

**CHAPTER 26
GENERAL PROVISIONS**

Authority

N.J.S.A. 17:1-8.1, 17:1-15(e), 17:12B-48(21) and 17:12B-197.

Source and Effective Date

R.2001 d.232, effective June 17, 2001.
See: 33 N.J.R. 1157(a), 33 N.J.R. 2461(a).

Executive Order No. 66(1978) Expiration Date

Chapter 26, General Provisions, expires on June 17, 2006.

Chapter Historical Note

Chapter 26, General Provisions, became effective prior to September 1, 1969.

Subchapter 3, Action Upon Detection or Discovery of Crime, was adopted as new rules by R.1978 d.163, effective May 19, 1978. See: 10 N.J.R. 136(a), 10 N.J.R. 219(b).

Subchapter 4, State Savings and Loan Association Parity, was adopted as new rules by R.1981 d.506, effective January 4, 1982. See: 13 N.J.R. 634(a), 14 N.J.R. 40(a).

Subchapter 3 was readopted as R.1983 d.184, effective May 19, 1983. See: 15 N.J.R. 372(a), 15 N.J.R. 889(c).

Subchapter 4 was readopted as R.1985 d.720, effective December 31, 1985. See: 17 N.J.R. 2713(a), 18 N.J.R. 266(b).

Pursuant to Executive Order No. 66(1978), Chapter 26, General Provisions, was readopted as R.1991 d.41, effective December 31, 1990. See: 22 N.J.R. 3428(a), 23 N.J.R. 205(a). Pursuant to Executive Order No. 66(1978), Chapter 26, General Provisions, expired on December 31, 1995.

Chapter 26, General Provisions, was adopted as new rules by R.1996 d.272, effective June 17, 1996. See: 28 N.J.R. 1915(a), 28 N.J.R. 3119(a).

Pursuant to Executive Order No. 66(1978), Chapter 26, General Provisions, was readopted as R.2001 d.232, effective June 17, 2001. See: Source and Effective Date. See, also, section annotations.

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SUBCHAPTER 1. DESTRUCTION AND RETENTION OF RECORDS

3:26-1.1 Records retention schedule

(a) A savings and loan association shall maintain its records for the following minimum periods:

Description of Books, Records, etc.	Period to be Retained
1. Payment slips	2 years
1A. Coupons used with club accounts	1 year after payout of club account
1B. Coupons used with mortgage accounts	2 years, where a copy of the statement of the mortgage account is submitted annually to the mortgagor and a copy of said statement is retained in the association's file
2. Withdrawal slips	
i. Supported by checks	6 years
ii. If only record	10 years
3. Subsidiary ledgers, etc.	
i. Individual account cards and sheets	6 years after account is closed
ii. Roll books (Shareholders' ledgers)	10 years
4. General ledger: books, cards or sheets	10 years
5. Tellers' Proof Sheets used as posting media	6 years
6. Tellers' Proof Sheets not used as posting media	2 years
7. Cancelled checks, including dividend and trust account checks	6 years
8. Bank statements	6 years
9. Cancelled signature cards on closed accounts	6 years
10A. Passbooks (Closed accounts and filled books)	Cancel and return to member or destroy
10B. Share certificates	10 years
11. Account transfer or share assignment records	
i. Individual accounts cards or sheets	10 years
ii. Roll book accounts	10 years
12. Paid bills	6 years
13. Correspondence	
(a) General	6 years
(b) Of contractual nature	Expiration of contract
14. Expired insurance policies	Until after notice period for claims has expired, when policy is cancelled or when a policy is renewed
15. Memorandum insurance records	Until loan is repaid
16. Corporate insurance records	Until after policy is renewed, when notice period for filing of claims has expired, or when policy is cancelled
17. Paid bills for mortgagors	Until loan is repaid
18. Tax bills	Return to borrower or retain until loan is repaid
19. Memorandum of tax payments on mortgages	Until loan is repaid
20. Paid off mortgage files	Return appropriate documents to borrowers, retaining a separate "loans paid in full" file wherein a copy of the letter itemizing papers returned to the borrower will be filed or a receipt for said papers will be filed. Other correspondence can be destroyed.
Loan application and appraisal reports to be retained for at least 2 years	
21. Unconsummated loans (Approved but not completed)	Retain loan application and appraisal report for 2 years

<u>Description of Books, Records, etc.</u>	<u>Period to be Retained</u>
22. Proxies and ballots	6 years
	Where there is no contest a certificate of the Judge of Elections certifying the result may be retained instead of proxies and ballots for said 6 years
23. Corporate minutes: directors, executive committee and members' meetings	10 years
24. Reports	
i. Examination reports	10 years
ii. Audit reports	10 years
iii. Annual reports to Department	10 years
25. Monthly reports to directors (one copy)	3 years
26. Records of original entry—general journal, cash receipts and disbursements journal, etc.	10 years
27. Unit accounting machine tapes	2 years
28. Block control and trial balance tapes	2 years
29. Journal vouchers	3 years
30. Duplicate bank deposit tickets or transit sheets	2 years
31. Inheritance tax waivers and surrogates' certificates	6 years
32. Account loan notes	Return to borrower on repayment
33. Trustee account bank statements	6 years
34. Trustee account ledger	10 years
35. Money order stubs, receipts for travelers' checks and receipt for bond sales and redemptions	2 years

SUBCHAPTER 2. CHARGES FOR SUBSTITUTION OF INSURANCE POLICIES

3:26-2.1 Maximum charge

No lender or other legal entity servicing mortgages shall make any charge in excess of \$5.00 for substitution in midterm by the mortgagor of an insurance policy or policies.

SUBCHAPTER 3. (RESERVED)

SUBCHAPTER 4. STATE ASSOCIATION PARITY

3:26-4.1 State Association parity with Federal and out-of-State institutions

(a) State associations as defined in N.J.S.A. 17:12B-5 may exercise those powers, rights, benefits or privileges authorized as of May 2, 2005 and, thereafter, for national banks, Federal savings banks or Federal savings associations, either directly or through a financial subsidiary or other subsidiary, to the same extent and subject to the same limitations as national banks, Federal savings banks or Federal savings associations may exercise those powers, rights, benefits or privileges. Pursuant to P.L. 2000 c.69, § 10 (N.J.S.A. 17:12B-48(21)), State associations may exercise such powers, rights, benefits or privileges consistent with (c) and (d) below, notwithstanding the provisions of N.J.S.A. 17:12B-1 et seq. or any other law. If, under Federal law, the exercise of a power, right, benefit or privilege is subject to compliance with state law in the state in which the national bank, Federal savings bank or Federal savings association exercises the power, right, benefit or privilege, then the exercise of the power, right, benefit, or privilege in this State shall be subject to New Jersey law.

(b) State associations may exercise those powers, rights, benefits or privileges as of May 2, 2005 and thereafter authorized for out-of-State banks, savings banks or savings associations either directly or through a financial subsidiary or other subsidiary, to the same extent and subject to the same limitations as out-of-State banks, savings banks or savings associations may exercise those powers, rights, benefits or privileges, provided that, before exercising any such power, right, benefit or privilege, the Commissioner has approved, by rule, the exercise of such a power, right, benefit or privilege by State associations generally, or the State association provides notice of its intent to exercise such a power, right, benefit or privilege to the Commissioner and, on a case by case basis, the Commissioner either approves the activity or does not determine, within 45 days of his or her receipt of such notice, that the power, right, benefit or privilege is not to be exercised by the State association on grounds of safety and soundness or on other grounds as provided in this rule. Pursuant to P.L. 2000 c.69, § 10 (N.J.S.A. 17:12B-48(21)), State associations may exercise such powers, rights, benefits or privileges, consistent with (c) and (d) below, notwithstanding the provisions of N.J.S.A. 17:12B-1 et seq. or any other law. If the exercise of a power, right, benefit or privilege is subject to compliance with state licensing law in the state to which the institution looks for the authority to exercise the power, right, benefit or privilege, then the exercise of the power, right, benefit, or privilege in this State shall be subject to applicable New Jersey licensing law regulating the conduct in which the State association seeks to engage.

(c) "Power, right, benefit or privilege" shall not mean any activity that would fail to comply with or would violate:

1. The New Jersey Code of Criminal Justice, N.J.S.A. 2C:1-1 et seq., including, but not limited to, the criminal usury limits established at N.J.S.A. 2C:21-19 as applied to loan products;

2. New Jersey statutes and rules providing for the structure and corporate governance of State associations, including, but not limited to, statutes and rules governing amendments of certificates of incorporation, adoptions of bylaws, rights of shareholders or members, membership of boards of directors, closing of branch offices, establishing of *de novo* branch offices by foreign banks, applications where there is a supervisory concern, and requests for approvals or no objection opinions where there is a supervisory concern;

3. New Jersey statutes and rules providing the Department with supervisory powers over State associations with regard to safety and soundness and other matters, including, but not limited to, the power to issue orders and apply for relief from a court of competent jurisdiction established at N.J.S.A. 17:12B-177 et seq., and the power to require reports and examination by the Department pursuant to N.J.S.A. 17:12B-171 et seq. and similar law;

4. The provisions of N.J.S.A. 17:16N-1 et seq. and any rules regarding Consumer Checking Accounts; and

5. The New Jersey Homeownership Security Act of 2002 (N.J.S.A. 46:10B-22 et seq.).

(d) Prior to the exercise by a State association of any power, right, benefit, or privilege that is exercised by an out-of-State bank, savings bank, or savings association, the State association shall submit a notice of intent for the Commissioner's approval. Such notice of intent shall include: a description of the intended activity; a copy of the statutory or regulatory authority, including any pertinent regulatory interpretation of such authority, that governs the out-of-State institution that the applicant State association proposes as the basis for such exercise of parity; and a business plan and statement of the general or specific experience of the applicant that establishes how such exercise of parity would be conducted in a manner consistent with safe and sound banking practices. The items submitted as part of the business plan and the statement of experience shall be treated as confidential by the Department and shall not be public records pursuant to N.J.S.A. 47:1A-1 et seq. The Commissioner may disapprove the exercise of any power, right, benefit or privilege on the grounds of: an incomplete notice of intent; safety and soundness; failure to comply with New Jersey licensing requirements; or other grounds as provided in this subchapter. The Commissioner may condition the exercise of any power, right, benefit or privilege on the grounds of safety and soundness, compliance with New Jersey licensing requirements, or on other grounds as provided in this subchapter.

Amended by R.2001 d.232, effective July 16, 2001.

See: 33 N.J.R. 1157(a), 33 N.J.R. 2461(a).

In the fourth sentence, amended the trade publications to be provided notice.

Repeal and New Rule, R.2005 d.139, effective May 2, 2005.

See: 36 N.J.R. 1900(b), 37 N.J.R. 1511(b).

Section was "State Savings and Loan Association parity with Federal savings and loan associations".