



**State of New Jersey**  
DEPARTMENT OF BANKING AND INSURANCE  
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*Commissioner*

BULLETIN NO. 06-20

TO: ALL NEW JERSEY-CHARTERED BANKS, SAVINGS BANKS &  
STATE ASSOCIATIONS

FROM: STEVEN M. GOLDMAN, COMMISSIONER

RE: PARITY APPLICATION OF OTS FINAL RULE 2005-34

On October 1, 2005, Office of Thrift Supervision (OTS) final rule 2005-34 became effective. The rule permits an OTS-supervised institution that meets its standard of "highly rated" to open a branch without prior approval of the agency. "Highly rated" by the OTS means that the institution must have a composite CAMELS rating of one or two, a CRA rating of satisfactory or outstanding, a compliance rating of one or two during its most recent examination and must meet the capital requirements under 12 CFR part 567 before and after the establishment of the office and must not be in troubled condition.

The Department has received an inquiry whether New Jersey state parity law would permit a New Jersey chartered bank, savings bank or state association to branch in the same way. New Jersey law permits the use of parity regarding applications provided there is no supervisory concern. See N.J.A.C. 3:6-12.1 and N.J.A.C. 3:26-4.1. In this case, branching pursuant to parity in accordance with OTS rules raises no supervisory concern. Therefore the use of parity is approved for this purpose.

The OTS requires publication of a notice with a 30-day comment period prior to the branch opening. This requirement would apply to New Jersey chartered institutions utilizing parity. The Department notes that if an objection is raised after publication of the required notice, the New Jersey institution seeking to branch would be required to comply with N.J.A.C. 3:1-2.3 and file an application with the Department to branch.

Finally the Department notes that with the advent of dedicated funding as of July 1, 2006, no fee is imposed by the Department for branching, whether under this parity procedure or under the Department's regular branching procedure or expedited branching procedure. See N.J.A.C. 3:5-8.1.

The Department is available to discuss branching issues with any of its chartered institutions, including the parity issues presented in this bulletin. The direct contact at the Department is Chief Examiner Michael Sheridan at 609-984-3602 ext. 50067.

8/22/06  
Date

/s/ Steven M. Goldman  
Steven M. Goldman  
Commissioner

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