

17:9A-73

LEGISLATIVE HISTORY CHECKLIST
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(Banks--amendments--loans
to officers)

NJSA: 17:9A-73

LAWS OF: 1993 **CHAPTER:** 48

BILL NO: A1893

SPONSOR(S) Vandervalk

DATE INTRODUCED: October 8, 1992

COMMITTEE: **ASSEMBLY:** Financial Institutions
SENATE: Commerce

AMENDED DURING PASSAGE: Yes Amendments during passage
denoted by asterisks

DATE OF PASSAGE: **ASSEMBLY:** February 9, 1993
SENATE: December 21, 1992

DATE OF APPROVAL: February 18, 1993

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

[FIRST REPRINT]
ASSEMBLY, No. 1893

STATE OF NEW JERSEY

INTRODUCED OCTOBER 8, 1992

By Assemblywoman VANDERVALK

1 AN ACT concerning the authority and operations of banks and
2 banking institutions and amending P.L.1948, c.67 and P.L.1964,
3 c.160.

4

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

7 ¹[1. Section 73 of P.L.1948, c.67 (C.17:9A-73) is amended to
8 read as follows:

9 73. Overdrafts.

10 No bank shall permit a director[,] or executive [or other]
11 officer [or employee] of the bank or a corporation, or a
12 partnership, to become liable to the bank by overdraft against a
13 deposit account. This section shall not apply to extensions of
14 credit made pursuant to "The Advance Loan Law of 1968,"
15 P.L.1968, c.64 (C.17:9A-59.16 et al.).

16 (cf: P.L.1979, c.226, s.4)]¹

17 ¹[2.] 1.¹ Section 74 of P.L.1948, c.67 (C.17:9A-74) is amended
18 to read as follows:

19 74. Exempt transactions.

20 A. Any liability incurred prior to the effective date of this
21 act, which would, if incurred after the effective date of this act,
22 be subject to this article, may from time to time be wholly or
23 partly renewed to the extent and in the manner authorized by the
24 law in effect when such liability was initially incurred.

25 B. Nothing in this article shall apply to:

26 (1) a mortgage loan made by a bank to an executive officer of
27 the bank or to him or her and his or her spouse, if:

28 [(1)] (a) the mortgaged property has erected thereon a one- or
29 two-family dwelling occupied or to be occupied wholly or partly
30 by such officer; or [(2) if]

31 (b) the proceeds of the loan shall be used for the purpose of
32 erecting upon the mortgaged property a one- or two-family
33 dwelling to be so occupied; or [(3) if]

34 (c) the mortgaged property is a one- or two-family
35 condominium unit occupied or to be occupied wholly or partly by
36 such officer [; nor shall anything in this article apply (4) to].

37 (2) a loan secured by a first lien on stock in a residential
38 cooperative housing corporation, where the proceeds of the loan
39 are used to finance the acquisition of such stock and the officer
40 shall occupy an apartment or dwelling unit in premises owned by
41 the residential cooperative housing corporation; or [(5) to]

42 (3) any loan or loans made to an executive officer of the bank

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 AFI committee amendments adopted December 3, 1992.

1 [, not exceeding in the aggregate \$20,000.00 outstanding at any
2 one time] to finance the education of a child of such officer; or
3 [(6) to]

4 (4) any liability to a bank incurred by any officer who is not an
5 executive officer of such bank.

6 (cf: P.L.1983, c.18, s.2)

7 ¹[3.] 2.¹ Section 247 of P.L.1948, c.67 (C.17:9A-247) is
8 amended to read as follows:

9 247. Banking records.

10 a. Any banking institution may cause to have copied or
11 reproduced by any photostatic, photographic [or], miniature
12 photographic or any other process which correctly and accurately
13 copies or reproduces, or forms a medium of copying or
14 reproducing, all or any part of its documents and records relating
15 to the accounts of its depositors and the operation of its business,
16 other than its notes, bonds, mortgages and other securities and
17 investments, and may substitute the copy or reproduction[, in
18 either positive or negative form,] for the original thereof.
19 Thereafter, the copy or reproduction[, in the form of a positive
20 print thereof,] shall be deemed for all purposes to be an original
21 counterpart of the original thereof and shall have the same force
22 and effect as the original thereof, and the banking institution
23 may destroy or otherwise dispose of the original.

24 For the purposes of this section, open-end line-of-credit
25 agreements, including, but not limited to, advance loan contracts
26 made pursuant to P.L.1959, c.91 (C.17:9A-59.1 et seq.) and
27 revolving credit equity loans pursuant to regulation of the
28 commissioner, are not deemed to be notes, bonds, mortgages or
29 other securities or investments and their copies shall be deemed
30 to have the same force and effect as the originals, as set forth in
31 this section.

32 b. The commissioner may adopt rules and regulations
33 permitting the destruction of originals and copies of books,
34 records, certificates, documents, reports, correspondence and
35 other instruments, papers and writings of a banking institution,
36 which, because of age or other reasons, need not be preserved.

37 (cf: P.L.1985, c.528, s.18)

38 ¹[4.] 3.¹ Section 2 of P.L.1964, c.160 (C.17:9A-24.2) is
39 amended to read as follows:

40 2. Banks and savings banks may avail themselves of the
41 services of bank service corporations, and may invest in bank
42 service corporations, but no [bank or savings bank shall invest in
43 more than one bank service corporation, nor shall any] such
44 investment shall be made

45 (a) by a bank, at any time when the total of all the bank's
46 investments in such [a] corporation or corporations exceeds, or if
47 the making of such an investment would cause such total to
48 exceed, 10% of the bank's unimpaired capital stock and surplus;
49 or

50 (b) by a savings bank, at any time when the total of all the
51 savings bank's investments in such [a] corporation or corporations
52 exceeds, or if the making of such an investment would cause such
53 total to exceed, 5% of the surplus of the savings bank.

54 (cf: P.L.1964, c.160, s.2)

1 ¹[5.] 4.¹ This act shall take effect immediately.

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6 Concerns banking institution authority and operations.

1 5. This act shall take effect immediately.
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STATEMENT

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6 To make New Jersey law more consistent with federal law, the
7 bill: (1) permits a bank employee to become liable to his employer
8 bank by overdraft against a deposit account; (2) removes the
9 dollar limitation (currently \$20,000) on any loan or loans made to
10 an executive officer of a bank to finance the education of a child
11 of that officer; and (3) permits a bank or savings bank to invest in
12 more than one bank service corporation. In addition, the bill
13 permits banking institutions to use new copy technology in
14 making copies of records.

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19 Concerns banking institution authority and operations.

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1893

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 3, 1992

The Assembly Financial Institutions Committee reports favorably and with committee amendments, Assembly, No. 1893.

To make New Jersey law more consistent with federal law, the bill: (1) removes the dollar limitation (currently \$20,000) on any loan or loans made to an executive officer of a bank to finance the education of a child of that officer; and (2) permits a bank or savings bank to invest in more than one bank service corporation. In addition, the bill permits banking institutions to use new copy technology in making copies of records.

An amendment to bill omitted section 1, concerning employee overdrafts.

SENATE COMMERCE COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 1893

STATE OF NEW JERSEY

DATED: JANUARY 25, 1993

The Senate Commerce Committee reports favorably Assembly Bill No. 1893 (1R).

This bill: removes the current \$20,000 aggregate limitation on any loan or loans made by a bank to an executive officer of that bank to finance the education of a child of that officer; permits a bank or savings bank to invest in more than one bank service corporation; and permits banking institutions to use new copy technology in making copies of records.