BANKING
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF BANKING

Credit Union Parity

Adopted Amendments: N.J.A.C. 3:21-2.1

Proposed: August 1, 2005 at 37 N.J.R. 2742(a).

Adopted: October 31, 2005 by Donald Bryan, Acting Commissioner, Department of
               Banking and Insurance.

Filed: October 27, 2005 as R. 2005 d. 417, **without change**.

Authority: N.J.S.A. 17:1-8, 17:1-15 and 17:13-90.

Effective Date: December 5, 2005

Expiration Date: June 10, 2007

Summary of Public Comment and Agency Response:

       No public comments were received.

Federal Standards Analysis

       The adopted amendments provide that certain State statutory and regulatory consumer

protection requirements may not be avoided through parity, for example, State criminal usury

limitations and protections against predatory lending. In some cases, these limitations on

activities by State-chartered credit unions may exceed Federal standards applicable to Federal

credit unions. The limitations in the adopted amendments may restrict New Jersey State-

chartered credit unions from certain types or levels of activity in which their Federal counterparts

may conceivably be permitted to engage at the present or in the future. Notwithstanding these

limitations, New Jersey State-chartered credit unions would, because of parity, be able to offer

many new services and products to New Jersey consumers not specifically authorized by applicable New Jersey statutes and rules, and reap the resulting economic benefits.

The Department views the adopted limitations as reasonable and necessary to discharge the Commissioner's statutory responsibility to promulgate rules for the appropriate regulation of State credit unions. Solid benefits and important protections will be afforded to New Jersey credit union members by the continued viability of laws addressing criminal acts including usury, and high cost residential mortgages. Finally, the Department sees no technological obstacle to the regulated industry's compliance with these limitations.

Full text of the adopted amendments follows:

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