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CHAPTER 405, P. L. 1948

AN ACT to amend "The Banking Act of 1948," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section one hundred and eighty of the act of which this act is amendatory is amended to read as follows:

180. Industrial obligations.

A. A savings bank may invest in bonds, debentures, notes, or other obligations which mature within thirty years from the time of the investment, and which are issued by an industrial company incorporated within and transacting business within the United States,

(1) whose annual consolidated net sales or consolidated gross income has averaged not less than ten million dollars (\$10,000,000.00) for the five fiscal years next preceding the investment for which the necessary statistical data is available; and

(2) whose annual consolidated net income available for dividends has averaged not less than one million dollars (\$1,000,000.00) for the five fiscal years next preceding the investment for which the necessary statistical data is available; and

(3) whose total consolidated debt, including current liabilities, as shown on its latest published consolidated balance sheet, does not exceed forty per centum (40%) of its gross assets less reserves as shown on such balance sheet; and

(4) whose consolidated current assets, as shown on its latest published consolidated balance sheet, are not less than two and one-half times its consolidated current liabilities as shown on such balance sheet. In computing current assets and current liabilities for the purposes of this paragraph, there shall be eliminated

from current assets, cash and United States Government notes, bonds, treasury bills and certificates of indebtedness in an amount not in excess of Federal income and excess profits taxes included in current liabilities, and there shall be eliminated from current liabilities such Federal income and excess profits taxes in an amount not in excess of the amount eliminated from current assets; and

(5) whose consolidated net income for the five fiscal years next preceding the investment for which the necessary statistical data is available after deducting reserves, regularly recurring charges for amortization of discount and expenses allocable to funded debt, and after deducting all other charges except interest, income and profits taxes, has averaged not less than four times the average annual consolidated interest charges during such period; and

(6) whose consolidated net income, computed as prescribed in the next preceding paragraph, has not, in two or more of the five fiscal years next preceding the investment for which the necessary statistical data is available, been less than twice the annual consolidated interest charges during the same years; and

(7) whose consolidated net income, computed as prescribed in paragraph (5) of this subsection, for the last fiscal year next preceding the investment for which the necessary statistical data is available, was (a) not less than three times the consolidated interest charges for such year, and (b) not less than three times the annual consolidated charges on the funded debt outstanding at the time of the investment. For the purposes of this section, "debt" shall exclude all debt which has been called for redemption or which otherwise matures within six months from the time of the investment, and for the payment of which funds have been set aside in trust.

B. "Industrial company" shall for the purpose of this section, include predecessor and constituent corporations, and shall mean corporations engaged in manufacturing, mining, merchandising, commercial financing, and other corporations commonly accepted as industrial companies.

C. No savings bank shall make an investment pursuant to this section at any time when the total of all such investments exceeds, or if the making of such an investment would cause such total to exceed, twenty-five per centum (25%) of its deposits.

D. No savings bank shall make an investment pursuant to this section in any obligation for the payment of which any one industrial company is primarily liable, at any time when the total of all of its investments in such obligations of such company exceeds, or if the making of such an investment would cause such total to exceed, two per centum (2%) of its deposits. The acquisition of any such obligation as a result of a refunding or other refinancing or exchange of such obligations theretofore invested in shall not be considered the making of an investment for the purposes of this subsection.

2. This act shall take effect September sixteenth, one thousand nine hundred and forty-eight.

Approved September 15, 1948.

CHAPTER 406, P. L. 1948

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section one hundred eighty-eight of the act of which this act is amendatory is amended to read as follows:

188. Board of managers; number; qualifications; oath.

A. Except as otherwise provided by subsection L of this section, every savings bank shall be managed by a board of not less than nine and not more than twenty-one managers. Not less than two-thirds of the managers shall be residents and citizens of this State.

B. Each manager shall, following his election and before he assumes office, take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of the savings bank, and that he will not knowingly violate or knowingly permit to be violated, any provisions of law applicable to the savings bank. Such oath shall be subscribed by the manager making it, certified by the officer before whom it is taken, and shall be transmitted to the commissioner and filed in the department.

C. A manager who, within thirty days after his election, or, in case of his disability, within such further time as the commissioner shall fix, fail to subscribe the oath specified in subsection B of this section, shall cease to be a manager.

D. Vacancies in the board of managers shall be filled by the board within one year after the vacancies occur. If the board fails to do so, the commissioner may fill any vacancy with a person qualified under this article.

E. The board of managers may meet at such times and so often as they shall deem necessary, but shall meet at least once in each calendar month excepting July and August. A meeting held in January of each year shall be designated the annual meeting of the board.

F. Managers shall be elected by a plurality of the votes of the members of the board of managers at the time in office, present and voting at such election, including those managers whose terms are then expiring. Except as hereinafter provided, each manager shall be elected for a term of six years, and until his successor is elected and shall have qualified. Managers shall be eligible for election to succeed themselves. Elections of managers shall be held biennially at an annual meeting of the board.

G. Every savings bank hereafter organized shall, at the first meeting of its board of managers, divide the managers named in its certificate of incorporation into three classes of equal size; the members of one class shall hold office until the second annual meeting of the board next succeeding the first meeting; the members of one class shall hold office until the fourth annual meeting next succeeding the first meeting; and the members of one class shall hold office until the sixth annual meeting next succeeding the first meeting, so that, at each election of managers following the first meeting, an equal number of managers shall be elected.

H. Every savings bank heretofore organized shall, at the first annual meeting of the board in January following the effective date of this act, divide its managers into three classes of equal size. The division may be by lot, or on the basis of age or seniority, or otherwise as the board of managers may determine. The members of one class shall be elected to serve for two years; the members of one class shall be elected to serve for four years; and the members of one class shall be elected to serve for six years, so that, at each election following the first annual meeting of the board after the effective date of this act, an equal number of managers shall be elected.

I. The requirements of subsections G and H of this section shall be satisfied if the number of managers in any one class of managers does not exceed by more than one the number of managers in any other class.

J. All classifications and elections of managers made pursuant to this section shall be certified by any two officers of the savings bank, and shall be filed in the department within fifteen days after such classification or election.

K. Except as herein otherwise provided, the acts of a majority of the board of managers at any time in office shall be the acts of the savings bank.

L. Upon the merger of two or more savings banks, the board of managers of the receiving savings bank, as defined in section two hundred five, may consist of not less than nine and not more than the total number then in office of the managers of all the savings banks which are parties to the merger. So long as the board of managers of such receiving bank shall exceed twenty-one in number (1) the number of managers shall not be increased but may be decreased to any number not less than nine; (2) vacancies in the board of managers shall not be filled; and (3) the requirements of subsections G and H of this section shall be satisfied if the number of managers in any one class or in any two classes of managers does not exceed by more than one the managers in the remaining classes or class. For the purposes of this subsection, the expiration of the term for which a manager is elected shall not be deemed to create a vacancy.

2. Section one hundred eighty-nine of the act of which this act is amendatory is amended to read as follows:

189. Board of managers; change in number.

A. Subject to the provisions of subsection L of section one hundred eighty-eight, the board of managers may, from time to time, increase or decrease the number of managers within the limits prescribed by subsection A of section one hundred eighty-eight; *provided*, that, except to the extent permissible pursuant to subsection I of section one hundred eighty-eight, (1) the number of managers after such increase or decrease shall be a multiple of three, and (2) such increase or decrease shall not create a disparity between the numbers of members in the several classes.

B. A copy of the resolution changing the number of managers, certified by two officers of the savings bank, shall be filed in the department within fifteen days after its adoption.

3. This act shall take effect on September sixteenth, one thousand nine hundred and forty-eight.

Approved September 15, 1948.

CHAPTER 408, P. L. 1948

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section nineteen of the act of which this act is amendatory is amended to read as follows:

19. Branch offices; location; capital requirements.

A. Any bank or savings bank may, pursuant to a resolution of its board of directors or board of managers, establish and maintain branch offices, subject to the conditions and limitations of this article.

B. No bank or savings bank shall establish or maintain a branch office which is located outside the municipality in which it maintains its principal office; except that a bank or savings bank may establish and maintain a branch office or offices anywhere in the same county as that in which it maintains its principal office

(1) when such bank is receiving bank as defined in section one hundred thirty-two, or a receiving savings bank as defined in section two hundred five, and each proposed branch will be established at a location occupied by the principal office or a branch office of a merging bank or savings bank; or

(2) when each proposed branch will be established at a location occupied by the principal office or a branch office of a banking institution in liquidation or in contemplation of liquidation; or

(3) when each proposed branch will be established in a municipality in which no banking institution has its principal office or a branch office.

C. Except as otherwise provided by this section,

(1) no bank or savings bank whose principal office is located in a municipality having a population of twenty thousand or less shall establish a branch office in that municipality;

(2) a bank or savings bank whose principal office is located in a municipality having a population in excess of twenty thousand but not in excess of forty thousand may establish and maintain not more than one branch office in that municipality;

(3) a bank or savings bank whose principal office is located in a municipality having a population in excess of forty thousand but not in excess of eighty thousand may establish and maintain not more than two branch offices in that municipality;

(4) a bank or savings bank whose principal office is located in a municipality having a population in excess of eighty thousand may establish and maintain as many branch offices as the commissioner shall determine.

This subsection shall not limit the number of branches which may be established by a bank or savings bank pursuant to paragraphs (1), (2) or (3) of subsection B of this section.

D. When a bank or savings bank is the only banking institution having its principal office in a municipality wherein no other banking institution has a branch office, such bank or savings bank may establish one branch office in such municipality in addition to the number limited by paragraphs (2) and (3) of subsection C of this section.

E. No bank shall hereafter establish a branch office unless its capital stock and surplus shall at least equal the minimum capital stock and surplus required by section four on the organization of a bank to transact business at the location occupied by the principal office of the bank proposing to establish such branch office, plus the lesser of (1) at least one hundred thousand dollars (\$100,000.00) for each branch office maintained or proposed to be established by such bank, or (2) an amount, for each branch office maintained or proposed to be established by such bank, at least equal to the minimum capital stock required by section four on the organization of a bank to transact business at each location maintained or proposed to be established by such bank as a branch office.

F. No savings bank shall hereafter establish a branch office unless its surplus shall at least equal the minimum capital deposits required by section eight on the organization of a savings bank to transact business at the location occupied by the principal office of the savings bank proposing to establish such branch office, plus an amount, for each branch office maintained or proposed to be established by such savings bank, at least equal to the minimum capital deposits required by section eight on the organization of a savings bank to transact business at each location maintained or proposed to be established by such savings bank as a branch office.

G. Nothing in this section shall affect the continued maintenance of any branch office lawfully in operation on the effective date of this act.

2. Section one hundred fifteen of the act of which this act is amendatory is amended to read as follows:

115. Bonding of directors, officers, employees.

Every bank shall, at its own expense, cause to be bonded for the honest performance and discharge of his duties (1) each director who handles or has charge or custody of money, securities or other valuable property of the bank or of its customers and (2) all officers and employees of the bank, in such amount and with such surety as shall be approved by the board of directors. The bonds may be individual bonds or may be one or more blanket bonds issued by a surety company or companies or one or more underwriters. The board of directors shall annually examine all such bonds, shall pass upon their sufficiency and may require a new bond or bonds or increases in the amounts thereof. The commissioner may from time to time order an increase in the amount of any such bonds. No bond shall be deemed to comply with the requirements of this section unless such bond contains a provision that it shall not be cancellable for any cause unless notice of intention to cancel is filed in the department at least five days before the day upon which cancellation shall take effect.

3. This act shall take effect September sixteenth, one thousand nine hundred and forty-eight.

Approved September 15, 1948.

CHAPTER 44, P. L. 1949

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section one of the act of which this act is amendatory is amended to read as follows:

1. Definitions.

As used in this act, and except as otherwise expressly provided in this act,

(1) "bank" shall include the following:

(a) every corporation heretofore organized pursuant to the act entitled "An act concerning banks and banking (Revision of 1899)," approved March twenty-fourth, one thousand eight hundred and ninety-nine;

(b) every corporation heretofore organized pursuant to the act entitled "An act concerning trust companies (Revision of 1899)," approved March twenty-fourth, one thousand eight hundred and ninety-nine;

(c) every corporation heretofore organized pursuant to chapter four of Title 17 of the Revised Statutes;

(d) every corporation, other than a savings bank, heretofore authorized by any general or special law of this State to transact business as a bank or as a trust company, or as both;

(e) every corporation hereafter organized pursuant to article two of this act;

(2) "banking institution" shall mean a bank, savings bank, and a national banking association having its principal office in this State;

(3) "board of managers" of a savings bank shall include the board of trustees of a savings bank;

(4) "capital stock" shall include both common stock and preferred stock;

(5) "certificate of incorporation," unless the context requires otherwise, shall mean

(a) the certificate of incorporation, together with all amendments thereto, of every bank and savings bank organized pursuant to any general law of this State;

(b) the charter, together with all amendments thereto, of every bank and savings bank organized pursuant to any special law of this State;

(6) "commissioner" shall mean the Commissioner of Banking and Insurance of New Jersey;

(7) "department" shall mean the Department of Banking and Insurance of New Jersey;

(8) "fiduciary" shall include trustee, executor, administrator, receiver, guardian, assignee, and every other person occupying any other lawful office or employment of trust;

(9) "manager" of a savings bank shall include a trustee of a savings bank;

(10) "municipality" shall mean a city, town, township, village, and borough of this State;

(11) "population" shall mean the population as determined by the latest Federal census or as determined by the commissioner from other information which he may deem reliable;

(12) "qualified bank" shall mean

(a) a bank which has heretofore been authorized or which shall hereafter be authorized to exercise any of the powers authorized by section twenty-eight;

(b) a savings bank which has heretofore been authorized or which shall hereafter be authorized to exercise any of the powers authorized by section twenty-eight; and

(c) a national banking association having its principal office in this State authorized to act as a fiduciary;

(13) "savings bank" shall include the following:

(a) every corporation heretofore organized pursuant to the act entitled "An act concerning savings banks," approved April twelfth, one thousand eight hundred and seventy-six;

(b) every corporation heretofore organized pursuant to the act entitled "An act concerning savings banks," approved May second, one thousand nine hundred and six;

(c) every corporation heretofore organized pursuant to chapter six of Title 17 of the Revised Statutes;

(d) every corporation, other than a bank, authorized by any general or special law of this State to carry on the business of a savings bank or institution or society for savings;

(e) every corporation hereafter organized pursuant to article three of this act.

2. This act shall take effect immediately.

Approved April 20, 1949.

CHAPTER 46, P. L. 1949

AN ACT to amend "The Banking Act of 1948" (P. L. 1948, c. 67).

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

1. Section one forty-eight of the act of which this act is amendatory is amended to read as follows:

148. Merger or consolidation of a bank with a national banking association.

A. A bank may merge into or consolidate with a national banking association with the approval of the holders of two-thirds of the capital stock of such bank entitled to vote. The directors of the bank shall file in the department a certificate over their signatures that such approval has been given, and that the directors intend to act in pursuance thereof. Upon the taking effect of the merger or consolidation, the bank shall be deemed to have surrendered its charter.

B. Upon such merger or consolidation, all the property and rights of such bank shall vest in the national banking association in the manner prescribed by section one hundred thirty-nine and the rights and obligations of the bank and the national banking association, and of all depositors, other creditors, stockholders and other persons shall be the same as those defined in section one hundred thirty-nine.

C. Any stockholder of the bank who fails to approve such merger or consolidation shall have the right to demand and to be paid the value of his shares of stock in the manner, and subject to the conditions and limitations provided by sections one hundred forty to one hundred and forty-four, inclusive, except that demand for payment shall be made not later than three months from the date of the filing of the certificate pursuant to subsection A of this section, and the value of such shares shall be computed as of that date.

2. This act shall take effect immediately.

Approved April 20, 1949.

CHAPTER 47, P. L. 1949

AN ACT to amend "The Banking Act of 1948," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section one hundred and seventy-eight of the act of which this act is amendatory is amended to read as follows:

178. Public utility bonds and debentures.

A. As used in this section,

(1) "bonds of a public utility company" and "debentures or other bonds of a public utility company" shall mean bonds or debentures, as the case may be, issued, guaranteed, assumed, or otherwise agreed to be paid by a public utility company;

(2) "public utility company" shall include constituent and predecessor companies, and shall mean:

(a) a corporation at least eighty-five per centum (85%) of whose gross operating revenues are derived within the United States from the sale or furnishing of one or more of the following:

- (1) artificial gas,
- (2) natural gas to consumers over systems owned or leased by it,
- (3) a mixture of artificial and natural gas to consumers over systems owned or leased by it,
- (4) electricity,
- (5) water, or
- (6) telephone, telegraph or other communication services, or any combination thereof, and

(b) except for the purposes of subsection B of this section, a corporation at least a majority of whose gross operating revenues are derived within the United States from furnishing telephone, telegraph or other communication services, or any combination thereof;

(3) "net operating revenues available for fixed charges" shall mean gross operating revenues less all operating expenses, but before deduction for (a) renewals and depreciation and (b) State and Federal income and profits taxes;

(4) "fixed charges" shall mean charges for (a) rentals, (b) interest on all outstanding mortgage debt, and (c) regularly recurring charges for amortization of discount and expense allocable to mortgage debt, but shall exclude inter-company items;

(5) "fixed assets" shall mean real property, interests in real property, plants, equipment, transmission or distribution systems, and other assets commonly accepted as fixed assets, and shall include fixed assets leased to a public utility company and operated by it under a lease expiring, by its terms, in not less than fifty years from the date an investment is made pursuant to this section;

(6) "book value of fixed assets" shall mean the value of such assets as shown on the books of the public utility company, less reserves for depreciation and renewals.

B. A savings bank may invest in

(1) bonds of a public utility company (a) whose gross operating revenues for the five fiscal years next preceding the investment for which the necessary statistical data is available or for five consecutive twelve-month periods ending within six months of the time the investment is made, have averaged at least two million five hundred thousand dollars (\$2,500,000.00) for each such year or period, and (b) whose average net operating revenues available for fixed charges for the last three of such years or periods have equaled not less than two and one-half times the average annual requirement for fixed charges for the same years or periods;

(2) bonds of a public utility company (a) which derives at least ninety-five per centum (95%) of its gross operating revenues from the sale of water, and (b) whose gross operating revenues, for the five fiscal years next preceding the investment for which the necessary statistical data is available or for five consecutive twelve-month periods ending within six months of the time the investment is made, have averaged at least five hundred thousand dollars (\$500,000.00) for each such year or period, and (c) whose average

net operating revenues available for fixed charges for the last three of such years or periods have equaled not less than one and three-quarters times the average annual requirement for fixed charges during the same years or periods.

C. Bonds invested in pursuant to subsection B of this section shall be secured by a mortgage on fixed assets which is (1) a first mortgage or (2) a refunding mortgage under which bonds may be issued for the retirement or refunding of all debts secured by mortgages on all or any part of such fixed assets prior to the lien of such refunding mortgage, or (3) a mortgage prior in lien to such a refunding mortgage, or (4) is secured by the pledge of mortgage bonds constituting not less than ninety-five per centum (95%) of all the outstanding mortgage debt secured by all or part of the fixed assets which are subject to the mortgage securing such pledged bonds. The aggregate principal amount of all outstanding bonds secured (1) by the mortgage securing the bonds so invested in, directly or by pledge of bonds, and by all other mortgages equal or prior thereto in lien, to which all or any part of such fixed assets are subject, or (2) by any such refunding mortgage inferior in lien to the mortgage securing the bonds so invested in, directly or by pledge of mortgage bonds, and by all other mortgages equal or prior in lien to such refunding mortgage to which all or any part of such fixed assets are subject, shall not, at the time of the investment exceed (1) sixty-six and two-thirds per centum (66 2/3%) of the book value of such fixed assets, in the case of bonds invested in pursuant to paragraph (1) of subsection B of this section, or (2) seventy per centum (70%) of the book value of such fixed assets, in the case of bonds invested in pursuant to paragraph (2) of subsection B of this section.

D. A mortgage securing bonds shall satisfy the requirements of this section notwithstanding that it is

(1) subject to the lien of prior mortgages securing bonds which have been called for redemption or which will otherwise mature within six months of the time of the investment, and for the payment of which funds have been set aside in trust; and such bonds shall not be deemed to be outstanding for the purpose of computing the sixty-six and

two-thirds per centum (66 2/3%), and the seventy per centum (70%) limitations prescribed by subsection C of this section;

(2) subject to the lien of current taxes or assessments not past due;

(3) subject to the lien of past due taxes or assessments which are bona fide contested;

(4) subject to construction or other liens arising out of operations common to public utility companies of similar character and size.

E. A savings bank may invest in debentures or other bonds of a public utility company notwithstanding that such bonds or debentures are unsecured, or, if secured, that the mortgages securing them do not satisfy the requirements of subsection C of this section; provided, (1) that the gross operating revenues within the United States of the public utility company, for the five fiscal years next preceding the investment for which the necessary statistical data is available, or for five consecutive twelve-month periods ending within six months of the time the investment is made, have averaged not less than twenty million dollars (\$20,000,000.00) for each year or period; and (2) that the average net operating revenues of the public utility company available for fixed charges, including charges on all outstanding funded debt, whether secured or unsecured, for the last three of such years or periods have equaled not less than four times the average annual requirement for fixed charges for the same years or periods.

F. No savings bank shall make an investment pursuant to this section at any time when the total of all such investments exceeds, or if the making of such an investment would cause such total to exceed, forty per centum (40%) of the deposits.

G. No savings bank shall make an investment pursuant to this section in any obligation for the payment of which any one public utility company is primarily liable, at any time when the total of all of its investments in such obligations of such company exceeds, or if the making of such an investment would cause such total to exceed, two per centum (2%) of its deposits. The acquisition of any such obligation as a result of a refunding or other refinancing or

exchange of such obligations theretofore invested in shall not be considered the making of an investment for the purposes of this subsection.

H. A savings bank may invest in debentures or other bonds of a public utility company within the meaning of subparagraph (b) of paragraph (2) of subsection A of this section, notwithstanding that such debentures or other bonds do not satisfy the requirements of subsection E of this section, or, if secured, that the mortgages securing them do not satisfy the requirements of subsection C of this section; provided, (1) that the gross operating revenues within the United States of the public utility company, for the five fiscal years next preceding the investment for which the necessary statistical data is available, or for five consecutive twelve-month periods ending within six months of the time the investment is made, have averaged not less than twenty million dollars (\$20,000,000.00) for each such year or period; and (2) that the average net income of the public utility company for the last three of such years or periods, after adding to the net income for each of such three years or periods (a) charges for renewals and depreciation, (b) State and Federal income and profits taxes, and (c) interest charges and regularly recurring charges for amortization of debt discount and expense, deducted in computing the net income for such year or period, has equaled not less than four times the average annual requirement for interest charges and regularly recurring charges for amortization of debt discount and expense for the same years or periods.

2. This act shall take effect immediately.

Approved April 20, 1949.

CHAPTER 55, P. L. 1949

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section eighty-seven of the act of which this act is amendatory is amended to read as follows:

87. Voting of stock held by a corporation.

If shares of the capital stock of a bank are registered in the name of a corporation, such corporation may vote such shares by a proxy signed by its president or by any vice-president, or signed in such other manner as shall be determined by its board of directors or other governing body.

2. This act shall take effect immediately.

Approved April 28, 1949.

CHAPTER 56, P. L. 1949

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty eight (P. L. 1948, c. 67).

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

1. Section sixty-one of the act of which this act is amendatory is amended to read as follows:

61. Unlimited liability.

This article shall not apply to

(1) loans to or investments in obligations of the United States, this State or any county of this State, or investments in obligations unconditionally guaranteed both as to principal and interest by the United States or this State;

(2) obligations to the extent that they are secured or covered by guarantees or by commitments or agreements to take over or to purchase made by any Federal Reserve bank or by the United States, or by any department, bureau, board, commission or establishment of the United States, including any corporation, wholly owned directly or indirectly by the United States; *provided*, that such guarantees, agreements or commitments are unconditional and must be performed by payment of cash or its equivalent within sixty days after demand;

(3) obligations in the form of drafts or bills of exchange drawn in good faith against actually existing values, whether or not accepted by the drawee;

(4) obligations in the form of bankers' acceptances of other banks which are eligible for rediscount with a Federal Reserve bank;

(5) obligations arising out of the discount of negotiable or nonnegotiable commercial or business paper actually owned by the person negotiating the same;

(6) demand balances owing by a reserve depository arising out of deposits made pursuant to article ten;

(7) obligations resulting from daily clearances through any clearing house association; and

(8) demand balances owing by a bank, or by a national banking association having its principal office in this State, or by a bank or trust company incorporated under the laws of any other State or territory of the United States or the District of Columbia, or by a national banking association having its principal office in any other State or territory of the United States or the District of Columbia.

2. This act shall take effect immediately.

Approved April 28, 1949.

CHAPTER 57, P. L. 1949

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty eight (P. L. 1948, c. 67).

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

1. Section one hundred nineteen of the act of which this act is amendatory is amended to read as follows:

119. Increase in capital stock.

When the amendment effects an increase in the capital stock, and the amendment has been approved by the commissioner, the certificate of amendment shall not be filed in the department until proof is submitted to the commissioner, by the affidavit of two of the bank's officers, one of whom shall be the president or a vice-president, that the amount of the increase in capital stock has been paid to the bank in cash; except that to the extent that such increase is effected by a transfer or transfers from undivided profits or surplus to capital stock, no such proof shall be required.

2. This act shall take effect immediately.

Approved April 28, 1949.

CHAPTER 108, P. L. 1949

AN ACT to supplement "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Every bank, as defined in the act to which this act is a supplement, which had been engaged in business prior to September sixteenth, one thousand nine hundred and forty-eight, was authorized to, and did, examine and insure titles

to real property and rent safe deposit boxes, and was so engaged on said date, shall be entitled to continue and is authorized to, examine and insure titles to real property, and rent safe deposit boxes, notwithstanding any provision or provisions to the contrary in the act to which this act is a supplement.

2. This act shall take effect immediately.

Approved May 11, 1949.

CHAPTER 225, P. L. 1949

AN ACT relating to the commissions of certain fiduciaries, repealing section 3:11-2 of the Revised Statutes, and supplementing chapter eleven of Title 3 of the Revised Statutes.

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

1. On the settlement of accounts of executors, administrators, administrators with the will annexed, guardians, and trustees under a will, their commissions over and above their actual expenses shall be computed upon the following rates:

On all income that comes into their hands, five per centum (5%), and such executors, administrators, administrators with the will annexed, guardians, and trustees under a will may take such income commissions as of the time or when the income was or is received by them without court allowance thereof.

Five per centum (5%) on corpus in cases in which the corpus receipts do not exceed fifty thousand dollars (\$50,000.00) and in cases in which the corpus receipts exceed fifty thousand dollars (\$50,000.00) five per centum (5%) of the first fifty thousand dollars (\$50,000.00) of corpus and on the excess of fifty thousand dollars (\$50,000.00) of corpus such percentage as the court may determine on the intermediate or final settlement of their accounts, according to actual services rendered, but not to exceed five per centum

(5%) of the corpus receipts; *provided, however*, that if there are more than two fiduciaries, the court may allow corpus commissions in excess of five per centum (5%) at the rate not exceeding one per centum (1%) for each additional fiduciary; and *provided, further*, that in any case in which the administration of the fiduciary or fiduciaries has extended or extends beyond a period of twenty-five years, corpus commissions for such additional years may be allowed at the rate not exceeding one-fifth of one per centum ($1/5$ of 1%) per annum; irrespective of the number of fiduciaries.

2. Section 3:11-2 of the Revised Statutes is repealed.

3. This act shall take effect immediately.

Approved May 24, 1949.

CHAPTER 229, P. L. 1949

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section seventy-eight of the act of which this act is amendatory is amended to read as follows:

78. By-laws; amendments; repeal; notice.

By-laws shall not be made, altered or repealed by the stockholders except at an annual or special meeting of the stockholders by the affirmative vote of the holders of a majority of the capital stock of the bank entitled to vote at such meeting. By-laws shall not be made, altered or repealed by the board of directors except by the affirmative vote of a majority of the whole board at any regular or special meeting of the board of directors, and unless at least two days' prior written notice of the intended action shall have been given to the directors. Such notice may be waived by a director at or prior to the meeting.

2. Section seventy-nine of the act of which this act is amendatory is amended to read as follows:

79. Annual meetings; notice.

The annual meeting of the stockholders of every bank shall be held on the fourth Tuesday of January in each year. Not less than ten days prior to such date, notice of the annual meeting shall be published once in a newspaper published and circulated in the municipality in which the bank maintains its principal office, or, if there be no such newspaper, then in one published in the county in which the bank maintains its principal office or in an adjoining county, and which has general circulation in the municipality in which the bank maintains its principal office. In addition, notice of such meeting shall be given as provided in section eighty-one. At such annual meeting, directors shall be elected and such other business may be transacted as may properly be brought before a meeting of stockholders, except that no business other than the election of directors shall be transacted at such meeting unless notice of such other business shall have been given in the manner provided by section eighty-one. Notice of such other business need not be included in the publication of notice required by this section.

3. Section eighty-one of the act of which this act is amendatory is amended to read as follows:

81. Stockholders' meetings; notice.

Notice of all meetings of stockholders shall be given to the stockholders not less than ten nor more than thirty days prior thereto, by mail, postage prepaid, addressed to each stockholder at his address as it appears on the books of the bank. The notice shall specify the place, day and hour of the meeting and the nature of the business to be transacted. Except as otherwise provided by section seventy-nine, no business may be transacted at any meeting except that specified in the notice of the meeting.

4. Section ninety-six of the act of which this act is amendatory is amended to read as follows:

96. Record date.

A. The board of directors may fix a date, not less than fifteen days and not exceeding thirty-five days preceding

the date of any meeting of stockholders, or a date, not exceeding fifteen days, preceding the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall take effect, as a record date for the determination of the stockholders entitled (1) to notice of and to vote at any such meeting, or (2) to payment of any such dividend, or (3) to any such allotment of rights, or (4) to exercise rights in respect to any such change, conversion or exchange of capital stock, and in any such case only stockholders of record at the close of business on the date so fixed shall be entitled to notice of and to vote at such meeting and at any adjournment thereof, or to payment of such dividend, or to such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of stock on the books of the bank after the record date so fixed.

B. If no such record date shall have been fixed, only stockholders of record at the close of business on the thirty-fifth day prior to (1) the date of such meeting, or (2) the date for such dividend payment, or (3) the date for such allotment of rights, or (4) the date when such change, conversion or exchange of capital stock shall take effect, shall be entitled to notice of and to vote at such meeting and at any adjournment thereof, or to payment of such dividend, or to such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of stock on the books of the bank subsequent to such thirty-fifth day.

5. Section one hundred seventeen of the act of which this act is amendatory is amended to read as follows:

117. Procedure.

Whenever the board of directors shall deem it advisable to amend the certificate of incorporation, it shall adopt a resolution setting forth the proposed amendment and fixing a date for a meeting of stockholders to take action thereon, upon notice given pursuant to section eighty-one. If, at such meeting or at any adjournment thereof, the holders of at least two-thirds of the capital stock entitled to vote shall vote in favor of the proposed amendment of any modification thereof, a certificate thereof, setting

forth the amendment in full and certifying that the amendment was made in the manner required by this article, shall be made and acknowledged by two officers of the bank, one of whom shall be the president or vice-president, and shall be submitted to the commissioner for his approval. If the commissioner shall find that the amendment is for a purpose authorized by law, and that all the conditions and requirements in this article and elsewhere in this act specified as prerequisites to an amendment to a certificate of incorporation have been satisfied, he shall endorse his approval upon the certificate of amendment, and shall file it in the department, and the certificate of incorporation shall thereupon be amended as set forth in the certificate of amendment.

6. Section one hundred thirty-seven of the act of which this act is amendatory is amended to read as follows:

137. Submission of agreement to stockholders; filing.

A. If the commissioner approves the merger agreement, it shall, within sixty days after the date of such approval, be submitted to the stockholders of each of the banks which are parties to the agreement, at separate meetings called for that purpose upon notice given pursuant to section eighty-one. A copy of the merger agreement shall be mailed to each stockholder of each of the banks which are parties to the agreement with the notice of the stockholders' meetings.

B. If the agreement is approved by the stockholders of each bank holding at least two-thirds of the capital stock entitled to vote, that fact shall be certified as to each bank by its president or a vice-president and the certifications shall be attached to the agreement. The agreement shall then be filed in the department, and thereupon it shall become effective.

7. This act shall take effect immediately.

Approved May 24, 1949.

CHAPTER 241, P. L. 1949

AN ACT to permit foreign banks, which result from mergers or consolidations, to transact business in this State as successor fiduciaries to any parties to the merger or consolidation, and to validate fiduciary acts heretofore done by such successor corporate fiduciaries.

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

1. Nothing in section three hundred sixteen of chapter sixty-seven of the laws of one thousand nine hundred and forty-eight (The Banking Act of 1948) shall prevent a foreign bank, which results from a merger or consolidation of a foreign bank with one or more such other corporations, from continuing to transact business in this State in the place of and as successor to any party to the merger or consolidation, in any fiduciary capacity in which such party, at the time of the merger or consolidation, was lawfully acting in this State under appointment made prior to the sixteenth day of September, one thousand nine hundred and forty-eight, or from continuing to transact business in this State in the place of and as successor to any party to the merger or consolidation, under any appointment and qualification of such party on or subsequent to the sixteenth day of September, one thousand nine hundred and forty-eight, as executor or trustee of the last will and testament or codicil thereto of a decedent, and was lawfully acting as executor or trustee at the time of the merger or consolidation; *provided, however*, that any such foreign bank resulting from the merger or consolidation is authorized by the laws under which it is incorporated to so act as such successor in the place of any party to the merger or consolidation; *and provided further*, that no such foreign bank resulting from the merger or consolidation shall so act as such successor in the place of any party to the merger or consolidation contrary to the terms of any fiduciary instrument under which such party was acting; *and provided further*, that any such foreign bank resulting from the merger or consolidation shall comply with all the laws of this State applicable to it doing business herein; *and pro-*

vided further, that no such foreign bank resulting from the merger or consolidation shall so act as such successor in the place of any party to the merger or consolidation unless a qualified bank resulting from merger or consolidation, is permitted to transact business in like fiduciary capacities in the jurisdiction in which the foreign bank has its principal office.

2. Any fiduciary act, including but not by way of limitation, any conveyance of real property situated in this State, heretofore done by any foreign bank which resulted from a merger or consolidation of a foreign bank with one or more such other corporations lawfully authorized at the time of the merger or consolidation to do such fiduciary act, is hereby validated to the same extent as if such act had been done by the party to the merger or consolidation which was so lawfully authorized.

3. This act shall take effect immediately.

Approved May 25, 1949.

CHAPTER 243, P. L. 1949

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section two hundred thirty-five of the act of which this act is amendatory is amended to read as follows:

235. Provisional credit; when subject to revocation.

A. In any case in which a bank receives, other than for immediate payment over the counter, a demand item payable by, at or through such bank and gives credit therefor before midnight of the date of receipt, the bank may have until midnight of its next business day after receipt within which to dishonor or refuse payment of such item. Any credit so given, together with all related entries on the

books of the receiving bank, may be revoked by returning the item, or if the item is held for protest or at the time is lost or is not in the possession of the bank, by giving written notice of dishonor, nonpayment, or revocation; *provided*, that such item or notice is dispatched in the mails or by other expeditious means not later than midnight of the bank's next business day after the item was received. For the purpose of determining when notice of dishonor must be given or protest made under the law relative to negotiable instruments, an item duly presented credit for which is revoked as authorized by this section, shall be deemed dishonored on the day the item or notice is dispatched. A bank, revoking credit pursuant to the authority of this section, is entitled to refund of, or credit for, the amount of the item.

B. For the purposes of this section, (1) an item received by a bank on a day other than its business day, or received on a business day after its regular business hours or during afternoon or evening periods when it has reopened or remained open for limited functions, shall be deemed to have been received at the opening of its next business day, (2) the term "credit" includes payment, remittance, advice of credit, or authorization to charge and, in cases where the item is received for deposit as well as for payment, also includes the making of appropriate entries to the receiving bank's general ledger without regard to whether the item is posted to individual customers' ledgers, and (3) each branch or office of a bank shall be deemed a separate bank.

C. The effect of this section may be varied by agreement.

2. This act shall take effect immediately.

Approved May 25, 1949.

CHAPTER 246, P. L. 1949

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67)..

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

1. Section sixty-two of the act of which this act is amendatory is amended to read as follows:

62. Limited liability.

A. Except as provided in this article, the total liabilities of any person shall not exceed ten per centum (10%) of the aggregate of the unimpaired capital stock and the surplus of the bank.

B. The total liabilities of any person may exceed ten per centum (10%) but may not exceed twenty-five per centum (25%) of the aggregate of the unimpaired capital stock and the surplus of the bank if the amount of such total liabilities which is in excess of ten per centum (10%) of the aggregate of the unimpaired capital stock and the surplus of the bank consists of

(1) obligations as endorser or guarantor of notes, other than commercial or business paper excepted from the application of this article under paragraph (5) of section sixty-one, having a maturity of not more than six months, and owned by the person endorsing and negotiating the same; or

(2) obligations secured by security having a value, as of each date on which liability is incurred, equal to one hundred and ten per centum (110%) of the obligations secured thereby. Such security shall be of the following character:

(a) stocks, bonds or other securities, other than real estate mortgages, having an ascertainable market value;

(b) policies of insurance having a cash value;

(c) interests in tangible personal property evidenced by bills of lading, shipping documents, warehouse receipts, trust receipts, contracts of conditional sale, chattel mortgages or other instruments;

(d) accounts receivable; and

(e) other security as defined from time to time by the commissioner with the concurrence of the banking advisory board;

provided, that in no event shall the total amount of investment securities of any one person held by the bank for its own account, other than investments specified in paragraph (1) of section sixty-one and subsections D and E of this section exceed at any time ten per centum (10%) of the aggregate of its unimpaired capital stock and surplus; or

(3) mortgage loans, as defined in section sixty-four, to the extent that they are unconditionally insured or guaranteed, or which are the subjects of unconditional commitments for such insurance or guarantee, by the Federal Housing Commissioner, or by the United States, or by this State.

C. The total liabilities of any person may exceed ten per centum (10%) but may not exceed one hundred per centum (100%) of the aggregate of the unimpaired capital stock and the surplus of the bank if the amount of such total liabilities which is in excess of ten per centum (10%) but not in excess of twenty-five per centum (25%) of the aggregate of the unimpaired capital stock and the surplus of the bank is secured as provided in paragraph (2) of subsection B of this section or by obligations of the United States having a face value equal to one hundred per centum (100%) of such excess, and if the amount of such total liabilities which is in excess of twenty-five per centum (25%) of the aggregate of the unimpaired capital stock and the surplus of the bank secured by obligations of the United States having a face value equal to one hundred per centum (100%) of such excess.

D. Loans to, and investments in the obligations of any municipality or school district of this State may equal but

not exceed one hundred per centum (100%) of the aggregate of the unimpaired capital stock and the surplus of a bank.

E. The commissioner and the banking advisory board may, from time to time, approve the obligations of any other State of the United States, or of any political or municipal subdivision or instrumentality thereof, or of the Port of New York Authority or other instrumentality of two or more States or of the United States, or loans to any such State, subdivision, or instrumentality, and, so long as such approval shall continue in effect, loans may be made to, and investments may be made in the obligations of any such State, subdivision or instrumentality in excess of ten per centum (10%) but not in excess of twenty-five per centum (25%) of the aggregate of the unimpaired capital stock and the surplus of a bank.

2. Section sixty-five of the act of which this act is amendatory is amended to read as follows:

65. Real property mortgages.

No bank shall make a mortgage loan secured by a mortgage upon real property unless

(1) the mortgaged property is located within this State, or, if outside this State, the mortgaged property is located within fifty miles of the border of this State; or if the mortgaged property is located outside this State and is more than fifty miles from the border of this State, the payment of the mortgage loan is insured or guaranteed, or is the subject of an unconditional commitment for such insurance or guarantee, to the extent provided for in subsection A of section sixty-eight, by the Federal Housing Commissioner or by the United States, or by this State;

(2) the mortgaged property shall consist of improved real property, including farm lands, or unimproved real property if the proceeds of such loan shall be used for the purpose of erecting improvements thereon;

(3) the mortgage securing such loan shall constitute a first lien on a fee; a mortgage shall be deemed a first lien notwithstanding the existence of prior mortgage or mortgages held by the bank, or liens of taxes which are not delinquent, building restrictions or other restrictive covenants or conditions, leases or tenancies whereby rents or

profits are reserved to the owner, joint driveways, sewer rights, rights in walls, rights of way or other easements, or encroachments, which the persons signing the certificate provided for in section sixty-seven report in their opinion do not materially affect the security for the mortgage loan. Every mortgage shall be certified to be such a first lien by an attorney-at-law of the State in which the real property is located, or certified or guaranteed to be such a first lien by a corporation authorized to guarantee titles to land in such State;

(4) such loan shall not exceed sixty-six and two-thirds per centum ($66\frac{2}{3}\%$) of the appraised value of the mortgaged property, except that

(a) in the case of a mortgage upon a single family dwelling, such loan may equal eighty per centum (80%) of the first fifteen thousand dollars (\$15,000.00) of the appraised value of the mortgaged property, plus fifty per centum (50%) of the excess, if any, of such appraised value, but no loan made pursuant to this subparagraph (a) shall exceed sixteen thousand dollars (\$16,000.00);

(b) in the case of a mortgage upon a two-family, three-family or four-family dwelling, such loan may equal eighty per centum (80%) of the first twenty thousand dollars (\$20,000.00) of the appraised value of the mortgaged property, plus fifty per centum (50%) of the excess, if any, of such appraised value;

provided, that there shall be included in the appraised value of the mortgaged property, for the purpose of this paragraph (4), the value of improvements to be erected upon the mortgaged property wholly or partly with the proceeds of such loan; and

(5) the instrument evidencing the loan shall require payment to be made during each year on account of the principal amount of the loan at a rate not less than one per centum (1%) per annum of the original amount of the loan, if the original amount of the loan does not exceed fifty per centum (50%) of the appraised value of the mortgaged property; or two per centum (2%) per annum of the original amount of the loan, if the loan exceeds fifty per centum

(50%) but does not exceed sixty-six and two-thirds per centum ($66\frac{2}{3}\%$) of such appraised value; or five per centum (5%) per annum of the original amount of the loan, if the loan exceeds sixty-six and two-thirds per centum ($66\frac{2}{3}\%$) of such appraised value; *provided*, that in lieu of such principal payments, such instrument may require equal monthly payments, each applicable to principal and interest, in an amount sufficient to pay current interest and to repay the amount of the loan in not more than twenty years from its date.

3. Section sixty-eight of the act of which this act is amendatory is amended to read as follows:

68. Insured or guaranteed mortgages.

A. Any mortgage loan the payment of which is fully insured or guaranteed by the Federal Housing Commissioner or by the United States or by this State, or the payment of which is the subject of a commitment for such insurance or guarantee, and any mortgage loan the payment of which is fully insured or guaranteed, or is the subject of a commitment for such insurance or guarantee by any other agency of the United States or this State which the commissioner shall have approved for the purposes of this subsection as an issuer of insurance or guarantees, shall not be subject to the provisions of sections sixty-five, sixty-six, sixty-seven, or subsection B of section sixty-nine, or to the provisions of any law of this State prescribing or limiting the interest which may be taken upon such loan. Payment of a mortgage loan shall be deemed to be fully insured or guaranteed within the meaning of this subsection notwithstanding that the insurer or guarantor may retain out of such payment a sum not in excess of two per centum (2%) of the unpaid principal balance of such loan.

B. Any mortgage loan the payment of which is insured or guaranteed pursuant to the Veterans' Business Loan Act (1944), approved April fourteenth, one thousand nine hundred and forty-four; as amended or supplemented from time to time, or pursuant to Title III of the Act of Congress of June twenty-second, one thousand nine hundred and forty-four, known as the "Servicemen's Readjustment Act of 1944" as amended or supplemented from time to

time, or for the payment of which a commitment to insure or guarantee has been made pursuant to either of such acts, shall not be subject to the provisions of sections sixty-five, sixty-six, sixty-seven or subsection B of section sixty-nine, or to the provisions of any law of this State prescribing or limiting the interest which may be taken upon such loan.

4. This act shall take effect immediately.

Approved May 25, 1949.

CHAPTER 286, P. L. 1949

AN ACT to amend "The Banking Act of 1948," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section two hundred sixteen of the act of which this act is amendatory is amended to read as follows:

216. Deposits by one person in trust for another.

A. A banking institution may accept demand or time deposits in the name of an individual depositor as trustee or in trust for a named beneficiary. The depositor, by making such deposits, shall conclusively be presumed to intend to declare and create a trust of such deposits and of any credits of interest, for the beneficiary, with the depositor as trustee, upon the following terms:

(1) the trust shall be revocable by the trustee at will, during the life of the beneficiary, but only by and to the extent of withdrawals by the trustee of funds of the trust during the trustee's life, as to which withdrawals no notice to or consent of the beneficiary shall be required;

(2) if the trustee survives the beneficiary the beneficiary's death shall terminate the trust and the funds then to the credit of the trust and any credits of interest shall be subject to withdrawal by the trustee, without

notice to or consent of the executor, administrator or next of kin of the deceased beneficiary;

(3) if the beneficiary survives the trustee, the trustee's death shall terminate the trust and any funds then to the credit of the trust and any interest credits shall vest indefeasibly in the beneficiary, notwithstanding any one or more of the following, viz.: declarations by the trustee as to his intention in declaring, creating and maintaining the trust or as to the terms of the trust or other evidence contrary to the trustee's conclusively presumed intention, retention of control by the trustee over the evidence of and the funds of the trust, personal use by the trustee of funds of the trust, lack of notice by the trustee to the beneficiary as to the creation and maintenance of the trust, any attempted testamentary disposition by the trustee of funds of the trust, or any other attempted disposition by the trustee of funds of the trust by gift, assignment, pledge or otherwise;

(4) if the beneficiary survives the trustee and is eighteen years of age or over but is not of legal age under the laws of this State at the death of the trustee, payment by the banking institution to the beneficiary or upon his order, of the funds to the credit of the trust at the death of the trustee and any credits of interest, shall be valid notwithstanding the beneficiary's lack of legal age;

(5) if the beneficiary survives the trustee and is under eighteen years of age at the trustee's death the banking institution may pay the funds to the credit of the trust and any credits of interest

(a) to the beneficiary or upon his order when or after he becomes eighteen years of age, or

(b) to the legal guardian of the beneficiary, wherever appointed, or

(c) if a certificate of appointment of a legal guardian is not filed with the banking institution, to a person authorized to receive such moneys pursuant to section 3:7-29 of the Revised Statutes;

(6) if the trustee survives the beneficiary and if any funds remain to the credit of the trustee at the death of the trustee, such funds and any credits of interest shall be paid by the banking institution to the trustee's executor or administrator or to any other person authorized by statute to receive such funds without administration as spouse or next of kin of the trustee, without notice to or consent of the executor, administrator or next of kin of the deceased beneficiary.

B. A banking institution which makes any payment pursuant to subsection A shall, to the extent of such payment, be released from all claims of the trustee, the beneficiary, their legal representatives, and all persons claiming under or through them.

C. Nothing in subsection A shall validate any trust created by a trustee in fraud of his creditors; but the banking institution shall have no liability to any creditor of the trustee for any withdrawal, pursuant to subsection A, of funds to the credit of the trust, prior to receipt by the banking institution of an order of a court of competent jurisdiction restraining the banking institution from permitting withdrawal of funds to the credit of the trust.

D. Subsection A of this section shall not apply to funds deposited by a trustee acting under a will, other fiduciary instrument, court order or decree.

E. Funds heretofore or hereafter deposited to the credit of an account opened prior to the effective date of this act in the name of an individual depositor as trustee or in trust for a named beneficiary shall be subject to the law in effect on the date when such account was opened.

2. This act shall take effect immediately.

Approved May 28, 1949.

CHAPTER 291, P. L. 1949

AN ACT concerning the taxation of the common capital stock of banks and trust companies, amending sections 54:9-2, 54:9-4, 54:9-5 and 54:9-9 and supplementing chapter nine of Title 54, of the Revised Statutes.

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

1. Section 54:9-2 of the Revised Statutes is amended to read as follows:

54:9-2. The shares of the common capital stock of banks, as defined in section 54:9-1 of this Title, shall be assessed and taxed according to their value, to be determined in accordance with the provisions of sections 54:9-4 and 54:9-9 of this Title. Such assessment and taxation shall not be at a greater rate than is made or assessed upon other moneyed capital in the hands of individual citizens of this State.

2. Section 54:9-4 of the Revised Statutes is amended to read as follows:

54:9-4. The value of each share of common stock of each bank shall be ascertained and determined by adding the amount of its capital, surplus and undivided profits and deducting therefrom the assessed value of its real property, including in such deduction the assessed value of all real property owned by a corporation all the stock of which corporation is owned by such bank, and also deducting therefrom an amount equal to the aggregate sum of the par value of all classes of the issued and outstanding preferred stock of such bank and such additional sum in excess of par value as the holders of such preferred stock are entitled to receive upon the retirement of such preferred stock (irrespective of whether the bank has created a reserve for the retirement of such preferred stock or any class thereof, or the amount of any such reserve), and by dividing the result by the number of its shares of common stock outstanding, it being the intention that the shares of preferred stock and the capital represented thereby plus such additional sum in excess of the aggregate par value of such preferred stock as the holders of such stock are

entitled to receive upon the retirement of such preferred stock shall not be assessed or taxed; nor shall there be assessed or taxed any stock issued to former unpaid depositors of the bank while held to evidence their right to repayment under any plan of reopening or rehabilitation approved by the Commissioner of Banking and Insurance. No deduction or exemption shall be allowed or made from the value determined as provided in this section.

3. Section 54:9-5 of the Revised Statutes is amended to read as follows:

54:9-5. For purposes of assessment, the chief fiscal officer of every such bank shall annually, on or before January tenth, file with the secretary of the board of taxation of the county within which its principal place of business is located, a true statement under the oath of its president, cashier, or treasurer, setting forth:

- a. Its name and principal place of business;
- b. The amount of capital, surplus and undivided profits, as indicated by the books of the company, as of the close of business December thirty-first previous for which the statement is filed;
- c. The number of shares of its issued and outstanding preferred stock of all classes and the aggregate par value of each class thereof, and the amount required, in addition to the par value of the preferred stock, for the redemption and retirement of such preferred stock;
- d. The number of shares of its issued and outstanding common stock;
- e. The assessed value of its real property, including the assessed value of all real property owned by a corporation all the stock of which is owned by such bank.

Provided, however, that any bank which has filed with the secretary of the county board of taxation the statement for the year one thousand nine hundred and forty-nine required by this chapter may file an amended statement in accordance with this amending act within ten days next after the date on which this amending act shall take effect, and the tax upon the common capital stock of such bank for the year one thousand nine hundred and forty-nine shall be determined by the county board of taxation on the basis of such amended statement and the terms and provi-

sions of section 54:9-4 of this Title as said section is amended by this amending act.

4. Section 54:9-9 of the Revised Statutes is amended to read as follows:

54:9-9. Each county board shall annually, on or before March first, ascertain from an inspection of the statements filed, and from any other sources of information which may be open to it:

- a. The names and places of business of all banks in the county;
- b. The number of shares of common and preferred capital stock of each issued and outstanding;
- c. The aggregate amount of the capital, surplus and undivided profits of each;
- d. The number of shares of its issued and outstanding preferred stock of all classes and the aggregate par value of each class thereof, and the amount required, in addition to the par value of the preferred stock, for the retirement of such preferred stock;
- e. The number of shares of its issued and outstanding common stock;
- f. The assessed value of its real property, and the assessed value of all real property owned by a corporation all the stock of which is owned by such bank;
- g. The value of all the common capital stock of each issued and outstanding as determined pursuant to section 54:9-4 of this Title as said section is amended by this amending act;
- h. The value of a single common share of each, determined in accordance with the provisions of section 54:9-4 of this Title as said section is amended by this amending act; and
- i. The amount of tax levied upon the common capital stock of each at the uniform rate.

Provided, however, that the time for the assessment by the county board of such tax for the year one thousand nine hundred and forty-nine shall be extended for a period of twenty days next after the date on which this amending act shall take effect.

5. If any clause, sentence, section, provision, or part of this amending act shall be adjudged to be unconstitutional or invalid for any reason by any court of competent jurisdiction, such judgment shall not impair, invalidate or affect the remainder of this amending act, which shall remain in full force and effect.

6. This act shall take effect immediately.

Approved May 28, 1949.

CHAPTER 33, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section one hundred fifty-five of the act of which this act is amendatory is amended to read as follows:

A. A bank may be dissolved in the manner provided by chapter thirteen of Title 14 of the Revised Statutes, except that the filings required to be made by section 14:13-1 of the Revised Statutes shall be made in the department, and the commissioner shall perform the acts therein provided to be performed by the Secretary of State; and except further, that the consent of the holders of two-thirds of all the stock of the bank shall be required before a bank may effect its voluntary dissolution.

B. If a bank has heretofore suspended or shall hereafter suspend the transaction of its business, except that incidental to the liquidation and distribution of its assets, and such suspension has heretofore continued or shall hereafter continue for a period of not less than twelve months, and such bank has not been dissolved pursuant to law, the commissioner may make an order, to be filed in the department, forfeiting the bank's rights, powers and privileges as a corporation, and upon such filing, the corporate rights, powers and privileges of the bank shall cease, and

the bank shall thereupon be dissolved. This subsection shall not abridge or affect the rights and powers conferred by Article 42.

2. This act shall take effect immediately.

Approved April 11, 1950.

CHAPTER 46, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section seventy-nine of the act of which this act is amendatory is amended to read as follows:

79. Annual meetings; notice.

The annual meeting of the stockholders of every bank shall be held on such day in January in each year as the by-laws shall provide; or, if there be no governing by-law, then on the fourth Tuesday in January. Not less than ten days prior to the date fixed for such meeting, notice of the annual meeting shall be published once in a newspaper published and circulated in the municipality in which the bank maintains its principal office, or if there be no such newspaper, then in one published in the county in which the bank maintains its principal office or in an adjoining county, and which has general circulation in the municipality in which the bank maintains its principal office. In addition, notice of such meeting shall be given as provided in section 81. At such annual meeting, directors shall be elected and such other business may be transacted as may properly be brought before a meeting of stockholders, except that no business other than the election of directors shall be transacted at such meeting unless notice of such other business shall have been given in the manner provided by section 81. Notice of such other business need not

be included in the publication of notice required by this section.

2. This act shall take effect immediately.

Approved April 13, 1950.

CHAPTER 75, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section sixty-one of the act of which this act is amendatory is amended to read as follows:

61. Unlimited liability.

This article shall not apply to

(1) loans to or investments in obligations of the United States, this State or any county of this State, or investments in obligations unconditionally guaranteed both as to principal and interest by the United States or this State;

(2) obligations to the extent that they are secured or covered by guarantees or by commitments or agreements to take over or to purchase made by any Federal Reserve bank or by the United States, or by any department, bureau, board, commission or establishment of the United States, including any corporation, wholly-owned directly or indirectly by the United States; *provided*, that such guarantees, agreements or commitments are unconditional and must be performed by payment of cash or its equivalent within sixty days after demand;

(3) obligations in the form of drafts or bills of exchange drawn in good faith against actually existing values; whether or not accepted by the drawee;

(4) obligations in the form of bankers' acceptances which are eligible for rediscount with a Federal Reserve bank;

(5) obligations arising out of the discount of negotiable or nonnegotiable commercial or business paper actually owned by the person negotiating the same;

(6) demand balances owing by a reserve depository arising out of deposits made pursuant to Article 10;

(7) obligations resulting from daily clearances through any clearing house association; and

(8) demand balances owing by a bank, or by a national banking association having its principal office in this State, or by a bank or trust company incorporated under the laws of any other State or territory of the United States or the District of Columbia, or by a national banking association having its principal office in any other State or territory of the United States or the District of Columbia.

2. This act shall take effect immediately.

Approved April 25, 1950.

CHAPTER 97, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67):

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

1. Section three hundred thirty-one of the act of which this act is amendatory is amended to read as follows:

331. Exempt transactions.

Nothing in this article shall prohibit a foreign bank from

(1) contracting in this State with a banking institution for the acquisition by such foreign bank from such banking institution of a part interest in or the entire interest in a loan which such banking institution proposes to make, together with a like interest in any security and any security instrument proposed to be given to such banking institution to secure or evidence such loan;

(2) contracting in this State with a banking institution to acquire, and acquiring in this State from such banking institution, a part interest in or the entire interest in any loan heretofore or hereafter made by such banking institution, together with a like interest in any security and any security instrument heretofore or hereafter given to such banking institution to secure or evidence such loan;

(3) enforcing in this State obligations heretofore or hereafter acquired by it in the transaction of business outside of this State, or in the transaction of any business authorized by paragraph (1) or (2) of this section;

(4) acquiring, holding, leasing, mortgaging, contracting with respect to, or otherwise protecting or conveying property in this State heretofore or hereafter assigned, transferred, mortgaged or conveyed to it as security for, or in whole or part satisfaction of a loan or loans made by it or obligations acquired by it in the transaction of business outside of this State, or in the transaction of any business authorized by paragraphs (1) or (2) of this section.

2. This act shall take effect immediately.

Approved May 3, 1950.

CHAPTER 104, P. L. 1950

AN ACT to amend section one, and to repeal section two, of "An act concerning evidence, and supplementing article five of chapter ninety-eight of Title 2 of the Revised Statutes," approved April fourteenth, one thousand nine hundred and forty-one (P. L. 1941, c. 40).

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

1. Section one of the act of which this act is amendatory is amended to read as follows:

1. Any photographic copy, or a positive print thereof if the same be a negative, of any of the documents or records of any bank, savings bank, national banking association having its principal office in this State, savings and loan

association, building and loan association, or of any insurance company organized or existing under the laws of this State, which shall be deemed to be an original counterpart of the original thereof by virtue of the provisions of any statute of this State, shall be as admissible in evidence as the original thereof, whether or not the original shall have been destroyed, for all purposes in all courts and places.

2. Section two of "An act concerning evidence, and supplementing article five of chapter ninety-eight of Title 2 of the Revised Statutes," approved April fourteenth, one thousand nine hundred and forty-one, is repealed.

3. This act shall take effect immediately.

Approved May 5, 1950.

CHAPTER 122, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section forty-eight of the act of which this act is amendatory is amended to read as follows:

48. Nonmembers of Federal Reserve System.

A. A bank which is not a member of the Federal Reserve System shall, subject to the provisions of subsection B of this section, at all times have in available funds consisting of (1) lawful currency of the United States, or (2) balances due on demand from reserve depositaries, not less than an amount equal to the aggregate of fifteen per centum (15%) of its immediate liabilities and three per centum (3%) of its time liabilities. The commissioner may from time to time, with the concurrence of the banking advisory board, increase or decrease such percentages; *provided*, that, in the case of immediate liabilities, such percentage shall not be lower than fifteen or higher than thirty and, in the case of

time liabilities, such percentage shall not be lower than three or higher than six. Notwithstanding the foregoing provisions of this section, the amount of available funds required of such a bank shall at no time exceed the amount of the reserve balances it would be required to maintain were such a bank a member of the Federal Reserve System. Not less than one-tenth of such available funds shall be on hand in lawful currency of the United States. The sufficiency of the available funds of any such bank upon a particular day shall be determined upon the basis of the bank's immediate liabilities and time liabilities at the opening of business on that day.

B. A bank shall be deemed to have complied with the requirements of subsection A of this section if its daily available funds, averaged over semi-monthly periods beginning with the first and the sixteenth days of each month, shall at least equal the minimum amount prescribed by subsection A of this section.

2. This act shall take effect immediately.

Approved May 9, 1950.

CHAPTER 123, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section thirty-nine of the act of which this act is amendatory is amended to read as follows:

39. Investments.

A. Notwithstanding any other provision of this article, no common trust fund or any part thereof shall be invested in any one or more of the following:

(1) bonds, notes, or other obligations of an individual or partnership;

(2) real property, or any interest therein;

(3) tangible personal property, or any interest therein;

(4) bonds, notes, or other obligations secured by mortgage, or by a group or pool of mortgages, or any share or interest in any such bond, note, or other obligation; but this paragraph shall not prohibit investment in corporate bonds, notes or other obligations, secured as in this paragraph specified, if the issuer thereof shall be engaged primarily in a business other than holding, buying, selling, or managing real property or real property mortgages, or issuing bonds, notes or other obligations, secured as in this paragraph specified, and shall have received a gross income of not less than five hundred thousand dollars (\$500,000.00) in each of three of the four fiscal years of the issuing corporation next preceding the date of such investment;

(5) mortgages, or shares or interests therein, or any share or interest in any group or pool of mortgages;

(6) securities issued by the bank maintaining the common trust fund, or upon which the bank is directly or contingently liable.

B. Every investment of funds of a common trust fund, other than investments in direct obligations of the United States, shall, at the time of its making, have a ready market over the counter, or on a stock, securities, or investment exchange.

C. Any common trust fund may consist in part of uninvested cash balances awaiting investment or held for the purpose of meeting cash requirements.

2. This act shall take effect immediately.

Approved May 9, 1950.

CHAPTER 124, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section two hundred twenty of the act of which this act is amendatory is amended to read as follows:

220. Payment by banking institution after death or incompetency of depositor.

A. In the absence of actual notice of the death or incompetency of a depositor, received by a banking institution at the office at which the depositor's account is maintained, the banking institution may, notwithstanding such death or incompetency, pay any instrument for the payment of money made, drawn or accepted by the depositor or by his agent thereunto authorized in writing.

B. Notwithstanding that actual notice of death of a depositor has been received at the office of a banking institution in which the depositor's account is maintained, any check or demand draft made, drawn or accepted by the depositor, or, prior to his death, by his agent thereunto authorized in writing, and presented for payment not later than ten days from its date, shall be paid by the banking institution or payment thereof refused in the same manner as such payment would have been made or refused if death had not occurred.

C. As used in this section, "depositor" includes

(1) every person in whose sole name individually or as a fiduciary, a deposit account is maintained;

(2) each of two or more persons in whose names conjunctively or disjunctively or otherwise a deposit account is maintained in other than a fiduciary capacity, whether or not, upon the death of any such person, the survivor or survivors are entitled by law or by contract to the balance standing to the credit of such account;

(3) every person in whose name a deposit account is maintained as trustee or in trust for a named beneficiary pursuant to section 216;

(4) every person in whose name a deposit account is maintained, payable at the death of such person to a named individual pursuant to section 217; and

(5) every person authorized under section 219 to sign instruments for the payment of money out of a deposit account maintained in the names of two or more fiduciaries.

D. A banking institution shall not be liable for damages, penalty or tax by reason of any payment made pursuant to this section.

2. This act shall take effect immediately.

Approved May 9, 1950.

CHAPTER 130, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section thirty-one of the act of which this act is amendatory is amended to read as follows:

31. Security fund.

A. A qualified bank may create a fund to be held as security for the performance of its obligations in fiduciary capacities for which security shall be required, except those for which other security is given or for which a will or other fiduciary instrument specifies that other security be given. Such fund shall consist of investments in which a fiduciary, whose duty it may be to loan or invest money held in a fiduciary capacity, may, by law, without special order of any court, invest such money, or any part thereof. Such fund shall have a value at least equal to twenty per

centum (20%) of the aggregate value on the books of the qualified bank of all the assets administered by such bank in all such fiduciary capacities, except that, when the value of such assets is in excess of one million dollars (\$1,000,000.00) but not in excess of five million dollars (\$5,000,000.00), the value of the fund need not exceed two hundred thousand dollars (\$200,000.00) plus seven and one-half per centum (7½%) of the excess over one million dollars (\$1,000,000.00); and, when the value of such assets exceeds five million dollars (\$5,000,000.00), the value of the fund need not exceed five hundred thousand dollars (\$500,000.00). For the purposes of this section, the investments included in the fund shall be valued at market value or at the value at which they are carried on the books of the qualified bank, whichever is lower. If an investment included in the fund shall have ceased to be an investment of the kind specified in this subsection, it shall be withdrawn from the fund by the qualified bank within sixty days from the date it ceased to be such an investment, unless the time for such withdrawal is extended by order of the Superior Court.

B. The investments comprising the fund created pursuant to this section shall be deposited by the qualified bank on order of the Superior Court with the Federal Reserve bank of the district in which the qualified bank is located, or with another qualified bank which the commissioner shall have approved as a depository for the purposes of this section, and shall be held by the depository thereof subject to the order of the Superior Court. Except as otherwise provided by subsection C of this section, withdrawals of and substitutions for the investments included in such fund may be made in accordance with an order of the Superior Court; *provided*, that the provisions of this section shall at all times be complied with. The fund may, on order of the Superior Court, be withdrawn in its entirety upon proof that all obligations secured thereby have been satisfied. Application for the withdrawal or substitution of investments may be made to the Superior Court without notice to the depository of the fund, and the order of the Superior Court, certified by the Clerk of the Superior Court to be a true copy, shall be sufficient warrant to the depository to permit such withdrawal or substitution. All

petitions to the Superior Court for any order under this subsection shall be verified under oath.

C. The depositing bank may, from time to time, without application to or order of the Superior Court, substitute for United States Treasury bonds included in such fund, other United States Treasury bonds in like principal amount, and the depository shall permit such substitution at the request of the depositing bank. Within five days after such substitution, the depository bank shall file a verified report thereof in the office of the clerk of the Superior Court, which shall list the United States Treasury bonds, and the amount thereof, withdrawn from such fund, and the United States Treasury bonds, and the amount thereof, substituted therefor.

D. Investments deposited as provided in this section, if not transferable by delivery, shall be assigned to "The Clerk of the Superior Court, State of New Jersey" by separate instruments of assignment which shall be deposited with the investments. Until recourse is had to the fund as specified in section thirty-two, the depositing bank shall be entitled to all income from the fund, and the Clerk of the Superior Court shall execute such instruments as shall be necessary for that purpose.

E. The commissioner shall report to the Superior Court any violations of this section which come to his notice as a result of the examination of a qualified bank or otherwise, and the Superior Court shall thereupon make such order as it shall deem necessary for the protection of those for whose benefit the fund has been deposited.

2. This act shall take effect immediately.

Approved May 12, 1950.

CHAPTER 153, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section one hundred thirty-seven of the act of which this act is amendatory is amended to read as follows:

137. Submission of agreement to stockholders; filing.

A. If the commissioner approves the merger agreement, it shall, within sixty days after the date of such approval, be submitted to the stockholders of each of the banks which are parties to the agreement, at separate meetings called for that purpose upon at least twenty days' notice given in the manner specified in section 81. A copy of the merger agreement shall be mailed to each stockholder of each of the banks which are parties to the agreement with the notice of the stockholders' meetings.

B. If the agreement is approved by the stockholders of each bank holding at least two-thirds of the capital stock entitled to vote, that fact shall be certified as to each bank by its president or a vice-president and the certifications shall be attached to the agreement. The agreement shall then be filed in the department, and thereupon it shall become effective.

2. Section one hundred forty of the act of which this act is amendatory is amended to read as follows:

140. Rights of dissenting stockholders; settlement by agreement.

A. A stockholder who

(1) is entitled to vote at the meeting of stockholders prescribed by section 137; and who

(2) serves a written notice of dissent from the merger agreement, in the manner, at the place, and within the time prescribed in subsections B and C of this section; and who

(3) does not vote to approve the merger agreement at the meeting prescribed by section 137, or at any adjournment thereof,

may, within thirty days after the filing of the agreement in the department as provided by section 137, serve a demand upon the receiving bank at its principal office, for the payment to him of the value of his shares of stock. The receiving bank may, within ten days after the receipt of such demand, offer to pay the stockholder a sum for his shares, which, in the opinion of the board of directors of the receiving bank, does not exceed the amount which would be paid upon such shares if the business and assets of the bank whose stock such stockholder holds were liquidated on the day of the filing of the agreement pursuant to section 137.

B. Service of the notice of dissent prescribed by paragraph (2) of subsection A of this section shall be made at the principal office of the bank whose stock is held by the dissenting stockholder, and shall be made not later than the third day prior to the day fixed for the meeting of the stockholders of such bank pursuant to section 137.

C. Service of the notice of dissent and of the demand for payment prescribed by this section may be made by registered mail or personally by the dissenting stockholder or his agent.

3. This act shall take effect immediately.

Approved May 31, 1950.

CHAPTER 160, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section one hundred eight of the act of which this act is amendatory is amended to read as follows:

108. Directors; executive committee.

A. If the number of directors of a bank equals or exceeds nine, the certificate of incorporation or by-laws of the bank may provide for an executive committee of the board of directors to be appointed from time to time by the board of directors from among the directors. The executive committee shall have not less than five members. A majority of the executive committee shall constitute a quorum. Vacancies in the executive committee shall be filled by the board of directors. The board of directors may appoint one or more directors as alternate members of the executive committee to act in the absence or disability of members of the committee, and while so acting such alternate members shall have all the powers of members of the committee. Subject to the provisions of this act and of the certificate of incorporation and the by-laws of the bank, the executive committee may exercise all of the powers of the board of directors with respect to the affairs of the bank, except that the executive committee may not

(1) exercise such powers while a quorum of the board of directors is actually convened for the conduct of business;

(2) declare a dividend or approve any other distribution to stockholders;

(3) make, alter or repeal the by-laws of the bank;

(4) elect or appoint any officer or director; or

(5) exercise any other power which this act specifically provides shall be exercised by at least a majority of all the directors.

B. The minutes of each meeting of the executive committee shall be presented to the board of directors at its next meeting following such meeting of the executive committee; except that, when such meeting of the board of directors occurs within two days following the day of such meeting of the executive committee, such minutes shall, if not presented at such first meeting, be presented to the board of directors at its second meeting following such meeting of the executive committee.

2. This act shall take effect immediately.

Approved May 31, 1950.

CHAPTER 164, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section one hundred eighty-two of the act of which this act is amendatory is amended to read as follows:

182. Loans on collateral security.

A. In addition to loans elsewhere in this act authorized, a savings bank may make loans

(1) to a depositor, in a sum or sums not greater than the amount of his deposit, upon the promissory note of the depositor, secured by the pledge of his deposit;

(2) to any person, in an amount or amounts aggregating not more than five thousand dollars (\$5,000.00), upon the pledge of a life insurance policy or policies issued by a company which has been authorized to transact business in this State for not less than five years next preceding the making of such loan; but no such loan shall exceed ninety per centum (90%) of the cash surrender value of such policy or policies; and

(3) to any person, (i) in an amount or amounts aggregating not more than twenty-five hundred dollars (\$2,500.00), upon the pledge of securities which (a) have a value not less than twice the amount of such loan, and (b) are of the kind in which a savings bank may by law invest, or (c) if not eligible for such investment, have a readily ascertainable market value or are listed upon a registered stock or securities exchange, or (ii) in an amount or amounts aggregating not more than ten thousand dollars (\$10,000.00) upon the pledge of stocks, bonds, and notes or obligations of or guaranteed by the United States, or those for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof, which have a value not less than one hundred and ten per centum (110%) of such loan.

B. No savings bank shall make any loan of the character described in paragraphs (2) or (3) of subsection A of this section at any time when the total of all such loans made pursuant to both of such paragraphs exceed, or if the making of such a loan would cause such total to exceed, ten per centum (10%) of its deposits.

2. This act shall take effect immediately.

Approved May 31, 1950.

CHAPTER 181, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section nine of the act of which this act is amendatory is amended to read as follows:

9. Application for charter.

A. The certificate of incorporation of every bank and savings bank shall be submitted to the commissioner within

sixty days after its execution, together with an affidavit made by each of the incorporators, setting forth:

(1) that no fee, commission or other compensation has been paid, directly or indirectly, by the bank or savings bank or by anyone in its behalf for securing subscriptions for or selling stock in the proposed bank or for procuring capital deposits for the proposed savings bank, and that no promotion fees or charges have been provided for or are in anywise contemplated;

(2) a complete disclosure of all fees paid or agreed to be paid in the matter of chartering and organizing the proposed bank or savings bank;

(3) that the incorporators are the true and only parties in interest; and

(4) that, in the case of a bank, the entire capital stock has been subscribed for, and that each subscriber has undertaken in writing to pay in cash, upon approval according to law of the certificate of incorporation, his proportionate share of the capital stock, surplus and reserve fund for organization expense, specified in the certificate of incorporation; or that, in case of a savings bank, the capital deposits have been subscribed in full, and each subscriber has undertaken in writing to pay in cash, upon approval according to law of the certificate of incorporation, his proportionate share of the capital deposits.

B. The submission of the certificate of incorporation and affidavit shall constitute the application for a charter under this act.

2. Section twelve of the act of which this act is amendatory is amended to read as follows:

12. Filing of certificate of incorporation; amendment prior to payment of capital stock or capital deposits.

A. If the application shall be approved by the commissioner, he shall endorse upon or annex to the certificate of incorporation a certificate of approval and the certificate of incorporation shall thereupon be filed in the department.

B. The incorporators may amend the certificate of incorporation after its filing pursuant to subsection A of this

section, and before payment of all or any part of the capital stock, surplus and reserve for organization expense, in the case of a bank, and before payment of all or any part of the capital deposits, in the case of a savings bank, by submitting to the commissioner an amended certificate of incorporation, which shall conform to section 3 or section 7, as the case may be, together with the affidavit required by section 9. Thereafter, all proceedings thereon shall be the same as provided in the case of an application for charter made pursuant to section 9; *provided*, that the commissioner may approve the amended certificate and may file it in the department as provided by subsection A of this section, without the prior notice, publication and hearing required by sections 10 and 11; except that such notice, publication and hearing shall be required when the amendment is for the purpose of (1) effecting a change in the location of the principal office to a place which the commissioner finds, from such proof as he may require, or from such investigation as he may cause to be made, is so far removed from such location, that the area which would be served by such office if such change were made would be substantially different from the area which would be served by such office if no change were made; or (2) assuming the authority to exercise any of the powers specified in section 28. An amended certificate of incorporation filed in the department pursuant to this subsection shall, for all purposes, be deemed to have been filed on the date of the filing of the original certificate pursuant to subsection A of this section, and shall, for all purposes, constitute the certificate of incorporation of the bank or savings bank, as the case may be.

3. This act shall take effect immediately.

Approved June 5, 1950.

CHAPTER 183, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section sixty-four of the act of which this act is amendatory is amended to read as follows:

64. Definitions.

A. For the purposes of this article,

(1) "mortgage loan" means (a) a loan made by a bank, secured by a mortgage constituting a lien upon real property or upon a lease of the fee of real property, in the making of which the bank relies primarily upon the value of the mortgaged property; and (b) the purchase by a bank of the whole of, or a part interest in, an existing mortgage constituting a lien upon real property or upon a lease of the fee of real property; and

(2) "mortgaged property" means (a) the real property and the lease of the fee of real property to be mortgaged to secure a loan made by a bank; and (b) the real property or the lease of the fee of real property which is subject to the lien of an existing mortgage the whole whereof or a part interest wherein is purchased by a bank.

B. When a bank purchases the whole of, or a part interest in an existing mortgage,

(1) the principal amount due upon such mortgage at the time of such purchase shall constitute the amount of the loan for the purposes of paragraphs (4), (4) (a) and (4) (b) of section 65, and paragraph (4) of section 66, and shall also constitute the original amount of the loan for the purposes of paragraph (5) of section 65;

(2) the appraised value of the mortgaged property shall be determined pursuant to section 67;

(3) the date of such purchase shall constitute the date of the loan within the meaning of paragraphs (4) and (5) of section 65, and

(4) except as in this section otherwise expressly provided, such purchase shall be subject to all the provisions of this article to the same extent and with the same effect as if such bank were, at the time of such purchase, making a mortgage loan on the mortgaged property pursuant to subparagraph (1) (a) of subsection A of this section.

2. This act shall take effect immediately.

Approved June 5, 1950.

CHAPTER 200, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section one hundred seventy-nine of the act of which this act is amendatory is amended to read as follows:

179. Equipment obligations.

Subject to the limitations prescribed by section 179.1, a savings bank may invest in equipment obligations or certificates secured by (a) a railroad equipment or car trust, or (b) a lease or conditional sale of, or (c) a lien on, railroad equipment; *provided*, that a savings bank shall not invest in any such obligations or certificates:

(1) if, as of the date of issue, the original aggregate principal amount of all obligations or certificates of the same issue exceeded or exceeds (i) eighty per centum (80%) of the lesser of the following amounts: (x) the aggregate purchase price originally paid, or to be paid, for the equipment securing the same, less the aggregate depreciation (if any) accrued thereon to the date

of issue, and (y) the aggregate estimated replacement cost of such equipment as of the date of issue, less the aggregate depreciation (if any) accrued thereon to the date of issue, or (ii), if either amount is not ascertainable, eighty per centum (80%) of the other amount; or

(2) unless all obligations or certificates of the same issue mature within fifteen years from the date of issue, in equal installments beginning not later than three years after the date of issue and payable at intervals of not exceeding one year.

2. This act shall take effect immediately.

Approved June 7, 1950.

CHAPTER 214, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section one hundred eighty-four of the act of which this act is amendatory is amended to read as follows:

184. Deposits; maximum and minimum amounts.

A. A savings bank may receive on deposit any sum of money that may be offered for that purpose by any person, or by order or direction of any court of record or officer of any such court.

B. A savings bank may (1) limit to any sum it deems expedient, the aggregate amount which any one depositor may deposit, and (2) fix the minimum amount of any deposit which it will receive at not over ten dollars (\$10.00), and (3) refuse to receive a deposit, and (4) return all or any part of any deposit at any time. The aggregate amount of deposits, other than capital deposits, to the credit of any one person shall not exceed the greater of (1) ten thousand dollars (\$10,000.00) exclusive of accrued interest,

or (2) ten per centum (10%) of the surplus of the savings bank as shown by its latest annual report, *provided*, that in no case shall such aggregate amount exceed twenty-five thousand dollars (\$25,000.00) exclusive of accrued interest, unless (a) the deposit was made prior to March fourteenth, one thousand nine hundred and twenty-seven, and the aggregate amount does not exceed the credit balance as of March fourteenth, one thousand nine hundred and twenty-seven, plus the aggregate amount of interest or dividends credited since said date and not withdrawn therefrom, or (b) was made pursuant to the order or direction of a court or court officer, or the deposit stands to the credit of (c) any governmental, State, county, municipal or other public authority, body, board, officer or agent, or (d) any religious, charitable, cemetery, educational, benevolent, or other corporation, association, organization or society established or existing for any lawful purpose other than for pecuniary profit.

2. This act shall take effect immediately.

Approved June 8, 1950.

CHAPTER 233, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section one hundred eighty-six of the act of which this act is amendatory is amended to read as follows:

186. Interest and dividends.

A. Except as may otherwise be hereinafter provided or provided by law now or hereafter enacted or by rules and regulations promulgated pursuant to law or to which the savings bank is subject by reason of membership in the Federal Deposit Insurance Corporation or any successor corporation having for its purpose the insurance of deposits, every savings bank

(1) shall allow interest or dividends upon the deposits therewith, so that the depositors receive, as nearly as possible, all the profits of the savings bank, after deducting necessary expenses and reserves and after reserving an amount the managers deem expedient as a surplus or contingent fund for the security of depositors, which, to the amount of twenty per centum (20%) of the deposits, the managers may accumulate and hold, to meet any contingency or loss;

(2) may (a) classify its depositors according to the character, amount, activity and duration of their dealings with it, and (b) regulate such interest or dividends as are allowed so that each depositor receives the same ratable proportion of interest or dividends as all others of his class;

(3) shall not declare or allow interest or dividends on any deposits for a longer period than they have been deposited, except that deposits made not later than the fifth business day of any monthly period for which interest or dividends are declared or allowed, or the tenth business day of the month commencing any quarterly or longer interest or dividend period, may have interest or dividends declared upon them for the whole of the period or month when so deposited;

(4) shall, within one year of the time its surplus reaches an amount equal to twenty per centum (20%) of such deposits, divide equitably substantially all of the surplus in excess, at the time of such division, of twenty per centum (20%) of such deposits, as an additional dividend to depositors, in addition to other interest or dividends herein authorized; *provided*, that no such additional dividend shall be declared or paid except after one month's prior written notice to the commissioner of its intention to declare and pay such additional dividend;

(5) may refuse to allow interest or dividends on deposit balances of less than a specified minimum amount;

(6) may refuse to allow interest or dividends upon sums on deposit for less than a specified minimum period; and

(7) may refuse to allow interest or dividends for a fractional part of a month or other interest or dividend period, or upon a fractional part of a dollar or other specified multiple thereof.

B. No dividends or interest shall be declared, credited or paid, except by the authority of a vote of the board of managers duly entered upon its minutes. No savings bank which is a qualified bank shall declare or pay any interest or dividend in an amount which would reduce its surplus to less than one hundred thousand dollars (\$100,000.00).

2. This act shall take effect immediately.

Approved June 14, 1950.

CHAPTER 240, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section 111 of the act of which this act is amendatory is amended to read as follows:

111. Officers; election; appointment; limitation.

A. At the first meeting of the board of directors following each annual meeting of the stockholders of a bank, the directors shall elect a chairman of the board of directors, if the office of chairman of the board of directors has been created pursuant to section 107, a president and one or more vice-presidents, from their own number. They shall also elect at such meeting either a cashier or a secretary and a treasurer, none of whom need be a director. Other officers, including additional vice-presidents, who need not be directors, may from time to time be elected or appointed by the board of directors.

B. Any person who holds more than one office in a bank shall not sign in more than one official capacity any writing requiring the signatures of more than one officer of the bank.

2. This act shall take effect immediately.

Approved June 26, 1950.

CHAPTER 247, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section sixty-five of the act of which this act is amendatory is amended to read as follows:

65. Real property mortgages.

No bank shall make a mortgage loan secured by a mortgage upon real property unless

(1) the mortgaged property is located within this State, or, if outside this State, the mortgaged property is located within fifty miles of the border of this State; or if the mortgaged property is located outside this State and is more than fifty miles from the border of this State, the payment of the mortgage loan is insured or guaranteed, or is the subject of an unconditional commitment for such insurance or guarantee, to the extent provided for in subsection A of section 68, by the Federal housing commissioner or by the United States, or by this State;

(2) the mortgaged property shall consist of improved real property, including farm lands, or unimproved real property if the proceeds of such loan shall be used for the purpose of erecting improvements thereon;

(3) the mortgage securing such loan shall constitute a first lien on a fee; a mortgage shall be deemed a first lien notwithstanding the existence of a prior mortgage or mortgages held by the bank, or liens of taxes which are not delinquent, building restrictions or other restrictive covenants or conditions, leases or tenancies whereby rents or profits are reserved to the owner, joint driveways, sewer rights, rights in walls, rights-of-way or other easements, or encroachments, which the persons signing the certificate provided for in section 67 report in their opinion do not materially affect the security for the mortgage loan. Every mortgage shall be certified to be such a first lien by an attorney-at-law of the State in which the real property is

located, or certified or guaranteed to be such a first lien by a corporation authorized to guarantee titles to land in such State;

(4) such loan shall not exceed sixty-six and two-thirds per centum of the appraised value of the mortgaged property, except that

(a) in the case of a mortgage upon a single family dwelling, such loan may equal eighty per centum of the first fifteen thousand dollars of the appraised value of the mortgaged property, plus fifty per centum of the excess, if any, of such appraised value; but no loan secured by mortgage upon a single family dwelling shall exceed twenty-five thousand dollars, nor shall any such loan be made for a period longer than twenty years from its date;

(b) in the case of a mortgage upon a two-family, three-family or four-family dwelling, such loan may equal eighty per centum of the first twenty thousand dollars of the appraised value of the mortgaged property, plus fifty per centum of the excess, if any, of such appraised value;

provided, that there shall be included in the appraised value of the mortgaged property, for the purpose of this paragraph (4), the value of improvements to be erected upon the mortgaged property wholly or partly with the proceeds of such loans; and

(5) the instrument evidencing the loan shall require payment to be made during each year on account of the principal amount of the loan at a rate not less than one per centum per annum of the original amount of the loan, if the original amount of the loan does not exceed fifty per centum of the appraised value of the mortgaged property; or two per centum per annum of the original amount of the loan, if the loan exceeds fifty per centum but does not exceed sixty-six and two-thirds per centum of such appraised value; or five per centum per annum of the original amount of the loan, if the loan exceeds sixty-six and two-thirds per centum of such appraised value; *provided*, that, when the amount of any loan secured by mortgage upon a single family dwelling exceeds sixteen thousand dollars (\$16,000.00),

the instrument evidencing the loan shall require payments to be made during each year on account of the principal amount of the loan at a rate not less than five per centum (5%) of the original amount of the loan; *provided further*, that, in lieu of such principal payments, the instrument evidencing any mortgage loan may require equal monthly payments, each applicable to principal and interest, in an amount sufficient to pay current interest and to repay the amount of the loan in not more than twenty years from its date; *and provided further*, that when the proceeds of any such loan are to be used to pay, in whole or in part, the cost of constructing a building or buildings on the mortgaged property, and such proceeds are paid by the bank from time to time, final payment being made at or after completion, the instrument evidencing such loan need not require that any payment be made on account of the principal amount of the loan during the period from the date of such loan to a date not more than (a) six months after the date of the final payment by the bank of the proceeds of such loan, or (b) one year from the date of such loan, whichever is earlier; and such date marking the end of the period during which no payments are required to be made on account of the principal amount of the loan, shall be deemed to be the date of such loan for the purpose of reckoning the twenty-year period limited for the payment of such loan by this paragraph (5), and by subparagraph (a) of paragraph (4) of this section.

2. This act shall take effect immediately.

Approved June 26, 1950.

CHAPTER 267, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section ninety-nine of the act of which this act is amendatory is amended to read as follows:

99. Preemptive rights of stockholders to purchase new stock.

A. Except as otherwise provided by section one hundred forty-seven, upon an increase of the capital stock of a bank by an issue of additional shares, every stockholder shall have a right to purchase that proportion of the shares to be issued which the par value of the stock held by him bears to the aggregate par value of the capital stock of the bank before such increase, at such price, which may be in excess of par value, and within such time as shall be fixed by the resolution of the board adopted pursuant to section one hundred seventeen providing for the issue of such stock, unless (1) such right is waived by him, or (2) the certificate of incorporation otherwise provided at the time of the issue of the shares held by him. For the purposes of this subsection, aggregate par value of the capital stock of a bank shall mean the aggregate par value of all shares the holders of which are entitled under this section to preemptive rights.

B. Unless the certificate of incorporation otherwise provided at the time when the preferred stock held by him was issued, or unless the right is waived by him, the holder of shares of preferred stock shall have the preemptive right specified in subsection A of this section only in case of the issue of (1) preferred stock of the same class held by him, or (2) preferred stock which has preference or priority, in the payment of dividends or upon liquidation, over the class of preferred stock held by him.

C. Shares of the capital stock not purchased by stockholders in the exercise of the rights provided by subsec-

tions A or B of this section, shall be sold to such persons as shall be determined by the board of directors, at a price not less than that specified in the resolution of the board adopted pursuant to section one hundred seventeen providing for the issue of such stock.

2. This act shall take effect immediately.

Approved June 28, 1950.

CHAPTER 288, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section 25.1 of the act of which this act is amendatory is amended to read as follows:

25.1. Banks; retirement benefits for officers and employees.

A. A bank may, with the approval of a majority in interest of its stockholders, adopt a plan or plans providing for the retirement of its officers and employees, and for the payment to them for life, or for a period certain, of retirement benefits within the limits prescribed by this section. If a plan provides for the payment of such benefits for a period certain, it may also provide, as the board of directors shall determine, that, if such officer or employee shall die before the expiration of such period, the benefits shall be paid for the remainder of such period to any one or more person or persons who shall be the spouse or next of kin or dependents of such officer or employee, as he shall designate in the manner provided by such plan. A plan adopted pursuant to this section, or continued pursuant to subsection J of this section, may be rescinded, or may be altered from time to time, by resolution of the board of directors; except that the approval of a majority in interest of stockholders shall be required when such altera-

tion is for the purpose of (1) providing for the payment, in whole or in part at the cost of the bank, of retirement benefits greater than those specified in such plan; (2) providing for the retirement of officers or employees at an age earlier than the retirement age or ages specified in such plan; or (3) decreasing the period of service required by such plan to qualify an officer or employee to receive payment of retirement benefits.

B. A retirement plan adopted or continued pursuant to this section may provide for, or be effected through

(1) a fund (a) accumulated from the income of the bank or (b) set aside out of surplus; and, as the board of directors shall from time to time determine, (c) out of which retirement benefits may be paid directly, or which may be used in whole or in part for the purchase of annuity or insurance contracts, or both; and (d) to which officers and employees may make contributions; or

(2) a trust fund or funds accumulated or set aside and administered for the purposes and in the manner provided by paragraph (1) of this subsection, to be held in trust by the bank or by a trustee or trustees designated by the bank, and which shall not be subject to any law against perpetuities, restraints on alienation, or perpetual accumulations; or

(3) the purchase of group annuity or insurance contracts, or both, the premiums upon which may be paid in full by the bank, or in part by the bank and in part by its officers and employees; or

(4) a fund accumulated by contributions made thereto by two or more corporations authorized to transact business as a bank, savings bank or national banking association in this State, or in any other State, pursuant to a retirement system created under the laws of this State or of the State of New York, limited in membership to such corporations and providing for the retirement of officers and employees of such corporations, with or without contributions by such officers and employees; or

(5) a fund, plan or system (a) which is administered by a corporation not for pecuniary profit organized

under the laws of this State; (b) in which two or more banking institutions participate, or of which two or more banking institutions are members; (c) which is underwritten by a group annuity contract issued by a life insurance company authorized to transact business in this State; and (d) to which contributions are made in part by the banking institutions which participate or have membership therein, and in part by the officers and employees of such banking institutions.

C. No officer or employee of a bank shall be eligible to receive payment of retirement benefits pursuant to this section unless

(1) such officer or employee has attained the age of at least sixty years and has served the bank as an officer or employee or both for not less than ten years; or

(2) such officer or employee has attained the age of at least fifty years, has served the bank as an officer or employee, or both, for not less than ten years, and has become incapacitated from any cause from continuing his duties as such officer or employee; or

(3) such officer or employee has served the bank as an officer or employee, or both, for not less than fifteen years, and has become incapacitated from any cause from continuing his duties as such officer or employee.

D. A retirement plan which involves the holding and administration of a fund or funds solely by the bank, or by a trustee or trustees, without purchase of annuity or insurance contracts, shall provide that, upon termination of employment for any cause other than retirement pursuant to such plan, or upon death prior to such retirement, all contributions made by an officer or employee shall be repaid to such officer or employee, or to the beneficiary designated by him. Such fund or funds shall not be liable for the payment of depositors' or creditors' claims. A retirement plan which involves the purchase of annuity or insurance contracts shall provide that, upon termination of employment for any cause other than retirement pursuant to such plan, or upon death prior to such retirement,

the officer or employee, or the beneficiary designated by him, shall be entitled to so much of the incidents of ownership thereof as shall have been purchased by his contributions, and in addition thereto to so much of the incidents of ownership thereof as shall have been purchased by the bank for his benefit, as shall be provided in such plan, and no depositor or creditor of any bank shall have any claim or right in any such contract or the proceeds thereof by reason of any payment made therefor or thereon by such bank.

E. No bank shall pay or contract for the payment of any annual retirement benefit which shall exceed (1) sixty per centum (60%) of the average annual salary paid during the last thirty-six months of service preceding retirement or (2) one-sixth of one per centum (1/6 of 1%) of such average annual salary multiplied by the number of months of service, whichever is less; except that, when such average annual salary is less than the average annual salary paid during all years of service, the bank may pay or contract for the payment of annual retirement benefits which shall not exceed the lesser of (1) sixty per centum (60%) of average annual salary paid during all years of service and (2) one-sixth of one per centum (1/6 of 1%) of average annual salary paid during all years of service, multiplied by the number of months of service. When the plan involves the purchase of annuity or insurance contracts pursuant to paragraphs (3) or (5) of subsection B of this section, or participation in a retirement system pursuant to paragraph (4) of subsection B of this section, the contribution by the bank toward the premium charges thereon shall not exceed the sum required for the payment of the maximum benefits in this subsection set forth. Nothing in this section shall prevent the payment of greater benefits if the officer or employee contributes the premium or other charges for the purchase or return of benefits in excess of the maximum limited by this subsection.

F. In determining the eligibility for retirement hereunder of any officer or employee, (1) the period or periods during which the employment of such officer or employee shall, in time of war or emergency, be or have been interrupted by service in the military or naval service of the United States or of this State, or in the Coast Guard or

Merchant Marine of the United States, or in any auxiliary or reserve corps serving therewith, or by engagement in any war work by enlistment or induction under any selective service or similar statute, or, with leave of the bank, by engagement in any war relief, social service or other activity related to war conditions, or, in time of peace, by absence on leave and engagement in training or temporary service of a similar character, and (2) a period not exceeding three months after termination of such service or engagement, and (3) a period not exceeding one year of incapacity as a result of such service or engagement, and (4) the period of service of such officer or employee in another bank which has been merged into the bank or whose business has been taken over by the bank, shall be included in the period of such officer's or employee's service or employment in the bank.

G. Any benefit payable under the provisions of this section shall be subject to execution, attachment, garnishment or other legal process to the extent and by the same procedure as provided by law in respect to execution upon or garnishment of wages or other earnings. No such benefit shall be assignable or subject to advancement, but, in the discretion of the board of directors, all or a part thereof may be paid in accordance with the written order of the retired officer or employee, or, in case of his disability, may be applied by the bank for his use or benefit or for that of his dependents.

H. If the by-laws so provide, the board of directors may delegate the administration of any plan adopted pursuant to this section to its executive committee or to a pension committee appointed by it.

I. A bank which, on the effective date of this act, is paying an officer or employee a retirement benefit, pension or disability benefit pursuant to law in effect at the time of his retirement or disability, is authorized to continue the payment thereof.

J. A bank which, on the effective date of this act, operates or participates in a plan, fund or system for the retirement or pensioning of officers and employees or for payment to them of disability benefits pursuant to law in effect at the time of the adoption of such plan, fund or system, is authorized to continue such plan, or participation in

such plan, fund or system, and it may, with the approval of the commissioner, if such approval is required by subsection K of this section, alter such plan from time to time in a manner not inconsistent with the provisions of this section.

K. Every plan adopted or substantially altered pursuant to this section shall, before it is placed in operation, be submitted to the commissioner for his approval. The commissioner may disapprove such plan or alteration thereof if he shall find (1) that it does not conform to law or (2) that its adoption or alteration would be hazardous to the bank, or (3) that its provisions are unfair or inequitable. The commissioner may, from time to time, make such orders in respect to the maintenance and administration of a plan as, in his judgment, the condition of the bank may require.

L. In addition to the powers conferred by the foregoing subsections of this section, a bank may pay

(1) premiums for insurance on the lives or health of its officers or employees under policies commonly known as group insurance policies; or

(2) premiums on behalf of its officers or employees for mutual hospitalization or hospital service insurance; or

(3) reasonable amounts for reasonable periods to aid officers or employees in meeting the expenses of accident, illness, or other disability; or

(4) regular compensation, in whole or in part, to officers and employees who are disabled by accident, illness, or otherwise; or

(5) reasonable amounts for reasonable periods to former officers or employees who are retired and who are not eligible for retirement benefits under such retirement plan as may be in operation; or

(6) the reasonable cost of educational and recreational facilities and activities for its officers and employees, or for the promotion of their health and general welfare.

2. Section 196 of the act of which this act is amendatory is amended to read as follows:

196. Retirement benefits for officers and employees:

A. A savings bank may, from time to time, adopt, alter, or rescind a plan or plans providing for the retirement of its officers and employees, and for the payment to them for life, or for a period certain, of such retirement benefits, within the limits prescribed by this section, and at such times, as the board of managers may from time to time determine. If a plan provides for the payment of such benefits for a period certain, it may also provide, as the board of managers shall determine, that, if such officer or employee shall die before the expiration of such period, the benefits shall be paid for the remainder of such period to any one or more person or persons who shall be the spouse or next of kin or dependents of such officer or employee, as he shall designate in the manner provided by such plan.

B. A retirement plan adopted or continued pursuant to this section may provide for, or be effected through

(1) a fund (a) accumulated from the income of the savings bank or (b) set aside out of surplus; and, as the board of managers shall from time to time determine, (c) out of which retirement benefits may be paid directly, or which may be used in whole or in part for the purchase of annuity or insurance contracts, or both; and (d) to which officers and employees may make contributions; or

(2) a trust fund or funds accumulated or set aside and administered for the purposes and in the manner provided by paragraph (1) of this subsection, to be held in trust by the savings bank or by a trustee or trustees designated by the savings bank, and which shall not be subject to any law against perpetuities, restraints on alienation, or perpetual accumulations; or

(3) the purchase of group annuity or insurance contracts, or both, the premiums upon which may be paid in full by the savings bank, or in part by the savings bank and in part by its officers and employees, as the board of managers may from time to time determine; or

(4) a fund accumulated by contributions made thereto by two or more corporations authorized to transact business as a bank, savings bank or national banking association in this State or in any other State, pursuant to a retirement system created under the laws of this State or of the State of New York, limited in membership to such corporations and providing for the retirement of officers and employees of such corporations, with or without contributions by such officers and employees; or

(5) a fund, plan or system (a) which is administered by a corporation not for pecuniary profit organized under the laws of this State; (b) in which two or more banking institutions participate, or of which two or more banking institutions are members; (c) which is underwritten by a group annuity contract issued by a life insurance company authorized to transact business in this State; and (d) to which contributions are made in part by the banking institutions which participate or have membership therein, and in part by the officers and employees of such banking institutions.

C. No officer or employee of any savings bank shall be eligible to receive payment of retirement benefits pursuant to this section unless

(1) such officer or employee has attained the age of at least sixty years and has served the savings bank as an officer or employee, or both, for not less than ten years; or

(2) such officer or employee has attained the age of at least fifty years, has served the savings bank as an officer or employee, or both, for not less than ten years, and has become incapacitated from any cause from continuing his duties as such officer or employee; or

(3) such officer or employee has served the savings bank as an officer or employee, or both, for not less than fifteen years and has become incapacitated from any cause from continuing his duties as such officer or employee.

D. A retirement plan which involves the holding and administration of a fund or funds solely by the savings bank, or by a trustee or trustees, without purchase of annuity or insurance contracts, shall provide that, upon termination of employment for any cause other than retirement pursuant to such plan, or upon death prior to such retirement, all contributions made by an officer or employee shall be repaid to such officer or employee, or to the beneficiary designated by him. Such fund or funds shall not be liable for the payment of depositors' or creditors' claims. A retirement plan which involves the purchase of annuity or insurance contracts shall provide that, upon termination of employment for any cause other than retirement pursuant to such plan, or upon death prior to such retirement, the officer or employee, or the beneficiary designated by him, shall be entitled to so much of the incidents of ownership thereof as shall have been purchased by his contributions, and in addition thereto to so much of the incidents of ownership thereof as shall have been purchased by the savings bank for his benefit as shall be provided in such plan, and no depositor or creditor of any savings bank shall have any claim or right in any such contract or the proceeds thereof by reason of any payment made therefor or thereon by such savings bank.

E. No savings bank shall pay or contract for the payment of any annual retirement benefit which shall exceed (1) sixty per centum (60%) of the average annual salary paid during the last thirty-six months of service preceding retirement or (2) one-sixth of one per centum of such average annual salary multiplied by the number of months of service, whichever is less; except that, when such average annual salary is less than the average annual salary paid during all years of service, the savings bank may pay or contract for the payment of retirement benefits which shall not exceed the lesser of (1) sixty per centum (60%) of average annual salary paid during all years of service and (2) one-sixth of one per centum (1/6 of 1%) of average annual salary paid during all years of service, multiplied by the number of months of service. When the plan involves the purchase of annuity or insurance contracts, pursuant to paragraphs (3) and (5) of subsection B of this section, or participation in a retirement system pursuant

to paragraph (4) of subsection B of this section, the contribution by the savings bank toward the premium charges thereon shall not exceed the sum required for the payment of the maximum benefits in this subsection set forth. Nothing in this section shall prevent the payment of greater benefits if the officer or employee contributes the premium or other charges for the purchase or return of benefits in excess of the maximum limited by this subsection.

F. In determining the eligibility for retirement hereunder of any officer or employee, (1) the period or periods during which the employment of such officer or employee shall, in time of war or emergency, be or have been interrupted by service in the military or naval service of the United States or of this State, or in the Coast Guard or Merchant Marine of the United States, or in any auxiliary or reserve corps serving therewith, or by engagement in any war work by enlistment or induction under any selective service or similar statute, or, with leave of the savings bank, by engagement in any war relief, social service or other activity related to war conditions, or, in time of peace, by absence on leave and engagement in training or temporary service of a similar character, and (2) a period not exceeding three months after termination of such service or engagement, and (3) a period not exceeding one year of incapacity as a result of such service or engagement, and (4) the period of service of such officer or employee in another savings bank which has been merged into the savings bank or whose business has been taken over by the savings bank, shall be included in the period of such officer's or employee's service or employment in the savings bank.

G. Any benefit payable under the provisions of this section shall be subject to execution, attachment, garnishment or other legal process to the extent and by the same procedure as provided by law in respect to execution upon or garnishment of wages or other earnings. No such benefit shall be assignable or subject to advancement, but, in the discretion of the board of managers, all or a part thereof may be paid in accordance with the written order of the retired officer or employee, or, in case of his disability, may be applied by the savings bank for his use or benefit or for that of his dependents.

H. If the by-laws so provide, the board of managers may delegate the administration of any plan adopted pursuant to this section to its executive committee or to a pension committee appointed by it.

I. A savings bank which, on the effective date of this act, is paying an officer or employee a retirement benefit, pension or disability benefit pursuant to law in effect at the time of his retirement or disability, is authorized to continue the payment thereof.

J. A savings bank which, on the effective date of this act, operates or participates in a plan, fund or system for the retirement or pensioning of officers and employees or for payment to them of disability benefits pursuant to law in effect at the time of the adoption of such plan, fund or system, is authorized to continue such plan, or participation in such plan, fund or system, and it may, with the approval of the commissioner, if such approval is required by subsection K of this section, alter such plan from time to time in a manner not inconsistent with the provisions of this section.

K. Every plan adopted or substantially altered pursuant to this section shall, before it is placed in operation, be submitted to the commissioner for his approval. The commissioner may disapprove such plan or alteration thereof if he shall find (1) that it does not conform to law or (2) that its adoption or alteration would be hazardous to the savings bank, or (3) that its provisions are unfair or inequitable. The commissioner may, from time to time, make such orders in respect to the maintenance and administration of a plan as, in his judgment, the condition of the savings bank may require.

L. In addition to the powers conferred by the foregoing subsections of this section, a savings bank may pay

(1) premiums for insurance on the lives or health of its officers or employees under policies commonly known as group insurance policies; or

(2) premiums on behalf of its officers or employees for mutual hospitalization or hospital service insurance; or

(3) reasonable amounts for reasonable periods to aid officers or employees in meeting the expenses of accident, illness, or other disability; or

(4) regular compensation, in whole or in part, to officers or employees who are disabled by accident, illness, or otherwise; or

(5) reasonable amounts for reasonable periods to former officers or employees who are retired and who are not eligible for retirement benefits under such retirement plan as may be in operation; or

(6) the reasonable cost of educational and recreational facilities and activities for its officers and employees, or for the promotion of their health and general welfare.

3. This act shall take effect immediately.

Approved July 3, 1950.

CHAPTER 297, P. L. 1950

AN ACT concerning trusts, authorizing assignments of reserved interests in trusts, subjecting such interests to the claims of creditors and providing for the application of the act in certain cases.

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

1. The right of any creator of a trust to receive either the income or the principal of the trust or any part of either thereof, presently or in the future, shall be freely alienable and shall be subject to the claims of his creditors, notwithstanding any provision to the contrary in the terms of the trust.

2. This act shall apply to all conveyances, transfers and assignments made and delivered on or after October seventh, one thousand nine hundred and forty-nine.

3. If any provision of this act is held invalid, the other provisions of this act shall not be affected thereby.

4. This act shall take effect immediately.

Approved July 3, 1950.

CHAPTER 311, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67).

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

1. Section fifty-three of the act of which this act is amendatory is amended to read as follows:

53. Scope of article; definitions; taking interest in advance.

A. This article applies to all loans, not otherwise authorized by law, made by a bank, which are required by their terms to be repaid in installments, and upon which interest is taken by the bank at a rate in excess of six per centum (6%) per annum upon the unpaid balances thereof.

B. As used in this article,

(1) "bank" includes a national banking association having its principal office in this State;

(2) "installment loan" means a loan which is required by its terms to be repaid in installments;

(3) "payment-period" means the period of time scheduled, by the terms of a loan to which this article applies, to elapse between the days upon which installment payments are required to be made on such loan; except that, in a case where installment payments are omitted pursuant to paragraph (1) of section 54, "payment-period" means the period of time scheduled to elapse between the days upon which installment payments are required to be made during that portion of the term of such loan in which no installment payment may be omitted;

(4) "net proceeds" means the difference between the full amount of a loan to which this article applies, and the amount of interest which may be taken in advance upon such loan pursuant to this article;

(5) "person" means an individual, a corporation, a partnership and an association.

C. A bank may make an installment loan and may take interest in advance upon the full amount of such loan for the period from the making of the loan to the date of maturity of the final installment, in an amount not exceeding the amount determined by the application of the formula

$$I = \frac{.11784A (P + 1)}{2N + .11784 (P + 1)}$$

in which

“I” represents the maximum amount of interest which may be taken in advance;

“A” represents the full amount of the loan;

“P” represents the number of installment payments scheduled, by the terms of the loan, to be made from the date of the making of the loan to and including the date of maturity of the final installment; except that, in a case where installment payments are omitted pursuant to paragraph (1) of section 54, “P” represents the total of the number of installments which, by the terms of the loan, may be omitted, plus the number of installments scheduled, by the terms of the loan, to be made from the date of the making of the loan to and including the date of maturity of the final installment; and

“N” represents, to the nearest whole number, the number of payment-periods contained in a calendar year.

D. A bank may make an installment loan in such an amount that the net proceeds thereof shall equal a predetermined sum, and may take interest in advance upon the full amount of such loan for the period specified in subsection C of this section. The full amount of such loan shall not exceed the aggregate of the net proceeds and the amount of interest which may be taken in advance, as determined by the application of the formula

$$I = \frac{.11784A (P + 1)}{2N}$$

in which

“A” represents the amount of the predetermined net proceeds, and

“P,” “I” and “N” have the same meanings as “P,” “I” and “N” in subsection C of this section.

E. The net proceeds of any loan to which this article applies shall in no case exceed two thousand five hundred dollars (\$2,500.00).

F. The commissioner may prepare and distribute to such banks as shall make a request therefor, a schedule or schedules based upon the formulas contained in this section, or he may approve a subsisting schedule or schedules based upon the said formulas, and interest taken in advance pursuant to such schedule or schedules shall constitute a complete compliance with subsections C and D of this section. A copy of such schedule or schedules, certified by the commissioner, shall be evidence in all courts and places.

2. Section fifty-four of the act of which this act is amendatory is amended to read as follows:

54. Limitations.

A bank which makes a loan to which this article applies shall not

(1) require that more than one installment be payable in any one payment-period, except that the last two installments may be payable in the same payment-period. Every such loan shall provide for payment-periods of equal duration measured in terms of weeks or months, except that such loan may provide for the omission of installments during any period not exceeding ninety-three days in any one twelve-month period. No payment-period shall be shorter than one week or longer than one month;

(2) require that the amount of any installment be greater than or less than that of any other installment, except that the final installment may be not more than one dollar (\$1.00) more or less than any previous installment;

(3) prior to default, directly or indirectly take any security for any such loan other than an interest in tangible personal property;

(4) make any such loan unless its final installment shall be due and payable not later than two years subsequent to the making of the loan; except that the final installment of any such loan may be due and payable not later than three years subsequent to the making of the loan when

(a) the purpose of the loan, as represented to the bank by the borrower, is to enable the borrower to pay the cost, in whole or in part, of modernizing, rehabilitating, repairing or improving real property in which the borrower has an interest; *provided*, that before making any loan for any purpose authorized by this subparagraph (a) for any period in excess of two years but not in excess of three years, a copy of the contract pursuant to which such modernizing, rehabilitating, repairing or improving is to be done, shall be filed with the bank; and if there be no such contract, there shall be filed with the bank a statement, sworn to by the borrower, that the proceeds of the loan will be used for a purpose authorized by this subparagraph (a); or

(b) the loan is secured by an interest in tangible personal property; *provided*, that the commissioner may from time to time, make, alter and repeal regulations governing loans secured by an interest in tangible personal property, the final installments whereof are due and payable more than two years but not more than three years subsequent to the making of such loans, in respect to (1) the maximum maturity, not to be less than two years or more than three years, which may be stipulated in any such loan; (2) the methods of determining purchase prices or market values of the tangible personal property taken as security, or other bases for computing the maximum amount which may be loaned upon the security of tangible personal property for any period in excess of two years but not in excess of three years; and (3) special or different terms, conditions or exemptions with respect to such loans secured by new or by used tangible personal property, and with respect to the kind and character of the tangible personal property, including, in the case of new goods financed in whole or in part with the proceeds of any such loan, the required minimum original cash payment.

Nothing herein shall prevent a bank from making a loan to which this article applies, the proceeds of which shall be applied in whole or in part to the repayment at or before

final maturity of a loan theretofore made under the provisions of this article or otherwise;

(5) make any further interest or other charge or demand, in connection with such loan, other than those expressly authorized by this article;

(6) make any such loan for the payment of which any person shall be liable to the bank in any capacity, at any time when (a) any such person is liable to the bank, in any capacity, for the payment of any other loan or loans to which this article applies, and (b) the making of such loan would cause the liability, in any capacity, of any such person to the bank upon all loans to which this article applies, to exceed three thousand dollars (\$3,000.00).

3. Section fifty-five of the act of which this act is amendatory is amended to read as follows:

55. Permissible provisions and actions.

A. A bank which makes a loan to which this article applies may

(1) require one or more comakers or endorsers of the instrument evidencing the loan, or one or more guarantors of payment of the loan;

(2) when the payment of such loan is secured by an interest in tangible personal property, require that such property be insured for the benefit of the bank against loss or damage, and may retain out of the proceeds of such loan the premium for such insurance;

(3) upon institution of a suit for the collection of a loan in default, charge a collection fee, in addition to court costs allowable by law, equal to seven dollars and fifty cents when the unpaid balance of the loan is fifty dollars or less; ten dollars when such unpaid balance is more than fifty dollars but not in excess of one hundred dollars; twelve dollars and fifty cents when such unpaid balance is more than one hundred dollars but not in excess of five hundred dollars; and twenty-five dollars when such unpaid balance is in excess of five hundred dollars;

(4) when the payment of such loan is secured, and provision is made by law for the filing or recording of the instrument of security or notice thereof, require

compliance with such provision and retain the cost of such recording or filing out of the proceeds of the loan.

B. An instrument evidencing, or intended to secure the payment of, a loan to which this article applies, may provide that

(1) upon default in the payment of any installment on its due date, the entire unpaid balance of the loan shall, at the election of the bank, become immediately due and payable;

(2) when the maturities of the unpaid installments are accelerated as provided by this section, the bank may charge interest at the legal rate upon the difference between the aggregate of all the unpaid installments, and the amount of credit given pursuant to section 56;

(3) no person who is a party to the instrument evidencing the loan shall be released or discharged from liability to the bank by reason of the bank's extending the time for the payment of an installment or installments owing or due upon such loan, or by reason of the bank's waiver of any term or condition of the instrument evidencing such loan, or of the instrument intended to secure payment thereof;

(4) all parties to the instrument evidencing the loan shall waive presentation for payment, demand for payment, protest and notice of protest, nonpayment, dishonor, and the bank's election to accelerate the maturities of unpaid installments.

4. Section fifty-six of the act of which this act is amendatory is amended to read as follows:

56. Rebates on prepayment.

A. When the unpaid balance owing upon a loan to which this act applies is repaid in full or the maturities of all unpaid installments are accelerated before the date scheduled for the payment of the final installment, the bank shall allow a credit on account of the interest taken in advance, the amount of which shall not be less than the amount determined by the application of the formula

$$C = \frac{AN}{D} \text{ in which}$$

D

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"C" shall represent the amount of the credit to be given;

"A" shall represent the amount of interest taken in advance;

"D" shall be determined as follows: there shall be ascribed to each payment-period included in the period for which interest was taken in advance, reckoning from the day upon which the loan was made, the cardinal number descriptive of the number of payment-periods scheduled, by the terms of the loan, to elapse from the beginning of each such payment-period, to the date to which interest was taken in advance, and the aggregate total of all the cardinal numbers so ascribed shall constitute the quantity "D"; and

"N" shall represent the difference between the quantity "D" and the aggregate total of all the cardinal numbers ascribed to the payment-periods which have elapsed, in whole or in part, from the making of the loan, to the day upon which such repayment is made.

B. The commissioner may prepare and distribute to such banks as shall make a request therefor, a schedule or schedules based upon the formula specified in subsection A of this section, for use in determining the credit to be allowed pursuant to such subsection, and allowances of interest made as provided in such schedule shall constitute a complete compliance with such subsection. A copy of such schedule, duly certified by the commissioner, shall be evidence in all courts and places.

C. This section shall not apply where the amount of the credit to be allowed is less than one dollar (\$1.00).

5. Section fifty-eight of the act of which this act is amendatory is amended to read as follows:

58. Exempt transactions.

Nothing in this article applies to

(1) any loan otherwise authorized by law; or

(2) any loan which bears interest at a rate not in excess of six per centum (6%) per annum upon its unpaid balances; or

(3) any instrument or obligation, lawful upon its face, which is purchased or discounted by a bank pursuant to

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paragraph (1) of section 25, and which represents, evidences, or secures an existing indebtedness having its inception in a transaction to which the bank is not a party; regardless whether such instrument or obligation is acquired by the bank with or without rights of recourse against the person from whom the bank obtains such instrument through such purchase or discount. A bank shall not be deemed to be a party to a transaction within the meaning of this paragraph, because prior to the inception of rights in any instrument, obligation or indebtedness purchased or discounted by it, the bank approves the credit of any person liable for the payment of such instrument, obligation or indebtedness at the request of the person who supplies the consideration which supports the liability of any person to pay such instrument, obligation or indebtedness.

6. This act shall take effect thirty days after the date of its approval.

Approved July 6, 1950.

CHAPTER 312, P. L. 1950

AN ACT to amend "An act authorizing banks, trust companies, savings banks and national banks acting as fiduciaries to register and hold in the name of a nominee securities held in fiduciary capacities," approved April thirteenth, one thousand nine hundred and forty-four (P. L. 1944, c. 114).

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

1. Section one of the act of which this act is amendatory is amended to read as follows:

1. Any bank, trust company or savings bank incorporated under the laws of this State now or hereafter acting as fiduciary and any national bank located in this State now or hereafter acting as fiduciary, and any bank, trust company or savings bank incorporated under the laws of another State which is authorized to act as a fiduciary in this

State in accordance with the provisions of Article 44 of "The Banking Act of 1948," and now or hereafter acting as such fiduciary may, when acting as sole fiduciary or when acting as cofiduciary with the consent of its cofiduciary or cofiduciaries who is or are hereby authorized to give such consent, cause any certificates for shares of stock, bonds, debentures, notes or other securities, herein denominated "securities," held in fiduciary capacities, to be registered and held in the name of a nominee of the corporate fiduciary without disclosing the fiduciary capacity in which such securities are held; *provided*, that (1) the records of the fiduciary or fiduciaries and all accounts rendered by it or them shall at all times clearly show the ownership of the securities so registered, (2) such securities shall at all times be kept separate and apart from the assets of such bank, trust company, savings bank or national bank and (3) the nominee shall not have possession of or access to the securities. The corporate fiduciary shall be liable for any loss occasioned by the acts of the nominee with respect to securities so registered. The provisions hereof shall not apply where any will, codicil, trust indenture or other trust instrument or where any order appointing or relating to any fiduciary or fiduciaries prohibits such securities from being registered in the name of a nominee.

2. This act shall take effect immediately.

Approved July 6, 1950.

CHAPTER 313, P. L. 1950

AN ACT to amend "An act concerning banking and banking institutions (Revision of 1948)," approved April twenty-ninth, one thousand nine hundred and forty-eight (P. L. 1948, c. 67), and repealing section one hundred seventy-six of said act.

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

1. Section one hundred seventy-six of "An act concerning banking and banking institutions (Revision of 1948),"

approved April twenty-ninth, one thousand nine hundred and forty-eight, is repealed.

2. Section one hundred eighty-one of the act of which this act is amendatory is amended to read as follows:

181. Mortgage loans.

A-1. A savings bank may make or invest in mortgage loans in the manner and subject to the limitations prescribed by this section. For the purposes of this section, "mortgage loan" shall include every indebtedness secured by mortgage on real property, or on a lease of the fee of real property (in any case in which such lease is lawful security for such mortgage loan), except as otherwise provided by subsection Q of this section, and a savings bank shall be deemed to have made a mortgage loan when

(a) it lends or participates in lending money to a borrower upon the security of real property; or

(b) it acquires, by purchase or otherwise, a mortgage loan or any share or part of or interest in a mortgage loan which is not subordinate to any share or part thereof or interest therein held by any other person.

A savings bank may sell, assign or otherwise dispose of a share or part of or interest in a mortgage loan held by it to any other person.

A-2. For all purposes of compliance with the applicable provisions and restrictions of subsections D, E, F and G of this section as to the percentage of the mortgage loan to the appraised value of the mortgaged property, and the term of and rate of amortization of such loan, the date of the acquisition by a savings bank of a mortgage loan or a share or part thereof or interest therein shall, as respects such savings bank, be deemed to be the date as of which the mortgage loan was made, and the unpaid amount of the principal then due shall be deemed to be the amount of such mortgage loan.

B. No savings bank shall make a mortgage loan at any time when the total cost of acquisition by the savings bank of all real property owned by it, other than real property held for the purposes specified in subparagraph (a) of paragraph (5) of section twenty-four, and the total of all principal balances owing to the savings bank on mortgage

loans, less all writeoffs and reserves with respect to such real property and mortgage loans, together exceed, or by the making of such loan will exceed, seventy per centum (70%) of its deposits. For the purposes of this subsection, principal balances owing on mortgage loans made pursuant to subsection Q of this section shall, only to the extent of seventy-five per centum (75%) of such balances, be included in the total of all principal balances owing to the savings bank on mortgage loans.

C. Every mortgage loan shall be evidenced by a note or bond, and shall be secured by a mortgage on the fee of real property located within this State, or, if outside this State, upon the fee of real property located within fifty miles of the principal office of the savings bank. Every mortgage shall be certified to be a first lien by an attorney-at-law of the State in which the real property is located, or certified or guaranteed to be a first lien by a corporation authorized to guarantee titles to land in such State. For the purposes of this section, a mortgage shall be deemed to be a first lien, notwithstanding the existence of a prior mortgage or mortgages held by the savings bank, or a lien for current taxes or assessments not due or payable at the time the loan is made, and notwithstanding the existence of leases, building restrictions, easements, encroachments, or covenants which, in the opinion of an officer of the savings bank designated for that purpose by the board of managers, do not materially lessen the value of the real property to be mortgaged.

D. When the real property offered as security for a mortgage loan consists of a lot of land upon which there is a one-family dwelling, or upon which such a dwelling is in the course of construction or is to be constructed, the amount of the mortgage loan shall not exceed (a) eighty per centum (80%) of the first fifteen thousand dollars (\$15,000.00) of the appraised value of the real property, plus fifty per centum (50%) of the excess, if any, of such appraised value over fifteen thousand dollars (\$15,000.00), or (b) sixteen thousand dollars (\$16,000.00), whichever is lesser.

E. When the real property offered as security for a mortgage loan consists of a lot of land upon which there

is a two-, a three-, or a four-family dwelling, or upon which such a dwelling is in the course of construction or is to be constructed, the amount of the mortgage loan shall not exceed eighty per centum (80%) of the first twenty thousand dollars (\$20,000.00) of the appraised value of the real property, plus fifty per centum (50%) of the excess, if any, of such appraised value over twenty thousand dollars (\$20,000.00).

F. The instrument evidencing a mortgage loan made pursuant to either subsection D or subsection E of this section shall require that

(1) interest shall be paid on such loan monthly, and that equal monthly payments be made in reduction of such loan at an annual rate equal to at least five per centum (5%) of the original amount of such loan; or

(2) that a constant sum be paid monthly in an amount sufficient for current interest and for the payment of the loan in full in not more than twenty years from the making of such loan.

G. When the real property offered as security for a mortgage loan consists of a lot of land upon which there is a building or buildings other than dwellings of the nature described in subsections D and E of this section, or upon which such other buildings are in the course of construction or are to be constructed, the amount of the mortgage loan shall not exceed sixty-six and two-thirds per centum ($66\frac{2}{3}\%$) of appraised value of such real property. The instrument evidencing a mortgage loan made pursuant to this subsection shall require that the loan be repaid in full in not more than ten years from the date it is made; and (a) if the amount of such loan, when made, exceeds fifty per centum (50%) of the appraised value of the real property, that payments shall be made in reduction thereof at least semiannually, at an annual rate equal to at least two per centum (2%) of the original amount of such loan; or (b) if the amount of such loan, when made, does not exceed fifty per centum (50%) of the appraised value of the real property, that payments shall be made in reduction thereof at least semiannually, at an annual rate equal to at least one per centum (1%) of the original amount of such loan.

When, however, the amount of such loan does not, when made, exceed fifty per centum (50%) of the appraised value of such real property, and the instrument evidencing such loan requires that it be paid in full in not more than five years from the date it is made, the instrument need not require that any payment be made in reduction of such loan prior to its maturity date.

H. When the real property offered as security for a mortgage loan is of the nature described in subsections D or E of this section, and the amount of the loan does not exceed sixty-six and two-thirds per centum ($66\frac{2}{3}\%$) of the appraised value of such real property, the instrument evidencing such loan shall be sufficient if it conforms to the requirements of either subsection F or subsection G of this section.

I. A mortgage loan may be made for the purpose of enabling a borrower to construct a building or buildings upon real property owned by him, and, in such a case, the appraised value of the real property shall include the value of the building or buildings to be constructed, but at no time shall a greater sum be advanced on account of such a loan than, in the opinion of (1) the appraisers hereinafter provided for, or (2) one of such appraisers and an officer of the savings bank designated for that purpose by the board of managers, is warranted by the state of completion of the buildings in process of construction. For the purposes of compliance with the applicable requirements of subsections F or G of this section as to the term of and the rate of amortization of a loan made pursuant to this section, such loan shall be deemed to have been made when the final advance shall be made to the borrower on such loan, or eighteen months from the date of the mortgage securing such loan, whichever is earlier.

J. When the real property offered as security for a mortgage loan consists of unimproved land, and the proceeds of such loan are not to be used to construct a building on such land, the amount of such loan shall not exceed thirty per centum (30%) of the appraised value of such real property. The instrument evidencing a loan made pursuant to this subsection shall require that such loan be paid in full in not more than five years from the date it is

made. No loan made pursuant to this subsection shall exceed ten thousand dollars (\$10,000.00), or one-quarter of one per centum ($\frac{1}{4}$ of 1%) of the deposits of the savings bank, whichever is greater; nor shall any such loan be made at any time when the total of all such loans exceeds, or if the making of such loan would cause such total to exceed one per centum (1%) of the deposits of the savings bank.

K. No mortgage loan shall be made except upon a certificate signed by two or more appraisers who shall be either members of the board of managers or such other persons as the board of managers shall designate. The certificate shall certify that the appraisers have inspected the real property to be mortgaged, shall set forth or incorporate by reference all factors which, in their judgment, are materially determinative of the value of the real property, and shall disclose as separate items the value placed upon land and upon improvements, if any. The appraisers shall also certify that, in their opinion, the real property furnishes adequate security for the amount of the loan to be made. The certificate shall be filed with the permanent records of the savings bank, and shall be preserved until the savings bank has no interest, as mortgagee or otherwise, in the real property.

L. Purchase money mortgage loans made by a savings bank on the sale of real property owned by it shall not be subject to the preceding subsections or to subsection P of this section, except that such loans shall be included in determining whether the total amount of mortgage loans held by a savings bank exceeds seventy per centum (70%) of its deposits.

M. In addition to the mortgage loans authorized by the preceding subsections of this section, a savings bank may make mortgage loans secured by

(1) a mortgage which is a first lien upon the lease of the fee of real property in this State of a camp meeting association *provided*,

(a) that the real property is subject to no lien or encumbrance other than such lease, or of the character permissible under subsection C of this section;

(b) that the lease expires in not less than twenty-five years from the time such loan is made;

(c) that the camp meeting association has consented to the making of such mortgage loan;

(d) that the amount of such loan shall not exceed sixty-six and two-thirds per centum ($66\frac{2}{3}\%$) of the appraised value of the leasehold estate; and

(e) that the commissioner has approved the making of such loans by savings banks upon leases of real property of such camp meeting association;

All the provisions of this section shall be applicable to loans made pursuant to this subsection except to the extent that such provisions are inconsistent with this subsection.

N. The instrument evidencing a mortgage loan may be in such form, and may contain such provisions, not inconsistent with law, as the savings bank may choose to insert for the protection of its lien and the preservation of its interest in the real property mortgaged to it.

O. Notwithstanding the limitations prescribed by the preceding subsection or by subsection P of this section, a savings bank may

(1) for the purposes of preventing or mitigating loss, or of preserving the lien of its mortgage, or of conserving the value of the real property affected by its mortgage, (a) extend the time for the payment of principal or interest, (b) modify or waive any of the terms or conditions of the instrument evidencing a mortgage loan, (c) settle or compromise all or part of the amount due or to grow due on a mortgage loan, (d) sell or assign the mortgage loan, or a share or part thereof or interest therein, for such consideration as it shall deem proper, and (e) advance funds for the payment of any tax, lien, charge or claim whatsoever; and

(2) make a loan in addition to an existing mortgage loan or loans held by it, upon the security of the same real property and secured by the existing mortgage or mortgages, in an amount not in excess of fifteen hundred dollars (\$1,500.00) or ten per centum (10%) of the then appraised value of the property, whichever is less; *provided, however*, that no such additional loan shall be made which shall increase the total amount due

upon such mortgage over the amount which could be loaned upon the security of such real property in relation to its then appraised value after giving effect to the expenditure of such additional loan for any of the purposes hereinbelow specified; *and provided*, (a) that the proceeds of such additional loan are used for the repair, rehabilitation, improvement, or alteration of or additions to such real property, and (b) that, beginning within one year after its date, such additional loan shall be payable in equal monthly installments at a rate sufficient to pay such loan in full in not more than five years from its date or at the maturity of the existing mortgage, whichever shall be earlier. If so provided in the original mortgage or a supplement or amendment thereto, persons who acquire any rights in or liens upon the mortgaged real property subsequent to the recording of the original mortgage or such supplement or amendment, as the case may be, shall hold such rights and liens subject to the prior lien of the original mortgage and such supplement or amendment, if any, as security for such additional loan; and in such case, no title certificate or insurance under subsection C of this section shall be required with respect to such additional loan.

P. Except as otherwise provided by this section, no savings bank shall make a mortgage loan if the making of such loan would cause the total of all unpaid balances of such loans held by the savings bank upon the security of the same real property or leasehold, to exceed the limitations imposed by this section upon the amount of a mortgage loan which may be made upon the security of such real property or such leasehold.

Q. A savings bank may invest in

(1) (a) veterans' loans made pursuant to Title III of the act of Congress of June twenty-second, one thousand nine hundred and forty-four, known as the "Servicemen's Readjustment Act of 1944," as amended, supplemented, revised or recodified from time to time, which the Administrator of Veterans' Affairs or other officer or agency which succeeds to his powers and

functions under said act, has insured or guaranteed or has made a commitment to insure or guarantee, to the extent and in the manner provided in said act or the regulations made thereunder; and

(b) veterans' loans made and insured or guaranteed in part as provided in paragraph (1) (a) of this subsection of this section, and, as to the balance thereof, insured or guaranteed by an insurer or guarantor named or described in paragraph (2) of this subsection of this section.

(c) The provisions and restrictions contained in this section, except those relating to the percentage of the mortgage loan to the appraised value of the real property, the term of the loan and the rate of amortization, shall apply to investments made pursuant to paragraph (1) of this subsection of this section.

(2) (a) mortgages or deeds of trust or other securities of the character of mortgages which are first liens on the fee of real property or a lease of the fee of real property, wherever located, which (i) the United States, or (ii) the Federal Housing Commissioner under the act of Congress of June twenty-seventh, one thousand nine hundred and thirty-four, known as the "National Housing Act," as amended, supplemented, revised or recodified from time to time, or other officer or agency which succeeds to his powers and functions, or (iii) the State of New Jersey or an officer or agency thereof, or (iv) any other officer or agency of the United States or of this State which the commissioner shall have approved for the purposes of this section as an insurer or guarantor, has fully insured or guaranteed or made a commitment to fully insure or guarantee.

(b) mortgages or deeds of trust or other securities made pursuant to paragraph two (a) of this subsection of this section shall not be subject to the provisions and restrictions of this section, except that they shall be included in determining whether total mortgage investments are within the limitation prescribed by subsection B of this section.

3. This act shall take effect immediately.
Approved July 6, 1950.

CHAPTER 329, P. L. 1950

AN ACT concerning the continuance in trust by fiduciaries acting under deeds of trust, of investments placed in or added to trusts by the creators of trusts.

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

1. A fiduciary acting under a deed of trust, who, in the exercise of good faith and reasonable discretion, continues to hold any investments placed in or added to a trust by the creator of a trust and which are investments not authorized by the laws of this State for the investment of trust funds, shall not be accountable for any loss by reason of such continuance; except that this act shall not apply to a deed of trust which specifically prohibits continuance of such investments, nor modify any authorization given by a deed of trust to a fiduciary with respect to continuing such investments.

2. This act shall take effect immediately.

Approved July 24, 1950.