 claiming through or under him, shall be barred from questioning the
28 correctness thereof, unless within the one-year period an action is
29 begun by the depositor, or by someone claiming through or under him,
30 in which the correctness of the account may be determined.】¹

31

32 ¹【11. (New section) The provisions of sections 7 through 12 of
33 this amendatory and supplementary act shall apply to all depositors,
34 and to all persons claiming through or under them, regardless of the
35 infancy, mental incompetency or other personal disability of the
36 depositor or other person claiming through or under the depositor, but
37 nothing in sections 7 through 12 of this amendatory and supplementary
38 act shall abridge or affect any right provided for in any law of the
39 United States governing the enforcement of rights and claims by and
40 against persons in the military service of the United States.】¹

41

42 ¹【12. (New section) Nothing in sections 7 through 12 of this
43 amendatory and supplementary act shall relieve a depositor from the
44 duty of exercising due diligence in the examination of an accounting
45 and the vouchers, if any, or from the duty of diligence in notifying the

1 banking institution of any error or irregularity therein, or from the
2 legal consequences of any neglect of that duty.】¹

3
4 ¹【13. Section 27.1 of P.L.1948, c.67 (C.17:9A-27.1) is repealed.】¹

5
6 ¹7. Section 191 of P.L.1948, c.67 (C.17:9A-191) is amended to
7 read as follows:

8 191. The board of managers may elect from its own number or
9 otherwise, such officers as it may from time to time see fit or may
10 delegate the authority to appoint officers other than the president or
11 chairman to the president by resolution of the board of managers or by
12 the bylaws. The tenure of officers shall be fixed in the bylaws or by
13 resolution of the board of managers.¹

14 (cf: P.L.1992, s.187, s.3)

15
16 ¹8. Section 65 of P.L.1963, c.233 (C.17:12B-65) is amended to
17 read as follows:

18 65. The officers of every State association shall be a president, one
19 or more vice presidents, a secretary and a treasurer and may include
20 a chairman of the board if the bylaws so provide, together with such
21 other officers as provided by the bylaws or as determined by the board
22 to be necessary for the conduct of the State association's business. All
23 officers shall be savings members or savings depositors, as the case
24 may be, of the State association. They shall be elected by the board
25 or may be appointed by the president if the authority to appoint
26 officers other than the president or chairman of the board has been
27 delegated to the president by the bylaws or by resolution of the board,
28 unless the bylaws provide for their election by the members or
29 stockholders of the State association. Each officer shall be elected or
30 appointed for a term of not more than 1 year, but shall continue in
31 office until the election or appointment and qualification of his
32 successor. Any two offices, except the offices of president and vice
33 president, may be held by one person. No officer shall act as attorney
34 or conveyancer of his State association. A vacancy in any office may
35 be filled by the board for the unexpired term. The board may appoint
36 or employ or authorize any officer to appoint or employ assistant
37 officers or assistants to officers subject to the confirmation of the
38 board or approval of the president ; provided, however, that assistants
39 to officers shall not be considered as officers, but as employees.¹

40 (cf: P.L.1974, c.137, s.9)

41
42 ¹【14.】 9.¹ This act shall take effect on the first day of the fourth
43 month after enactment.

44
45
46
47 Simplifies certain banking procedures.

ASSEMBLY, No. 2393

STATE OF NEW JERSEY 208th LEGISLATURE

INTRODUCED SEPTEMBER 14, 1998

Sponsored by:

Assemblyman CHRISTOPHER "KIP" BATEMAN

District 16 (Morris and Somerset)

Assemblyman NEIL M. COHEN

District 20 (Union)

SYNOPSIS

Simplifies certain banking procedures.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the organization and operation of banks and
2 amending and supplementing various parts of the statutory law.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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8 follows:

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14 approved March 24, 1899;

15 (b) Every corporation heretofore organized pursuant to the act
16 entitled "An act concerning trust companies (Revision of 1899),"
17 approved March 24, 1899;

18 (c) Every corporation heretofore organized pursuant to chapter 4
19 of Title 17 of the Revised Statutes;

20 (d) Every corporation, other than a savings bank, heretofore
21 authorized by any general or special law of this State to transact
22 business as a bank or as a trust company, or as both;

23 (e) Every corporation hereafter organized pursuant to article 2 of
24 this act;

25 (2) "Banking institution" shall mean a bank, an out-of-State bank
26 having a branch office in this State, an out-of-country bank having a
27 branch office in this State, savings bank, and a national banking
28 association having its principal or a branch office in this State;

29 (3) "Board of managers" of a savings bank shall include the board
30 of trustees of a savings bank;

31 (4) "Capital stock" shall include both common stock and preferred
32 stock;

33 (5) "Certificate of incorporation," unless the context requires
34 otherwise, shall mean:

35 (a) The certificate of incorporation, together with all amendments
36 thereto, of every bank and savings bank organized pursuant to any
37 general law of this State;

38 (b) The charter, together with all amendments thereto, of every
39 bank and savings bank organized pursuant to any special law of this
40 State;

41 (6) "Commissioner" shall mean the Commissioner of Banking and
42 Insurance of New Jersey;

43 (7) "Department" shall mean the Department of Banking and

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

Matter underlined thus is new matter.

1 Insurance of New Jersey;

2 (8) "Fiduciary" shall include trustee, executor, administrator,
3 receiver, guardian, assignee, and every other person occupying any
4 other lawful office or employment of trust;

5 (9) "Manager" of a savings bank shall include a trustee of a savings
6 bank;

7 (10) "Municipality" shall mean a city, town, township, village, and
8 borough of this State;

9 (11) "Population" shall mean the population as determined by the
10 latest federal census or as determined by the commissioner from other
11 information which he may deem reliable;

12 (12) "Qualified bank" shall mean:

13 (a) A bank or an out-of-State bank with a branch office in New
14 Jersey which has heretofore been authorized or which shall hereafter
15 be authorized to exercise any of the powers authorized by section 28
16 of P.L.1948, c.67 (C.17:9A-28);

17 (b) A savings bank which has heretofore been authorized or which
18 shall hereafter be authorized to exercise any of the powers authorized
19 by section 28 of P.L.1948, c.67 (C.17:9A-28); and

20 (c) A national banking association having its principal or a branch
21 office in this State authorized to act as a fiduciary;

22 (13) "Savings bank" shall include the following:

23 (a) Every corporation heretofore organized pursuant to the act
24 entitled "An act concerning savings banks," approved April 12, 1876;

25 (b) Every corporation heretofore organized pursuant to the act
26 entitled "An act concerning savings banks," approved May 2, 1906;

27 (c) Every corporation heretofore organized pursuant to chapter 6
28 of Title 17 of the Revised Statutes;

29 (d) Every corporation, other than a bank, authorized by any
30 general or special law of this State to carry on the business of a
31 savings bank or institution or society for savings;

32 (e) Every corporation hereafter organized pursuant to article 3 of
33 P.L.1948, c.67 (C.17:9A-7 and 17:9A-8) or P.L.1982, c.9
34 (C.17:9A-8.1 et seq.);

35 (14) "Branch office" of a bank or savings bank shall mean an office,
36 unit, station, facility, terminal, space or receptacle at a fixed location
37 other than a principal office, however designated, at which any
38 business that may be conducted in a principal office of a bank or
39 savings bank may be transacted. "Branch office" includes full branch
40 offices **[,] and** minibranch offices **[and]** but does not include
41 communication terminal **[branch offices]** facilities;

42 (15) "Full branch office" means a branch office of a bank or savings
43 bank not subject to the limitations or restrictions imposed upon
44 minibranch offices or communication terminal **[branch offices]**
45 facilities;

46 (16) "Minibranch office" means a branch office of a bank or savings

1 bank which does not occupy more than 500 square feet of floor space
2 and which does not contain more than four teller stations, manned by
3 employees of the bank or savings bank;

4 (17) "Communication terminal **[branch office] facility**" means a
5 **[branch office] facility** of a bank or savings bank which is either
6 manned by a bona fide third party under contract to a bank or savings
7 bank or unmanned and which consists of equipment, structures or
8 systems, by means of which information relating to financial services
9 rendered to the public is transmitted and through which transactions
10 with banks and savings banks are consummated, either instantaneously
11 or otherwise;

12 (18) "Secondary mortgage loan" means a loan made to an
13 individual, association, joint venture, partnership, limited partnership
14 association, or any other group of individuals however organized,
15 except a corporation, which is secured in whole or in part by a lien
16 upon any interest in real property, including, but not limited to, shares
17 of stock in a cooperative corporation, created by a security agreement,
18 including a mortgage indenture, or any other similar instrument or
19 document, which real property is subject to one or more prior
20 mortgage liens and which is used as a dwelling, including a dual
21 purpose or combination type dwelling which is also used as a business
22 or commercial establishment, and has accommodations for not more
23 than six families, except that a loan which: (a) is to be repaid in 90
24 days or less; (b) is taken as security for a home repair contract
25 executed in accordance with the provisions of P.L.1960, c.41
26 (C.17:16C-62 et seq.); or (c) is the result of the private sale of a
27 dwelling, if title to the dwelling is in the name of the seller and the
28 seller has resided in said dwelling for at least one year, if the buyer is
29 purchasing said dwelling for his own residence and, as part of the
30 purchase price, executes a secondary mortgage in favor of the seller,
31 shall not be included within the definition of "secondary mortgage
32 loan";

33 (19) With respect to savings banks, "director" and "board of
34 directors" may be used to mean "manager" and "board of managers,"
35 respectively;

36 (20) "Foreign bank" means a company, other than a banking
37 institution, organized under the laws of the United States, another
38 state, or a foreign government, which is authorized by the laws under
39 which it is organized to exercise some or all of the powers specified in
40 paragraph (4) of section 24 of P.L.1948, c.67 (C.17:9A-24),
41 paragraphs (4), (5) and (13) of section 25 of P.L.1948, c.67
42 (C.17:9A-25), and paragraphs (3) through (9), inclusive, of section 28
43 of P.L.1948, c.67 (C.17:9A-28);

44 (21) "Home state" means:

45 (a) with respect to a national bank, the state in which the main
46 office is located; and

1 (b) with respect to a state bank, the state by which the bank is
2 chartered;

3 (22) "Host state" means, with respect to a bank, a state, other than
4 the home state of the bank, in which the bank maintains, or seeks to
5 establish and maintain, a branch office.

6 For purposes of this subsection and subsection (21), "bank" means a
7 State bank as defined in the Federal Deposit Insurance Act, 12 U.S.C.
8 1813(a)(2);

9 (23) "Out-of-State bank" means a state bank, as defined in the
10 Federal Deposit Insurance Act, 12 U.S.C. 1813(a)(2), with a home
11 state other than New Jersey;

12 (24) "Out-of-country bank" means a bank chartered under the laws
13 of a country other than the United States;

14 (25) "Interstate merger transaction" means:

15 (1) The merger or consolidation of banks with different home
16 states, and the conversion of branches of any bank involved in the
17 merger or consolidation into branches of the resulting bank; or

18 (2) The purchase of all or substantially all of the assets, the
19 assumption of all or substantially all of the liabilities, or both, including
20 all or substantially all of the branches, of a bank whose home state is
21 different from the home state of the acquiring bank;

22 (26) "State" means any state of the United States, the District of
23 Columbia, any territory of the United States, Puerto Rico, Guam,
24 American Samoa, the Trust Territory of the Pacific Islands, the Virgin
25 Islands and the Northern Mariana Islands;

26 (27) "Resulting bank" means a state or federally chartered bank or
27 state chartered savings bank that has resulted from an interstate
28 merger transaction pursuant to P.L.1948, c.67 (C.17:9A-1 et seq.).
29 (cf: P.L.1996, c.17, s.2)

30

31 2. Section 19 of P.L.1948, c.67 (C.17:9A-19) is amended to read
32 as follows:

33 19. A. Any bank or savings bank may, pursuant to a resolution of
34 its board of directors or board of managers, establish and maintain
35 branch offices, subject to the conditions and limitations of this article.

36 B. (Deleted by amendment, P.L.1996, c.17.)

37 (3) (Deleted by amendment.)

38 C. No bank shall hereafter establish a full branch office unless its
39 capital shall equal or exceed the minimum capital established by the
40 commissioner by regulation.

41 D. No savings bank shall hereafter establish a full branch office
42 unless its capital shall equal or exceed the minimum capital established
43 by the commissioner by regulation.

44 E. (Deleted by amendment.)

45 F. (Deleted by amendment.)

46 G. (Deleted by amendment.)

1 H. (Deleted by amendment.)

2 I. (Deleted by amendment.)

3 J. (Deleted by amendment.)

4 K. A bank or savings bank may establish a full branch office, a
5 minibranch office, or communications terminal **【branch office】** facility
6 anywhere in this State.

7 L. Except as otherwise provided by law, no foreign bank shall
8 establish, operate or maintain in this State any full branch office,
9 minibranch office or communication terminal **【branch office】** facility.
10 (cf: P.L.1996, c.17, s.3)

11

12 3. Section 20 of P.L.1948, c.67 (C.17:9A-20) is amended to read
13 as follows:

14 20. A. (1) Before any full branch office shall be established, the
15 bank or savings bank shall file written application in the department
16 for the commissioner's approval thereof. If, after such investigation or
17 hearings, or both, as the commissioner may determine to be advisable,
18 the commissioner shall find:

19 (a) That the bank or savings bank has complied with the
20 requirements of section 19 of P.L.1948, c.67 (C.17:9A-19);

21 (b) That the interests of the public will be served to advantage by
22 the establishment of such full branch office;

23 (c) That conditions in the locality in which the proposed full branch
24 office is to be established afford reasonable promise of successful
25 operation; and

26 (d) That the applicant has achieved sufficient compliance, as defined
27 by the commissioner by regulation, with the "Community
28 Reinvestment Act of 1977," 12 U.S.C. 2901 et seq.;

29 the commissioner shall, within 90 days after the filing of the
30 application, approve such application.

31 (2) To determine if an applicant meets the requirements of
32 subparagraph (c) of paragraph (1) of this subsection A., the
33 commissioner shall consider only the costs of purchasing, constructing,
34 leasing or otherwise establishing the proposed office including the
35 costs for staffing, furniture and equipment needed therefor and the
36 effect of these costs on the operations of the applicant as a whole.

37 (3) The applicant need not demonstrate an ability to operate the
38 proposed office at a profit within a definable period of time based on
39 the generation of new deposits from the market area to be entered
40 except to the extent that losses suffered at the proposed office could
41 affect the safety and soundness of the applicant's overall operations.

42 B. Before any minibranch office shall be established, the bank or
43 savings bank shall file a written application on forms supplied by the
44 commissioner. A duly adopted resolution of the board of directors or
45 managers authorizing such application shall accompany the
46 application. Notice of such application shall be published in

1 accordance with procedural rules and regulations of the department.
2 Within 20 days after said notice is published, any person or banking
3 institution having objections to the application shall submit detailed
4 written factual and legal grounds for the objection to the
5 commissioner. There shall be no hearing required to be held by the
6 commissioner in connection with such application. The commissioner,
7 after considering the application and written objections and such
8 investigation as the commissioner deems advisable, shall approve the
9 application, if the commissioner shall find

10 (1) That the convenience and needs of the public will be served to
11 advantage by the establishment of such minibranch office; and

12 (2) That the costs of establishing such minibranch office, including
13 (a) construction and alteration costs; (b) the cost of real property to
14 be acquired in connection therewith or rental to be paid for space to
15 be occupied by such office; (c) the cost of purchasing or renting and
16 installing the equipment to be used in the operation of such office; and
17 (d) the cost of manning such office, shall not in the aggregate exceed
18 such sum as the commissioner shall deem reasonable, taking into
19 consideration the capital and surplus of the bank, or the surplus of the
20 savings bank.

21 C. **[** Before any communication terminal branch office shall be
22 established, the bank or savings bank shall file in the department
23 written notice of the proposed establishment and such other
24 information as the commissioner shall require.**](Deleted by**
25 **amendment, P.L. , c. .)**

26 D. **[** Any bank or savings bank may participate in the establishment,
27 maintenance or use of one or more communication terminal branch
28 offices with one or more financial institutions whose deposits are
29 insured by the Federal Deposit Insurance Corporation. The
30 commissioner may require a bank or savings bank to participate with
31 one or more insured financial institutions, at a reasonable cost, if the
32 institution requesting participation maintains a principal, full branch or
33 minibranch office located within five miles of the proposed
34 site.**](Deleted by amendment, P.L. , c. .)**

35 E. A bank or savings bank shall provide insurance protection under
36 its bonding program for transactions involving **[such]** a
37 communication terminal **[branch offices]** facility.

38 F. (Deleted by amendment, P.L.1996, c.17.)

39 G. The commissioner shall have the power to make, amend and
40 repeal rules and regulations concerning the establishment, maintenance
41 and operation of full branch offices, minibranch offices and
42 communication terminal **[branch offices]** facilities not inconsistent
43 with the provisions of this act. The regulations so made shall also be
44 directed toward the creation, operation and maintenance of a
45 substantial competitive parity between banking institutions and other
46 financial institutions in all matters relating to the establishment,

1 operation, and maintenance of branch offices and communication
2 terminal facilities.

3 (cf: P.L.1996, c.17, s.5)

4

5 4. Section 103 of P.L.1948, c.67 (C.17:9A-103) is amended to
6 read as follows:

7 103. A. Each director shall own in good faith and hold in **【his】** the
8 director's own name **【not less than \$500.00 par value】** unpledged
9 shares of the capital stock of the bank, or of a company as such term
10 is defined in section **【1】** 2 of **【chapter 70 of the laws of 1957(C.**
11 **17:9A-344)】** the federal "Bank Holding Company Act of 1956,"
12 12U.S.C. s.1841 owning more than 80% of the capital stock of such
13 bank, **【or if the shares of any such company shall be without par**
14 **value, capital stock having an aggregate book value of at least**
15 **\$500.00】** which shares shall comply with at least one of the following
16 conditions:

17 (1) the aggregate par value of the shares is at least \$500, or

18 (2) the shares have an aggregate book value of at least \$500, or

19 (3) the shares have an aggregate fair market value of at least \$500

20 as determined by the Commissioner of Banking and Insurance.

21 B. Each director shall, following his election or appointment and
22 before assumption of any duties as a director, take an oath that he will,
23 so far as the duty devolves upon him, diligently and honestly
24 administer the affairs of the bank, and that he will not knowingly
25 violate, or knowingly permit to be violated, any provision of this act,
26 and that he owns in good faith and holds in his own name, **【not less**
27 **than \$500.00 par value unpledged shares of the capital stock of the**
28 **bank, or of a company as such term is defined in section 1 of chapter**
29 **70 of the laws of 1957 (C.17:9A-344) owning more than 80% of the**
30 **capital stock of such bank, or if the shares of any such company shall**
31 **be without par value, capital stock having an aggregate book value of**
32 **at least \$500.00】** capital stock as required by this section. Such oath,
33 subscribed by the director and certified by the officer before whom it
34 is taken, shall be transmitted to the commissioner and filed in the
35 department.

36 (cf: P.L.1968, c.417, s.1)

37

38 5. Section 110 of P.L.1948, c.67 (C.17:9A-110) is amended to
39 read as follows:

40 110. Directors; other committees. The bylaws of a bank may
41 provide for other committees of the board of directors in addition to
42 the committees elsewhere in this act authorized. Not less than a
43 majority of the members of any such other committee shall be
44 directors. Any or all of the remaining members of any such other
45 committee may be directors or may be officers of the bank who are not
46 directors. Each committee shall have the authority to take any action

1 on behalf of the board that may be delegated to the committee in the
2 bylaws or by resolution of the board. The minutes of each committee
3 authorized to take action on behalf of the board of directors pursuant
4 to this section shall be presented to the board at its next meeting
5 following **the meeting of the committee** the second business day
6 after the committee meeting at which such action was taken.

7 (cf: P.L.1997, c.33, s.13)

8

9 6. Section 111 of P.L.1948, c.67 (C.17:9A-111) is amended to
10 read as follows:

11 111. Officers; election; appointment; limitation.

12 A. At the first meeting of the board of directors following each
13 annual meeting of the stockholders of a bank, the directors shall elect
14 a chairman of the board of directors, if the office of chairman of the
15 board of directors has been created pursuant to section 107 of
16 P.L.1948, c.67 (C.17:9A-107), and a president, from their own
17 number. They shall also elect at such meeting either a cashier or a
18 secretary and a treasurer, none of whom need be a director. Other
19 officers, including one or more vice-presidents, who need not be
20 directors, may from time to time be elected or appointed by the board
21 of directors , or by the president if the authority to appoint officers
22 other than president or chairman has been delegated to the president
23 by the bylaws or by resolution of the board of directors.

24 B. Any person who holds more than one office in a bank shall not
25 sign in more than one official capacity any writing requiring the
26 signatures of more than one officer of the bank.

27 (cf: P.L.1986, c.186, s.6)

28

29 7. (New section) a. No banking institution shall be liable to a
30 depositor for any payment upon any receipt, draft or other order for
31 the withdrawal or payment of money from the depositor's account
32 upon which the signature of any party was forged, or which was made,
33 drawn or endorsed without authority, or which was raised or
34 otherwise materially altered, if payment is made upon presentation of
35 the passbook or other evidence of credit of deposit furnished by the
36 banking institution and if the withdrawal or payment is entered therein,
37 unless within two years after that entry the depositor shall notify the
38 banking institution in writing that the signature of a party to the
39 receipt, draft or other order was forged, or that it was made, drawn or
40 indorsed without authority, or that it was raised or otherwise
41 materially altered.

42 b. This section shall apply only to savings accounts.

43

44 8. (New section) When a banking institution renders or has
45 rendered to a depositor a statement of account, accompanied by
46 vouchers, if any, which are the basis for debit entries in the account,

1 or when a banking institution writes up or has written up a depositor's
2 passbook to show the credits to and debits against the account, and
3 delivers or has delivered the passbook to the depositor, with the
4 vouchers, if any, which are the basis for the debit entries in the
5 account, those acts shall constitute an accounting by the banking
6 institution to the depositor.

7
8 9. (New section) An accounting by the banking institution shall be
9 conclusively presumed to be correct after six years from its rendition,
10 and the depositor, and all those claiming through or under him, shall
11 thereafter be barred from questioning the correctness thereof, unless
12 before the expiration of the six-year period, the depositor, or someone
13 claiming through or under him, questions the correctness of the
14 accounting in writing to the banking institution.

15
16 10. (New section) When written notice is given to a banking
17 institution pursuant to section 9 of this amendatory and supplementary
18 act, the accounting shall, after one year from the date of the notice, be
19 conclusively presumed to be correct, and the depositor, and all those
20 claiming through or under him, shall be barred from questioning the
21 correctness thereof, unless within the one-year period an action is
22 begun by the depositor, or by someone claiming through or under him,
23 in which the correctness of the account may be determined.

24
25 11. (New section) The provisions of sections 7 through 12 of this
26 amendatory and supplementary act shall apply to all depositors, and to
27 all persons claiming through or under them, regardless of the infancy,
28 mental incompetency or other personal disability of the depositor or
29 other person claiming through or under the depositor, but nothing in
30 sections 7 through 12 of this amendatory and supplementary act shall
31 abridge or affect any right provided for in any law of the United States
32 governing the enforcement of rights and claims by and against persons
33 in the military service of the United States.

34
35 12. (New section) Nothing in sections 7 through 12 of this
36 amendatory and supplementary act shall relieve a depositor from the
37 duty of exercising due diligence in the examination of an accounting
38 and the vouchers, if any, or from the duty of diligence in notifying the
39 banking institution of any error or irregularity therein, or from the
40 legal consequences of any neglect of that duty.

41
42 13. Section 27.1 of P.L.1948, c.67 (C.17:9A-27.1) is repealed.

43
44 14. This act shall take effect on the first day of the fourth month
45 after enactment.

1 STATEMENT

2

3 This bill simplifies certain banking procedures. The bill redefines
4 an automatic teller machine (ATM) as a communication terminal
5 facility and not a branch, as it is currently referred to in the statutes.
6 This change is consistent with a recent change in the definition in
7 federal law for national banks.

8 The bill revises the calculation of the number of shares of stock
9 required for directors' qualifying shares. It converts outdated cross-
10 references and permits the stock to be valued by book value or fair
11 market value in addition to the current statute's valuation based on par
12 value, because the par value of a bank's stock may have little
13 relationship to its actual value.

14 The bill also provides that if a committee of the board of directors
15 delegates authority to other committees of the board, it must report
16 back to the board at the next board meeting that follows the committee
17 meeting by at least two business days.

18 Further, the bill allows the board of directors of a bank to delegate
19 to the president the authority to appoint officers of the bank, other
20 than the chairman or president.

21 Certain sections of the banking laws from 1951 were repealed when
22 the sections of the Uniform Commercial Code (UCC) pertaining to
23 banking were amended in 1995. The new UCC sections did not
24 include all that was in the repealed provisions. The bill reinstates
25 those provisions that deal with the obligation of banks and bank
26 customers with respect to errors in bank statements.

27 Finally, the bill repeals the law that prohibits a bank from insuring
28 land titles.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2393

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 21, 1999

The Assembly Banking and Insurance Committee reports favorably and with committee amendments Assembly Bill No. 2393.

This bill simplifies certain banking procedures. The bill redefines an automatic teller machine (ATM) as a communication terminal facility and not a branch, as it is currently referred to in the statutes. This change is consistent with a recent change in the definition in federal law for national banks.

The bill revises the calculation of the number of shares of stock required for directors' qualifying shares. It converts outdated cross-references and permits the stock to be valued by book value or fair market value, in addition to the current statute's valuation based on par value, because the par value of a bank's stock may have little relationship to its actual value.

The bill also provides that if a committee of the board of directors is delegated authority to take certain actions on behalf of the board, the minutes of the committee meeting must be presented to the board at the next meeting of the board following the committee meeting or at a board meeting following the fifth business day after the committee meeting.

Further, the bill allows the board of directors of a bank, savings bank or savings and loan association to delegate to the president the authority to appoint officers of the bank, other than the chairman or president.

The committee amended the bill to: clarify that a "communications terminal facility" is an unmanned facility; provide flexibility in presenting minutes of committee meetings to the board, by permitting their presentation at the next meeting of the board following the committee meeting or at a board meeting following the fifth business day after the committee meeting; provide parity between banks, savings banks and savings and loan associations concerning the authority of the boards of these institutions to delegate to the president of the institution the authority to appoint certain officers of the institution; thereby deleting sections 7 through 13.

SENATE STATE GOVERNMENT, BANKING AND FINANCIAL
INSTITUTIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2393

STATE OF NEW JERSEY

DATED: MAY 20, 1999

The Senate State Government, Banking and Financial Institutions Committee reports favorably Assembly Bill No. 2393 (1R).

This bill simplifies certain banking procedures. The bill redefines an automatic teller machine (ATM) as a communication terminal facility and not a branch, as it is currently referred to in the statutes. This change is consistent with a recent change in the definition in federal law for national banks.

The bill revises the calculation of the number of shares of stock required for bank directors' qualifying shares. It permits the stock to be valued by book value or fair market value, in addition to the current statute's valuation based on par value, because the par value of a bank's stock may have little relationship to its actual value.

The bill also provides that if a committee of the bank's board of directors is delegated authority to take certain actions on behalf of the board, the minutes of the committee meeting must be presented to the board at the next meeting of the board following the committee meeting or at a board meeting following the fifth business day after the committee meeting.

Further, the bill allows the board of directors of a bank, savings bank or savings and loan association to delegate to the president the authority to appoint officers of the bank, other than the chairman or president.

This bill is identical to Senate, No.1853.

SENATE, No. 1853

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED MAY 6, 1999

Sponsored by:

Senator WALTER J. KAVANAUGH

District 16 (Morris and Somerset)

SYNOPSIS

Simplifies certain banking procedures.

CURRENT VERSION OF TEXT

As introduced.



S1853 KAVANAUGH

2

1 AN ACT concerning the organization and operation of banks, savings
2 banks and savings and loan associations and amending P.L.1948,
3 c.67 and P.L.1963, c.233.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7

8 1. Section 1 of P.L.1948, c.67 (C.17:9A-1) is amended to read as
9 follows:

10 1. As used in this act, and except as otherwise expressly provided
11 in this act:

12 (1) "Bank" shall include the following:

13 (a) Every corporation heretofore organized pursuant to the act
14 entitled "An act concerning banks and banking (Revision of 1899),"
15 approved March 24, 1899;

16 (b) Every corporation heretofore organized pursuant to the act
17 entitled "An act concerning trust companies (Revision of 1899),"
18 approved March 24, 1899;

19 (c) Every corporation heretofore organized pursuant to chapter 4 of
20 Title 17 of the Revised Statutes;

21 (d) Every corporation, other than a savings bank, heretofore
22 authorized by any general or special law of this State to transact
23 business as a bank or as a trust company, or as both;

24 (e) Every corporation hereafter organized pursuant to article 2 of
25 this act;

26 (2) "Banking institution" shall mean a bank, an out-of-State bank
27 having a branch office in this State, an out-of-country bank having a
28 branch office in this State, savings bank, and a national banking
29 association having its principal or a branch office in this State;

30 (3) "Board of managers" of a savings bank shall include the board
31 of trustees of a savings bank;

32 (4) "Capital stock" shall include both common stock and preferred
33 stock;

34 (5) "Certificate of incorporation," unless the context requires
35 otherwise, shall mean:

36 (a) The certificate of incorporation, together with all amendments
37 thereto, of every bank and savings bank organized pursuant to any
38 general law of this State;

39 (b) The charter, together with all amendments thereto, of every
40 bank and savings bank organized pursuant to any special law of this
41 State;

42 (6) "Commissioner" shall mean the Commissioner of Banking and
43 Insurance of New Jersey;

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

Matter underlined thus is new matter.

- 1 (7) "Department" shall mean the Department of Banking and
2 Insurance of New Jersey;
- 3 (8) "Fiduciary" shall include trustee, executor, administrator,
4 receiver, guardian, assignee, and every other person occupying any
5 other lawful office or employment of trust;
- 6 (9) "Manager" of a savings bank shall include a trustee of a savings
7 bank;
- 8 (10) "Municipality" shall mean a city, town, township, village, and
9 borough of this State;
- 10 (11) "Population" shall mean the population as determined by the
11 latest federal census or as determined by the commissioner from other
12 information which he may deem reliable;
- 13 (12) "Qualified bank" shall mean:
- 14 (a) A bank or an out-of-State bank with a branch office in New
15 Jersey which has heretofore been authorized or which shall hereafter
16 be authorized to exercise any of the powers authorized by section 28
17 of P.L.1948, c.67 (C.17:9A-28);
- 18 (b) A savings bank which has heretofore been authorized or which
19 shall hereafter be authorized to exercise any of the powers authorized
20 by section 28 of P.L.1948, c.67 (C.17:9A-28); and
- 21 (c) A national banking association having its principal or a branch
22 office in this State authorized to act as a fiduciary;
- 23 (13) "Savings bank" shall include the following:
- 24 (a) Every corporation heretofore organized pursuant to the act
25 entitled "An act concerning savings banks," approved April 12, 1876;
- 26 (b) Every corporation heretofore organized pursuant to the act
27 entitled "An act concerning savings banks," approved May 2, 1906;
- 28 (c) Every corporation heretofore organized pursuant to chapter 6 of
29 Title 17 of the Revised Statutes;
- 30 (d) Every corporation, other than a bank, authorized by any general
31 or special law of this State to carry on the business of a savings bank
32 or institution or society for savings;
- 33 (e) Every corporation hereafter organized pursuant to article 3 of
34 P.L.1948, c.67 (C.17:9A-7 and 17:9A-8) or P.L.1982, c.9 (C.17:9A-8.1
35 et seq.);
- 36 (14) "Branch office" of a bank or savings bank shall mean an office,
37 unit, station, facility, terminal, space or receptacle at a fixed location
38 other than a principal office, however designated, at which any
39 business that may be conducted in a principal office of a bank or
40 savings bank may be transacted. "Branch office" includes full branch
41 offices~~[,] and~~ and minibranch offices ~~[and], but does not include~~
42 communication terminal ~~[branch offices] facilities;~~
43
- 44 (15) "Full branch office" means a branch office of a bank or savings
45 bank not subject to the limitations or restrictions imposed upon
46 minibranch offices or communication terminal ~~[branch offices]~~
facilities;

1 (16) "Minibranch office" means a branch office of a bank or savings
2 bank which does not occupy more than 500 square feet of floor space
3 and which does not contain more than four teller stations, manned by
4 employees of the bank or savings bank;

5 (17) "Communication terminal **【branch office】** facility" means a
6 **【branch office】** facility of a bank or savings bank which is **【either**
7 manned by a bona fide third party under contract to a bank or savings
8 bank or**】** unmanned and which consists of equipment, structures or
9 systems, by means of which information relating to financial services
10 rendered to the public is transmitted and through which transactions
11 with banks and savings banks are consummated, either instantaneously
12 or otherwise;

13 (18) "Secondary mortgage loan" means a loan made to an
14 individual, association, joint venture, partnership, limited partnership
15 association, or any other group of individuals however organized,
16 except a corporation, which is secured in whole or in part by a lien
17 upon any interest in real property, including, but not limited to, shares
18 of stock in a cooperative corporation, created by a security agreement,
19 including a mortgage indenture, or any other similar instrument or
20 document, which real property is subject to one or more prior mortgage
21 liens and which is used as a dwelling, including a dual purpose or
22 combination type dwelling which is also used as a business or
23 commercial establishment, and has accommodations for not more than
24 six families, except that a loan which: (a) is to be repaid in 90 days or
25 less; (b) is taken as security for a home repair contract executed in
26 accordance with the provisions of P.L.1960, c.41 (C.17:16C-62 et
27 seq.); or (c) is the result of the private sale of a dwelling, if title to the
28 dwelling is in the name of the seller and the seller has resided in said
29 dwelling for at least one year, if the buyer is purchasing said dwelling
30 for his own residence and, as part of the purchase price, executes a
31 secondary mortgage in favor of the seller, shall not be included within
32 the definition of "secondary mortgage loan";

33 (19) With respect to savings banks, "director" and "board of
34 directors" may be used to mean "manager" and "board of managers,"
35 respectively;

36 (20) "Foreign bank" means a company, other than a banking
37 institution, organized under the laws of the United States, another
38 state, or a foreign government, which is authorized by the laws under
39 which it is organized to exercise some or all of the powers specified in
40 paragraph (4) of section 24 of P.L.1948, c.67 (C.17:9A-24), paragraphs
41 (4), (5) and (13) of section 25 of P.L.1948, c.67 (C.17:9A-25), and
42 paragraphs (3) through (9), inclusive, of section 28 of P.L.1948, c.67
43 (C.17:9A-28);

44 (21) "Home state" means:

45 (a) with respect to a national bank, the state in which the main
46 office is located; and

1 (b) with respect to a state bank, the state by which the bank is
2 chartered;

3 (22) "Host state" means, with respect to a bank, a state, other than
4 the home state of the bank, in which the bank maintains, or seeks to
5 establish and maintain, a branch office.

6 For purposes of this subsection and subsection (21), "bank" means a
7 State bank as defined in the Federal Deposit Insurance Act, 12 U.S.C.
8 1813(a)(2);

9 (23) "Out-of-State bank" means a state bank, as defined in the
10 Federal Deposit Insurance Act, 12 U.S.C. 1813(a)(2), with a home state
11 other than New Jersey;

12 (24) "Out-of-country bank" means a bank chartered under the laws
13 of a country other than the United States;

14 (25) "Interstate merger transaction" means:

15 (1) The merger or consolidation of banks with different home
16 states, and the conversion of branches of any bank involved in the
17 merger or consolidation into branches of the resulting bank; or

18 (2) The purchase of all or substantially all of the assets, the
19 assumption of all or substantially all of the liabilities, or both,
20 including all or substantially all of the branches, of a bank whose home
21 state is different from the home state of the acquiring bank;

22 (26) "State" means any state of the United States, the District of
23 Columbia, any territory of the United States, Puerto Rico, Guam,
24 American Samoa, the Trust Territory of the Pacific Islands, the Virgin
25 Islands and the Northern Mariana Islands;

26 (27) "Resulting bank" means a state or federally chartered bank or
27 state chartered savings bank that has resulted from an interstate merger
28 transaction pursuant to P.L.1948, c.67 (C.17:9A-1 et seq.).

29 (cf: P.L.1996, c.17, s.2)

30

31 2. Section 19 of P.L.1948, c.67 (C.17:9A-19) is amended to read as
32 follows:

33 19. A. Any bank or savings bank may, pursuant to a resolution of
34 its board of directors or board of managers, establish and maintain
35 branch offices, subject to the conditions and limitations of this article.

36 B. (Deleted by amendment, P.L.1996, c.17.)

37 (3) (Deleted by amendment.)

38 C. No bank shall hereafter establish a full branch office unless its
39 capital shall equal or exceed the minimum capital established by the
40 commissioner by regulation.

41 D. No savings bank shall hereafter establish a full branch office
42 unless its capital shall equal or exceed the minimum capital established
43 by the commissioner by regulation.

44 E. (Deleted by amendment.)

45 F. (Deleted by amendment.)

46 G. (Deleted by amendment.)

1 H. (Deleted by amendment.)

2 I. (Deleted by amendment.)

3 J. (Deleted by amendment.)

4 K. A bank or savings bank may establish a full branch office, a
5 minibranch office, or communications terminal **【branch office】** facility
6 anywhere in this State.

7 L. Except as otherwise provided by law, no foreign bank shall
8 establish, operate or maintain in this State any full branch office,
9 minibranch office or communication terminal **【branch office】** facility.
10 (cf: P.L.1996, c.17, s.3)

11

12 3. Section 20 of P.L.1948, c.67 (C.17:9A-20) is amended to read as
13 follows:

14 20. A. (1) Before any full branch office shall be established, the
15 bank or savings bank shall file written application in the department for
16 the commissioner's approval thereof. If, after such investigation or
17 hearings, or both, as the commissioner may determine to be advisable,
18 the commissioner shall find:

19 (a) That the bank or savings bank has complied with the
20 requirements of section 19 of P.L.1948, c.67 (C.17:9A-19);

21 (b) That the interests of the public will be served to advantage by
22 the establishment of such full branch office;

23 (c) That conditions in the locality in which the proposed full branch
24 office is to be established afford reasonable promise of successful
25 operation; and

26 (d) That the applicant has achieved sufficient compliance, as
27 defined by the commissioner by regulation, with the "Community
28 Reinvestment Act of 1977," 12 U.S.C. 2901 et seq.;

29 the commissioner shall, within 90 days after the filing of the
30 application, approve such application.

31 (2) To determine if an applicant meets the requirements of
32 subparagraph (c) of paragraph (1) of this subsection A., the
33 commissioner shall consider only the costs of purchasing, constructing,
34 leasing or otherwise establishing the proposed office including the
35 costs for staffing, furniture and equipment needed therefor and the
36 effect of these costs on the operations of the applicant as a whole.

37 (3) The applicant need not demonstrate an ability to operate the
38 proposed office at a profit within a definable period of time based on
39 the generation of new deposits from the market area to be entered
40 except to the extent that losses suffered at the proposed office could
41 affect the safety and soundness of the applicant's overall operations.

42 B. Before any minibranch office shall be established, the bank or
43 savings bank shall file a written application on forms supplied by the
44 commissioner. A duly adopted resolution of the board of directors or
45 managers authorizing such application shall accompany the
46 application. Notice of such application shall be published in

1 accordance with procedural rules and regulations of the department.
2 Within 20 days after said notice is published, any person or banking
3 institution having objections to the application shall submit detailed
4 written factual and legal grounds for the objection to the
5 commissioner. There shall be no hearing required to be held by the
6 commissioner in connection with such application. The commissioner,
7 after considering the application and written objections and such
8 investigation as the commissioner deems advisable, shall approve the
9 application, if the commissioner shall find

10 (1) That the convenience and needs of the public will be served to
11 advantage by the establishment of such minibranch office; and

12 (2) That the costs of establishing such minibranch office, including
13 (a) construction and alteration costs; (b) the cost of real property to be
14 acquired in connection therewith or rental to be paid for space to be
15 occupied by such office; (c) the cost of purchasing or renting and
16 installing the equipment to be used in the operation of such office; and
17 (d) the cost of manning such office, shall not in the aggregate exceed
18 such sum as the commissioner shall deem reasonable, taking into
19 consideration the capital and surplus of the bank, or the surplus of the
20 savings bank.

21 C. **【**Before any communication terminal branch office shall be
22 established, the bank or savings bank shall file in the department
23 written notice of the proposed establishment and such other
24 information as the commissioner shall require.**】**~~(Deleted by~~
25 amendment, P.L. , c. .)

26 D. **【**Any bank or savings bank may participate in the establishment,
27 maintenance or use of one or more communication terminal branch
28 offices with one or more financial institutions whose deposits are
29 insured by the Federal Deposit Insurance Corporation. The
30 commissioner may require a bank or savings bank to participate with
31 one or more insured financial institutions, at a reasonable cost, if the
32 institution requesting participation maintains a principal, full branch
33 or minibranch office located within five miles of the proposed
34 site.**】**~~(Deleted by amendment, P.L. , c. .)~~

35 E. A bank or savings bank shall provide insurance protection under
36 its bonding program for transactions involving **【such】** a
37 communication terminal **【branch offices】** facility.

38 F. (Deleted by amendment, P.L.1996, c.17.)

39 G. The commissioner shall have the power to make, amend and
40 repeal rules and regulations concerning the establishment, maintenance
41 and operation of full branch offices, minibranch offices and
42 communication terminal **【branch offices】** facilities not inconsistent
43 with the provisions of this act. The regulations so made shall also be
44 directed toward the creation, operation and maintenance of a
45 substantial competitive parity between banking institutions and other
46 financial institutions in all matters relating to the establishment,

1 operation, and maintenance of branch offices and communication
2 terminal facilities.

3 (cf: P.L.1996, c.17, s.5)

4

5 4. Section 103 of P.L.1948, c.67 (C.17:9A-103) is amended to read
6 as follows:

7 103. A. Each director shall own in good faith and hold in **【his】** the
8 director's own name **【not less than \$500.00 par value】** unpledged
9 shares of the capital stock of the bank, or of a company as such term
10 is defined in section **【1】** 2 of **【chapter 70 of the laws of**
11 **1957(C.17:9A-344)】** the federal "Bank Holding Company Act of
12 1956," 12U.S.C. s.1841 owning more than 80% of the capital stock of
13 such bank, **【or if the shares of any such company shall be without par**
14 **value, capital stock having an aggregate book value of at least**
15 **\$500.00】** which shares shall comply with at least one of the following
16 conditions:

17 (1) the aggregate par value of the shares is at least \$500, or

18 (2) the shares have an aggregate book value of at least \$500, or

19 (3) the shares have an aggregate fair market value of at least \$500

20 as determined by the Commissioner of Banking and Insurance.

21 B. Each director shall, following his election or appointment and
22 before assumption of any duties as a director, take an oath that he will,
23 so far as the duty devolves upon him, diligently and honestly
24 administer the affairs of the bank, and that he will not knowingly
25 violate, or knowingly permit to be violated, any provision of this act,
26 and that he owns in good faith and holds in his own name, **【not less**
27 **than \$500.00 par value unpledged shares of the capital stock of the**
28 **bank, or of a company as such term is defined in section 1 of chapter**
29 **70 of the laws of 1957 (C.17:9A-344) owning more than 80% of the**
30 **capital stock of such bank, or if the shares of any such company shall**
31 **be without par value, capital stock having an aggregate book value of**
32 **at least \$500.00】** capital stock as required by this section. Such oath,
33 subscribed by the director and certified by the officer before whom it
34 is taken, shall be transmitted to the commissioner and filed in the
35 department.

36 (cf: P.L.1968, c.417, s.1)

37

38 5. Section 110 of P.L.1948, c.67 (C.17:9A-110) is amended to read
39 as follows:

40 110. Directors; other committees. The bylaws of a bank may
41 provide for other committees of the board of directors in addition to
42 the committees elsewhere in this act authorized. Not less than a
43 majority of the members of any such other committee shall be
44 directors. Any or all of the remaining members of any such other
45 committee may be directors or may be officers of the bank who are not
46 directors. Each committee shall have the authority to take any action

1 on behalf of the board that may be delegated to the committee in the
2 bylaws or by resolution of the board. The minutes of each committee
3 authorized to take action on behalf of the board of directors pursuant
4 to this section shall be presented to the board at its next meeting
5 following ~~the meeting of the committee~~ the meeting of the
6 committee, or at a meeting following the fifth business day after the
7 committee meeting at which such action was taken.

8 (cf: P.L.1997, c.33, s.13)

9

10 6. Section 111 of P.L.1948, c.67 (C.17:9A-111) is amended to read
11 as follows:

12 111. Officers; election; appointment; limitation.

13 A. At the first meeting of the board of directors following each
14 annual meeting of the stockholders of a bank, the directors shall elect
15 a chairman of the board of directors, if the office of chairman of the
16 board of directors has been created pursuant to section 107 of
17 P.L.1948, c.67 (C.17:9A-107), and a president, from their own number.
18 They shall also elect at such meeting either a cashier or a secretary and
19 a treasurer, none of whom need be a director. Other officers, including
20 one or more vice-presidents, who need not be directors, may from time
21 to time be elected or appointed by the board of directors , or by the
22 president if the authority to appoint officers other than president or
23 chairman has been delegated to the president by the bylaws or by
24 resolution of the board of directors.

25 B. Any person who holds more than one office in a bank shall not
26 sign in more than one official capacity any writing requiring the
27 signatures of more than one officer of the bank.

28 (cf: P.L.1986, c.186, s.6)

29

30 7. Section 191 of P.L.1948, c.67 (C.17:9A-191) is amended to read
31 as follows:

32 191. The board of managers may elect from its own number or
33 otherwise, such officers as it may from time to time see fit or may
34 delegate the authority to appoint officers other than the president or
35 chairman to the president by resolution of the board of managers or by
36 the bylaws. The tenure of officers shall be fixed in the bylaws or by
37 resolution of the board of managers.

38 (cf: P.L.1992, s.187, s.3)

39

40 8. Section 65 of P.L.1963, c.233 (C.17:12B-65) is amended to read
41 as follows:

42 65. The officers of every State association shall be a president, one
43 or more vice presidents, a secretary and a treasurer and may include a
44 chairman of the board if the bylaws so provide, together with such
45 other officers as provided by the bylaws or as determined by the board
46 to be necessary for the conduct of the State association's business. All

1 officers shall be savings members or savings depositors, as the case
2 may be, of the State association. They shall be elected by the board or
3 may be appointed by the president if the authority to appoint officers
4 other than the president or chairman of the board has been delegated
5 to the president by the bylaws or by resolution of the board, unless the
6 bylaws provide for their election by the members or stockholders of the
7 State association. Each officer shall be elected or appointed for a term
8 of not more than 1 year, but shall continue in office until the election
9 or appointment and qualification of his successor. Any two offices,
10 except the offices of president and vice president, may be held by one
11 person. No officer shall act as attorney or conveyancer of his State
12 association. A vacancy in any office may be filled by the board for the
13 unexpired term. The board may appoint or employ or authorize any
14 officer to appoint or employ assistant officers or assistants to officers
15 subject to the confirmation of the board or approval of the president ;
16 provided, however, that assistants to officers shall not be considered as
17 officers, but as employees.

18 (cf: P.L.1974, c.137, s.9)

19

20 9. This act shall take effect on the first day of the fourth month after
21 enactment.

22

23

24

STATEMENT

25

26 This bill simplifies certain banking procedures. The bill redefines
27 an automatic teller machine (ATM) as a communication terminal
28 facility and not a branch, as it is currently referred to in the statutes.
29 This change is consistent with a recent change in the definition in
30 federal law for national banks.

31 The bill revises the calculation of the number of shares of stock
32 required for directors' qualifying shares. It converts outdated cross-
33 references and permits the stock to be valued by book value or fair
34 market value, in addition to the current statute's valuation based on par
35 value, because the par value of a bank's stock may have little
36 relationship to its actual value.

37 The bill also provides that if a committee of the board of directors
38 is delegated authority to take certain actions on behalf of the board, the
39 minutes of the committee meeting must be presented to the board at
40 the next meeting of the board following the committee meeting or at
41 a board meeting following the fifth business day after the committee
42 meeting.

43 Further, the bill allows the board of directors of a bank, savings
44 bank or savings and loan association to delegate to the president the
45 authority to appoint officers of the bank, other than the chairman or
46 president.

SENATE STATE GOVERNMENT, BANKING AND FINANCIAL
INSTITUTIONS COMMITTEE

STATEMENT TO

SENATE, No. 1853

STATE OF NEW JERSEY

DATED: MAY 20, 1999

The Senate State Government, Banking and Financial Institutions Committee reports favorably Senate Bill No. 1853.

This bill simplifies certain banking procedures. The bill redefines an automatic teller machine (ATM) as a communication terminal facility and not a branch, as it is currently referred to in the statutes. This change is consistent with a recent change in the definition in federal law for national banks.

The bill revises the calculation of the number of shares of stock required for bank directors' qualifying shares. It permits the stock to be valued by book value or fair market value, in addition to the current statute's valuation based on par value, because the par value of a bank's stock may have little relationship to its actual value.

The bill also provides that if a committee of the bank's board of directors is delegated authority to take certain actions on behalf of the board, the minutes of the committee meeting must be presented to the board at the next meeting of the board following the committee meeting or at a board meeting following the fifth business day after the committee meeting.

Further, the bill allows the board of directors of a bank, savings bank or savings and loan association to delegate to the president the authority to appoint officers of the bank, other than the chairman or president.

This bill is identical to Assembly Bill No.2393 (1R).

Office of the Governor
NEWS RELEASE

CONTACT: Jayne O'Connor
Stephanie Bell
609-777-2600

RELEASE: October 15, 1999

Governor Christie Whitman today signed the following legislation:

A-1447, sponsored by Assembly Speaker Jack Collins, requires legislative counsel to provide prime sponsors of legislation with advice of legal defects at the same time the counsel provides a written response to a request for a confidential written opinion on a bill.

A-170, sponsored by Assembly Members John Kelly (R-Bergen/Essex/Passaic) and Louis Romano (D-Hudson), eliminates the dual-licensing requirement for rooming and boarding houses and it increases the fee that may be charged by the Department of Community Affairs to license rooming and boarding houses.

A-1670, sponsored by Assemblywomen Marion Crecco (R-Essex/Passaic) and Charlotte Vandervalk (R-Bergen) and Senator Diane Allen (R- Burlington/Camden), establishes the neighborhood-Based Child Care Incentive Demonstration Program. This program expands the availability of safe, affordable child care to low and middle income families by encouraging the use of volunteer networks in the delivery of neighborhood-based child care services. The demonstration program, administered by the Department of Human Services, will operate in five counties, two of which will be in municipalities targeted by the Governor's Urban Coordinating Council.

A-2023, sponsored by Assembly Members Arline Friscia (D-Middlesex) and Reed Gusciora (D-Mercer), requires public employers to promptly pay amounts due certain employee annuity programs to ensure there is no loss of interest earnings . This bill would ensure that amounts payable by an employer on behalf of an employee be transmitted on, and credited as of, the fifth day after the employee is paid for that pay period.

A-3025, sponsored by Assemblymen Jerry Green (D- Middlesex/Somerset/Union) and John Kelly (R-Bergen/Essex/Passaic) and Senators Andrew Ciesla (R-Monmouth/Ocean) and John Matheussen (R-Camden/Gloucester), makes various changes to the "Map Filing Law." The bill eliminates the requirement that outside tract line monuments be installed by the developer prior to filing a map and it requires the developer to post a guarantee, to ensure that that developer eventually installs the outbound monuments.

A-307, sponsored by Assemblywoman Nia Gill (D-Essex) and LeRoy J. Jones, Jr. (D-Essex), allows senior citizens with personal lines of insurance to designate third parties to receive insurance cancellation and nonrenewal notices. Envelopes including such information must be labeled clearly "Important Insurance Policy Information; Open Immediately."

A-2636, sponsored by Assembly Members Anthony Impreveduto (D- Bergen/Hudson) and Joseph R. Malone III (R- Burlington/Monmouth/Ocean), eliminates prohibition against a school official action on certain matters. The bill specifically defines "personal involvement" and provides that no school official can act in his official capacity in any matter where he or a member of his immediate family has a personal involvement that is or creates some benefit to the official or his family member.

A-2050, sponsored by Assembly Members Nicholas Felice (R-Bergen/Passaic) and Carol Murphy (R- Essex/Morris/Passaic) and Senator Peter Inverso (R-Mercer/Middlesex), clarifies sales and use tax imposition upon prepaid telephone calling cards. The bill requires that sellers collect sales tax for the value of the card and remit it to the state.

A-2255, sponsored by Assemblymen Christopher "Kip" Bateman (R- Morris/Somerset) and Neil Cohen (D-Union) and Senator Peter Inverso (R-Mercer/Middlesex), makes certain changes in the "New Jersey Licensed Lenders Act." The bill changes the definition of "principal amount" as applied to secondary mortgage loans. The bill prohibits including the amount of discount points in the amount to be financed. In addition, the bill increases the cap on the application fee for sales finance companies from \$300 to \$500.

A-2302, sponsored by Assemblymen Nicholas Asselta (R-Cape May/Atlantic/Cumberland) and Jack Gibson (R-Cape May/Atlantic/Cumberland) and Senators James Cafiero (R-Cape May/ Atlantic/Cumberland) and John Matheussen (R-Camden/Gloucester), provides immunities and other benefits to personnel who participate in search and rescue teams. The bill also ensures that members of search and rescue teams accrue their employment benefits while working with the teams.

A-2393, sponsored by Assemblymen Christopher "Kip" Bateman (R- Morris/Somerset) and Neil Cohen (D-Union) and Senator Walter Kavanaugh (R-Morris/Somerset), simplifies certain banking procedures to conform the state's laws to federal ones.

A-2469, sponsored by Assembly Speaker Jack Collins (R-Salem/Cumberland/Gloucester) and Assemblyman Neil Cohen (D-Union), makes permanent the \$5 instant rebate program for purchases of trigger locks that the Governor introduced as part of her anti- school violence initiatives.

A-2806, sponsored by Assemblymen Alan Augustine (R-Middlesex/Morris/Somerset/Union) and Christopher "Kip" Bateman (R- Morris/Somerset) and Senator Walter Kavanaugh (R-Morris/ Somerset), provides standards for retention of records of certain financial institutions. The bill will assist regulators in their supervisory role as well as prevent fraud against financial institutions.

A-3040, sponsored by Assemblymen Paul DiGaetano (R-Bergen/Essex/Passaic) and Neil Cohen (D- Union), clarifies the tenant rebate provisions of the NJ SAVER and Homestead Rebate Act. The clarification ensures that benefits provided to tenants who are 65 years of age or older, or who are eligible to claim a deduction as a blind or disabled taxpayer, are equal to the benefits provided to other eligible tenants.

A-722, sponsored by Assembly Members Paul Kramer (R-Mercer/Middlesex) and Barbara Wright (R-Mercer/Middlesex), establishes a regulatory scheme for certain private facilities under contract with

the Department of Corrections. The bill enhances communications between halfway houses and municipal officials and residents and supplements the criteria used to determine whether an inmate is eligible for a halfway house. Primarily, the bill establishes: community relations advisory boards, a procedure for notifying local law enforcement officials of an inmates transfer to their community, supplements the department's regulations regarding the procedure for reporting an escape and codifies and supplements the department's regulations that set forth criteria used to determine whether an inmate is eligible for a halfway house.