

17:16M-1 to 17:16M-9

LEGISLATIVE HISTORY CHECKLIST
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NJSA: 17:16M-1 to 17:16M-9

(Savings banks--
permit conversion
from 1 to the
other)

LAWS OF: 1991

CHAPTER: 42

Bill No: A4017

Sponsor(s): Roberts

Date Introduced: October 11, 1990

Committee: Assembly: Financial Institutions

Senate: -----

Amended during passage: Yes Amendments during passage
denoted by asterisks.

Date of Passage: Assembly: December 17, 1990

Senate: January 14, 1991

Date of Approval: February 26, 1991

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: No

Fiscal Note: No

Veto Message: No

Message on signing: Yes

Following were printed:

Reports: No

Hearings: No

KBG/SLJ

[SECOND REPRINT]

ASSEMBLY, No. 4017

STATE OF NEW JERSEY

INTRODUCED OCTOBER 11, 1990

By Assemblyman ROBERTS, Assemblywoman BUSH
and Assemblyman Bryant

1 AN ACT permitting, under certain circumstances, the conversion
2 of State chartered savings and loan associations into State
3 chartered savings banks and State chartered savings banks into
4 State chartered savings and loan associations, amending
5 P.L.1948, c.67, and supplementing Title 17 of the Revised
6 Statutes.

7

8 BE IT ENACTED *by the Senate and General Assembly of the*
9 *State of New Jersey:*

10 1. (New section) As used in this act:

11 "Capital stock association" shall have the meaning ascribed to
12 it in section 15 of P.L.1974, c.137 (C.17:12B-244).

13 "Capital stock savings bank" shall have the meaning ascribed
14 to it in section 1 of P.L.1982, c.9 (C.17:9A-8.1).

15 "Commissioner" means the Commissioner of Banking.

16 "Department" means the Department of Banking.

17 "Federal Deposit Insurance Corporation" means the
18 corporation so named, organized pursuant to an Act of Congress,
19 or any federal corporation, instrumentality or agency which
20 succeeds to the powers and functions of the Federal Deposit
21 Insurance Corporation or undertakes to discharge the purposes for
22 which said corporation was created.

23 "Mutual savings bank" means any savings bank organized
24 pursuant to the provisions of P.L.1948, c.67 (C.17:9A-1 et seq.)
25 without capital stock.

26 "State association" and "mutual association" shall have the
27 meanings ascribed to those terms in section 5 of P.L.1963, c.144
28 (C.17:12B-5).

29 "Savings bank" shall have the meaning ascribed to it in section
30 1 of P.L.1948, c.67 (C.17:9A-1).

31 2. (New section) Any mutual association may apply to the
32 commissioner to convert itself to a mutual savings bank ¹[with
33 the same force and effect as though originally incorporated as a]
34 ²by² organizing and transferring its assets and liabilities to a
35 newly-chartered¹ mutual savings bank, and any capital stock
36 association may apply to the commissioner to convert itself to a
37 capital stock savings bank ¹[with the same force and effect as
38 though originally incorporated as a] ²by² organizing and
39 transferring its assets and liabilities to a newly-chartered¹
40 capital stock savings bank, and the proceedings to effect either

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 October 15, 1990.

² Assembly floor amendments adopted December 3, 1990.

1 application for conversion shall be as follows:

2 a. When in the judgment of the board of such State association
3 it shall be deemed advisable and in the best interests of its
4 members or ¹[shareholders] stockholders¹ that the same shall be
5 converted into a savings bank of this State, the board of directors
6 shall adopt a resolution to that effect.

7 b. After the adoption of such resolution, a meeting of the
8 members or stockholders, as the case may be, of the State
9 association shall be held upon not less than 10 days' written
10 notice to the members or ¹[shareholders] stockholders¹ by mail,
11 postage prepaid, directed to their addresses appearing on the
12 books of the State association, which notice shall contain a
13 statement of the time, place and purpose for which such meeting
14 is called.

15 c. At such meeting, the members or ¹[shareholders]
16 stockholders¹ may by the affirmative vote of 2/3 of the members
17 present, or shares eligible to be voted which are represented at
18 the meeting, either in person or by proxy, declare by resolution
19 the determination to convert the State association into a savings
20 bank of this State.

21 d. If the authority for the proposed conversion has been
22 approved by the board of directors and by the members or
23 stockholders as required by this section, the board of directors of
24 the State association may apply to the commissioner to convert
25 to a savings bank.

26 3. (New section) An application by a State association to
27 convert to a savings bank shall contain the following:

28 a. Duplicate copies of the minutes of the proceedings of the
29 meeting of the members or stockholders, verified by the affidavit
30 of the president or vice-president, and the secretary of the
31 meeting;

32 b. A certified copy of the resolution of the board of directors
33 authorizing the conversion;

34 c. A certificate of incorporation meeting the requirements set
35 forth in section 7 of P.L.1948, c.67 (C.17:9A-7) or section 2 of
36 P.L.1982, c.9 (C.17:9A-8.2);

37 d. Copies of all applications and approvals required from
38 federal regulators incident to the conversion; and

39 e. Such other information or materials as the commissioner
40 may require by regulation.

41 4. (New section) The commissioner shall not approve an
42 application of a State association to convert to a savings bank
43 unless the commissioner finds, after appropriate investigation,
44 and a public hearing if deemed by the commissioner to be
45 necessary, that the following requirements have been met:

46 a. The application is complete;

47 b. The converting State association was insured by the Federal
48 Deposit Insurance Corporation, and the resulting savings bank will
49 also be insured by that agency;

1 c. The converting State association satisfies all capital
2 maintenance requirements for State associations set forth by the
3 Federal Deposit Insurance Corporation, any other federal
4 regulator and the department;

5 d. The converting State association is not subject to any
6 outstanding supervisory order, agreement or memorandum of
7 understanding of the Federal Deposit Insurance Corporation, any
8 other federal regulator or the department;

9 e. The proposed conversion will result in a savings bank that
10 will satisfy all capital maintenance requirements for savings
11 banks set forth by the Federal Deposit Insurance Corporation, any
12 other federal regulator and the department;

13 f. Directors or managers designated in the certificate of
14 incorporation possess the qualifications, experience and character
15 required for the duties and responsibilities with which they will
16 be charged; and

17 g. The interests of the State association's depositors and
18 creditors, and the public generally, will not be jeopardized by the
19 proposed conversion.

20 5. (New section) The commissioner may approve the
21 application of a State association which does not satisfy the
22 capital maintenance requirements set forth in subsection c. of
23 section 4 of this act or which is subject to an outstanding
24 supervisory order, agreement or memorandum of understanding,
25 as provided by subsection d. of section 4 of this act, relating only
26 to its capital condition or which fails to meet both requirements,
27 to convert to a savings bank when the following requirements, in
28 addition to the requirements set forth in section 4 of this act
29 other than the requirements set forth in subsections c. and d. of
30 section 4 relating to the capital condition of the converting State
31 association, have been met:

32 a. Simultaneous with the conversion to a savings bank, the
33 converting State association shall merge with and into, or be
34 acquired by a savings bank; and

35 b. The resulting savings bank immediately after the conversion
36 and merger or acquisition will satisfy all capital maintenance
37 requirements for savings banks set forth by the Federal Deposit
38 Insurance Corporation, any other federal regulator and the
39 department.

40 6. (New section) a. Within 60 days of receiving all of the
41 information and documents specified in section 3 of this act and
42 such other information as the commissioner may require, the
43 commissioner shall notify the applicant as to whether the
44 commissioner intends to approve the application, or whether it is
45 denied. The intent of approval may be conditioned upon the
46 applicant satisfying conditions set by the commissioner. If the
47 commissioner denies the application, the commissioner shall
48 notify the applicant in writing and shall state the basis for the
49 denial.

1 b. Upon a finding that the applicant has met all of the
2 requirements of this act and all conditions imposed on the
3 commissioner's intent of approval, the commissioner shall issue a
4 certificate of approval of the conversion which shall be endorsed
5 upon or annexed to the certificate of incorporation.

6 7. (New section) The certificate of incorporation with the
7 commissioner's approval endorsed thereon or annexed thereto
8 shall be filed in the department, and shall be recorded within 30
9 days after such approval in the same manner and places as
10 required by section ¹[22 of P.L.1963, c.144 (C.17:12B-22)] 12 of
11 P.L.1948, c.67 (C.17:9A-12)¹. Upon the approval by the
12 commissioner ¹[and] ²[¹] and² the filing of the certificate of
13 incorporation as aforesaid, ²[¹and the transfer of assets and
14 liabilities,¹]² the State association shall cease to be a State
15 association ¹[and thereafter shall operate as a savings bank]¹.
16 Upon the conversion of the State association, the legal existence
17 of the State association shall ¹[not]¹ terminate ¹[but] and¹ the
18 ²newly-chartered² savings bank shall ¹[be a continuation of the
19 entity of the State association and] succeed to¹ ²all the
20 obligations and relations of the State association, and to² all
21 property of the State association, including the right, title and
22 interest in and to all property of whatsoever kind and nature,
23 whether real, personal or mixed and things, and choses in action,
24 and every right, privilege, interest and asset of every conceivable
25 value or benefit then existing or pertaining to it, or which would
26 inure to it, immediately by operation of law and without the
27 necessity ¹[or] for¹ any conveyance or transfer and without any
28 further act or deed, shall vest in the savings bank into which the
29 State association has been converted. The savings bank shall
30 have, hold and enjoy the same in its own right as fully and to the
31 same extent as the same was possessed, held and enjoyed by the
32 State association. ¹[The savings bank as of the time and the
33 taking effect of the conversion shall continue to have and
34 succeed to all the rights, obligations and relations of the State
35 association.]¹ All pending actions and other judicial or
36 administrative proceedings to which the State association was a
37 party shall not be discontinued by reason of the conversion, but
38 may be prosecuted to final judgment or order in the same manner
39 as if the conversion had not been made and the savings bank
40 resulting from the conversion may continue such actions in its
41 name after conversion. Any judgment or order may be rendered
42 for or against it which might have been rendered for or against
43 the State association theretofore involved in the judicial
44 proceedings.

45 8. (New section) Any savings bank chartered pursuant to the
46 laws of this State may apply to the commissioner to convert to a
47 State association by complying with the procedures and standards
48 set forth in rules and regulations promulgated by the
49 commissioner pursuant to the "Administrative Procedure Act,"

1 P.L.1968, c.410 (C.52:14B-1 et seq.). These procedures and
 2 standards shall be at least equivalent to those established in
 3 sections 2 through 7 of this act concerning conversion of a State
 4 association into a savings bank, and may include any additional
 5 procedures and standards the commissioner may establish by
 6 regulation.

7 9. (New section) The commissioner may promulgate and
 8 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
 9 c.410 (C.52:14B-1 et seq.), rules and regulations necessary to
 10 effectuate the purposes of this act.

11 10. Section 333 of P.L.1948, c.67 (C.17:9A-333) is amended to
 12 read as follows:

13 333. A bank or savings bank shall pay to the commissioner for
 14 the use of the State a fee, to be prescribed by the commissioner
 15 by regulation, in an amount not less than or not more than, the
 16 following minimum and maximum amounts:

	<u>Minimum</u>	<u>Maximum</u>
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19 (1) For filing an application		
20 for charter	\$10,000.00	\$20,000.00
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22 (2) For the issuance by the com-		
23 missioner of a certificate of		
24 authority	500.00	1,000.00
25		
26 (3) For filing a certificate of		
27 amendment of a certificate of incorporation,		
28 or an amended certificate of		
29 incorporation	200.00	500.00
30		
31 (4) For filing any other certificate .	50.00	250.00
32		
33 (5) (a) For filing an application for		
34 approval of the establishment of a		
35 full branch office	1,000.00	3,000.00
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37 (b) For filing an application for		
38 approval of the establishment of a mini-		
39 branch office	1,000.00	3,000.00
40		
41 (c) For filing an application for		
42 approval of the establishment of a		
43 communication terminal branch office ..	500.00	2,000.00
44		
45 (6) For filing an agreement of		
46 merger, per bank	1,500.00	4,000.00
47		
48 (7) For filing a copy of a plan of		
49 reorganization	250.00	1,000.00

	<u>Minimum</u>	<u>Maximum</u>
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(21) Request to commissioner to require an institution to share access to its communication terminal branch office 100.00 250.00

(22) Conversion from savings bank to State association 5,000.00 10,000.00

(23) In addition to above fees, a per diem charge may be assessed when a special investigation of a filing is required. (cf: P.L.1988, c.73, s.1)

11. This act shall take effect immediately.

BANKING AND FINANCE

Permits conversion of savings and loans into savings banks and vice versa.

1 (cf: P.L.1988, c.73, s.1)
2 11. This act shall take effect immediately.

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STATEMENT

7 This bill permits State mutual savings and loan associations to
8 convert into State mutual savings banks and State capital stock
9 savings and loan associations to convert into State capital stock
10 savings banks. It also permits the reverse by allowing State
11 savings banks to convert into State savings and loan associations.
12 The converting institution must meet certain capital and other
13 standards before the conversion and the Commissioner of Banking
14 must approve the conversion.

15
16

BANKING AND FINANCE

17
18
19 Permits conversion of savings and loans into savings banks and
20 vice versa.

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4017

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 15, 1990

The Assembly Financial Institutions Committee reports favorably Assembly Bill No. 4017 with committee amendments.

This bill, as amended, permits a State chartered mutual savings and loan association to convert its charter to a State chartered mutual savings bank and a State chartered capital stock savings and loan association to convert its charter to a State chartered capital stock savings bank. Likewise, pursuant to regulations promulgated by the Commissioner of Banking which are to be similar in substance to the provisions of this bill, any State chartered savings bank is permitted to convert its charter to a State chartered savings and loan association.

This bill establishes certain procedures to be followed by the board of directors and members or stockholders of a State chartered savings and loan association and certain requirements to be met to convert to a State chartered savings bank. Once the procedures have been followed and the requirements met, the commissioner is to issue a certificate of approval to be endorsed upon or annexed to the certificate of incorporation.

The bill provides for conversion of a savings and loan association which does not satisfy the capital maintenance requirements or which is subject to an outstanding supervisory order, agreement or memorandum of understanding, relating only to its capital condition, or both, if simultaneous with the conversion to a savings bank, the converting State association is merged with and into or is acquired by a savings bank and the resulting savings bank, after merger or acquisition, meets all capital maintenance requirements for savings banks set forth by its appropriate federal and State regulators.

The amendments to the bill remove language that hints at the continuation of the existence of a former savings and loan association even after its conversion to a State chartered savings bank and thereby removes a possible interpretation by the Office of Thrift Supervision that the Office has continuing supervisory power over the new savings bank.



OFFICE OF THE GOVERNOR

NEWS RELEASE

CN-001
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TRENTON, N.J. 08625
Release:

Tuesday
February 26, 1991

ADVISORY

Governor Jim Florio today signed legislation allowing state-chartered savings and loan institutions to "flip" their charters to become state-chartered savings banks.

The Governor signed A 4017/S 2988, sponsored by Assemblyman Joseph Roberts, Assemblywoman Stephanie Bush and Senator Ray Lesniak. Currently, state-chartered thrifts are regulated by three entities: the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS) and the New Jersey Department of Banking. Each of these agencies can subject a thrift to audits and bank exams at the cost of the thrift.

"This law will enhance the competitiveness of banking while maintaining critical protections for consumers," said Governor Florio. "This measure will preserve our healthy, proven financial institutions in the state banking system."

The legislation was actively supported by state Banking Commissioner Jeff Connor.

By flipping its charter from a thrift charter to a bank charter, the thrift would eliminate regulation by the Office of Thrift Supervision, but maintain oversight by the FDIC and the Department of Banking. The OTS level of supervision is the most costly and is considered to be the least effective. The law limits the change only to thrifts with capitalization reserves of greater than 6 percent to ensure that only healthy savings and loans make the change.

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