

**CHAPTER 32****CONVERSIONS OF ASSOCIATIONS****Authority**

N.J.S.A. 17:1-8.1, 17:1-15e, 17:12B-1 et seq., and 17:12B-319.

**Source and Effective Date**

R.1998 d.559, effective October 30, 1998.  
See: 30 N.J.R. 3124(a), 30 N.J.R. 4209(a).

**Executive Order No. 66(1978) Expiration Date**

Chapter 32, Conversions of Associations, expires on October 30, 2003.

**Chapter Historical Note**

Chapter 32, Stock Associations, was adopted as R.1975 d.352, effective January 1, 1976. See: 7 N.J.R. 92(c), 8 N.J.R. 9(c).

Subchapter 2, Conversion of an Association to a Savings Bank, was adopted as R.1991 d.294, effective June 17, 1991. See: 23 N.J.R. 929(b), 23 N.J.R. 1919(b).

Pursuant to Executive Order No. 66(1978), Chapter 32, Stock Associations, expired on October 3, 1993.

Chapter 32, Conversions of Associations, was adopted as new rules by R.1993 d.535, effective November 1, 1993. See: 25 N.J.R. 2799(a), 25 N.J.R. 4900(c).

Pursuant to Executive Order No. 66(1978), Chapter 32, Conversions of Associations, was readopted as R.1998 d.559, effective October 30, 1998. See: Source and Effective Date. See, also, section annotations.

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**SUBCHAPTER 1. CONVERSION OF A MUTUAL  
ASSOCIATION TO A CAPITAL STOCK  
ASSOCIATION**

**3:32-1.1 Authorization for conversion**

An insured mutual association may convert to a capital stock association subject to the limitations and provisions of N.J.S.A. 17:12B-1 et seq., and this chapter. The association shall also be subject to the requirements promulgated by the Office of Thrift Supervision at 12 CFR 563b relating to conversions from mutual to stock form.

Amended by R.1988 d.472, effective October 3, 1988.

See: 20 N.J.R. 697(a), 20 N.J.R. 2450(a).

Added subsection (b).

Amended by R.1998 d.559, effective December 7, 1998.

See: 30 N.J.R. 3124(a), 30 N.J.R. 4209(a).

Rewrote the section.

**3:32-1.2 Application**

Applications and other forms provided by the Office of Thrift Supervision shall be considered as acceptable material by the Commissioner for compliance with the provisions of this chapter and N.J.S.A. 17:12B-1 et seq. Copies of all forms required to be filed with the Office of Thrift Supervision should be forwarded to the Commissioner as part of the application for preliminary approval.

Amended by R.1988 d.472, effective October 3, 1988.

See: 20 N.J.R. 697(a), 20 N.J.R. 2450(a).

Added (b).

Amended by R.1998 d.559, effective December 7, 1998.

See: 30 N.J.R. 3124(a), 30 N.J.R. 4209(a).

Rewrote the section.

**3:32-1.3 Conversion; general**

(a) A State chartered association making such conversion shall comply with the following conditions and procedures:

1. Any plan for conversion shall be approved by two-thirds of the board of such association, and a resolution shall be adopted to that effect;

2. A preliminary application for approval of conversion with a proxy statement and a proxy form shall be submitted to the commissioner who shall determine that:

i. The plan of conversion has been adopted and approved by the board of directors;

ii. The plan of conversion is fair and equitable to all members;

iii. Sufficient provision has been made to protect the interest of the depositors of the prospective capital stock association;

(b) If the preliminary application for approval of conversion is deemed acceptable by the Commissioner, he or she shall issue a notice of intent to approve subject to the affirmative vote of a majority of eligible members and compliance with the conditions prescribed in the conversion provisions of N.J.S.A. 17:12B-1 et seq. and this regulation.

Amended by R.1998 d.559, effective December 7, 1998.

See: 30 N.J.R. 3124(a), 30 N.J.R. 4209(a).

In (b), substituted a reference to N.J.S.A. 17:12B-1 et seq. for a reference to article XXI of the Savings and Loan Act (1963).

### 3:32-1.4 Meeting of members

(a) Savings and/or borrowing members, as defined by the mutual association's bylaws, who are 16 years of age, or over, shall be entitled to vote at the special meeting to consider conversion to a capital stock association.

(b) The record date for determining those members eligible to vote at the special meeting called to consider the plan of conversion shall not be less than 90 days prior to the date of approval of such plan by the board of directors.

(c) A special meeting of the members shall be called by the board of directors, not later than 180 days following preliminary approval of the plan of conversion by both the Commissioner and the Office of Thrift Supervision. The members shall consider and vote upon, either in person or by proxy, the following business:

1. The adoption of the plan of conversion of the mutual association into a capital stock association;
2. The election of directors to hold office from the effective date of conversion until the next annual meeting; and
3. The adoption of bylaws for the capital stock association.

(d) Upon the affirmative vote of a majority of the members present either in person or by proxy determining to convert the mutual association into a capital stock association, the board of directors shall within 45 days file with the Commissioner the following documents:

1. A copy of the minutes of the proceedings of such meeting;
2. A certificate of incorporation as provided at N.J.S.A. 17:12B-1 et seq.;
3. A copy of the bylaws for the stock corporation; and
4. The conversion application for final approval.

Amended by R.1988 d.472, effective October 3, 1988.

See: 20 N.J.R. 697(a), 20 N.J.R. 2450(a).

Substantially amended.

Amended by R.1998 d.559, effective December 7, 1998.

See: 30 N.J.R. 3124(a), 30 N.J.R. 4209(a).

In (c), substituted a reference to the Office of Thrift Supervision for a reference to the Federal Savings and Loan Insurance Corporation at the end of the first sentence and deleted a former second sentence in the introductory paragraph; and in (d), deleted "or, in the case of a 3121 Association, the affirmative vote of at least two-thirds" following "majority" in the introductory paragraph, and substituted a reference to N.J.S.A. 17:12B-1 et seq. for a reference to article XXI, section 18 of the Savings and Loan Act (1963) in 2.

### 3:32-1.5 Voting in person or by proxy

(a) Every proxy shall be executed and dated by the member or his agent and filed with the secretary of the association not later than the commencement of the scheduled meeting.

(b) A proxy shall be revocable at will; however the presence of the member at the meeting of the members shall not revoke such proxy unless the member files a written notice of such revocation with the secretary of the meeting prior to the voting of such proxy.

(c) A proxy shall not be revoked by the death or incapacity of the member but such proxy shall continue in force until revoked by the legally constituted or appointed representative or guardian of the member.

(d) The proxies shall be valid only for the meeting at which a conversion plan will be voted upon.

(e) Requirements as to proxy forms:

1. Shall indicate in boldface type whether proxy is solicited on behalf of management;
2. Shall provide specifically designated blank spaces for dating and signing the proxy;
3. Shall clearly identify each matter or group of related matters to be voted upon;
4. Shall be clearly labeled "revocable proxy" in boldface type;
5. Shall contain an acknowledgement by the person giving the proxy that he has received a proxy statement prior to signing the proxy form;
6. Shall contain the date, time and place of meeting;
7. Shall provide by a box, or otherwise, a means whereby a person solicited can indicate his choice between approval or disapproval of each matter to be acted upon;
8. Shall indicate in boldface type how the proxy shall be voted on each matter where no choice is specified;
9. Shall clearly show the procedure for revocation of proxy set forth in subsection (b) of this section.

Amended by R.1976 d.337, effective October 27, 1976.

See: 8 N.J.R. 452(d), 8 N.J.R. 543(a).