

17:12B-165

LEGISLATIVE HISTORY CHECKLIST

NJSA 17:12B-165 (Collateral--U.S. obligations)

Laws of 1968 Chapter 189

Bill No. S372

Sponsor(s) Farley

Date Introduced January 29, 1968

Committee: Assembly Banking & Insurance

Senate Banking & Insurance

Amended during passage Yes No

Date of passage: Assembly June 13

Senate April 25

Date of approval July 19, 1968

Following statements are attached if available:

Sponsor statement Yes Below ~~No~~

Committee Statement: Assembly Yes No

Senate Yes No

Fiscal Note Yes No

Veto message Yes No

Message on signing Yes No

Following were printed:

Reports Yes No

Hearings Yes No

Statement of purpose:

The purpose of this bill is to clarify the authority of the associations to invest in "repurchase agreements" of United States Government obligations.

10/4/76

KB 3/77

SENATE, No. 372

STATE OF NEW JERSEY

INTRODUCED JANUARY 29, 1968

By Senator FARLEY

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

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

26 (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  
36 Savings 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  
39 whose principal office is located in this State; provided, that no  
40 such investment shall be made in excess of the amount for which  
41 such 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  
45 by any law of this State, other than investments which are, or  
46 which hereafter shall be, specifically designated and regulated by  
47 this act; provided, however, no funds may be invested pursuant  
48 to this subsection which are required for authorized loans to  
49 members.

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

60 (7) Central corporation. In the capital stock, securities, debentures 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  
67 of the aforementioned associations; and provided further, that no  
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69 association, aforementioned, may invest its funds under this sub-  
70 section in an amount exceeding 5% of its assets at the time of such  
71 subscription, payment or investment, except with the approval of  
72 the commissioner.

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

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

1 2. This act shall take effect immediately.

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#### STATEMENT

The purpose of this bill is to clarify the authority of the associa-  
tions to invest in "repurchase agreements" of United States Gov-  
ernment obligations.