

**SENATE COMMERCE COMMITTEE**

**A M E N D M E N T S**

to

**SENATE, No. 2726**

(Sponsored by Senators SMITH and CORRADO )

**INSERT NEW SECTION 2 TO READ:**

<sup>1</sup>2. Section 188 of P.L. 1948, c. 67 (C.17:9A-188) is amended to read as follows:

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

A. (1) Except as otherwise provided by subsection L of this section, every savings bank shall be managed by a board of not less than five and not more than twenty-one managers.

(2) For the first five years of operation, not less than two-thirds of the managers of a de novo savings bank 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, fails 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; or, in the case of a savings bank operating on a fiscal-year basis, the annual meeting shall be held no later than 120 days after the closing of the fiscal year.

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

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expiring]. Except as hereinafter provided, each manager shall be elected for a term of three 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 annually at an annual meeting of the [board] members.

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] managers of one class shall hold office until the first annual meeting of the board next succeeding the first meeting; the [members] managers of one class shall hold office until the second annual meeting next succeeding the first meeting; and the [members] managers of one class shall hold office until the third 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 organized prior to the effective date of P.L.1992, c.187 shall, commencing with the first annual meeting of the board following the effective date of P.L.1992, c.187, elect managers as terms expire for terms of three years.

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 205 of P.L.1948, c.67 (C.17:9A-205), may consist of not less than five 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 five; (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.

(cf: P.L.2000, c.67, s.1)<sup>1</sup>

INSERT NEW SECTION 3 TO READ:

13. For the purposes of this section, a “member” shall include any depositor or borrower of a mutual association, mutual savings bank, or

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the member of the mutual holding company formed with a savings association of savings bank subsidiary.

Each member 16 years of age, or over, shall be entitled to vote at any meeting of a mutual holding company or savings bank.

Each mutual holding company or savings bank shall set forth in its bylaws the voting rights of its members, which shall be in accordance with subsection a. or b. of this section:

a. Each member entitled to vote shall have one vote at any meeting of the mutual association or mutual savings bank regardless of the number of shares or accounts standing in the member's name; or

b. Each savings member entitled to vote shall have one vote for each \$100.00, or fraction thereof, of the participation value of the member's savings account; each borrowing member entitled to vote under this subsection shall be entitled to have one vote; but in no event shall the maximum number of votes permitted to any member under this subsection be greater than 1,000 votes regardless of the number or types of shares or accounts or the value of those shares or accounts held by that member.

Under either subsection a. or b. of this section members may vote by written proxy (if the bylaws so provide) and the bylaws may prohibit voting by persons who have become members within 60 days of the date when the vote is cast.

Under either subsection a. or b. of this section the trustee or fiduciary of a fiduciary account shall be entitled to cast the vote or votes permitted under those subsections.

Under subsection a. of this section only one vote shall be allowed in connection with any account held by two or more persons, jointly; under subsection b. of this section no more than the maximum number of 1,000 votes, provided for in that subsection shall be allowed in connection with an account held by two or more persons, jointly.

Under subsection a. or subsection b. of this section when accounts or shares are pledged, the pledgor may vote thereon.<sup>1</sup>

INSERT NEW SECTION 4 TO READ:

<sup>1</sup>4. All meetings and communications to members of mutual holding companies or savings banks shall be conducted in accordance with section 115 through 125 of P.L.1963, c.144 (C.17:12B-113 to C.17:12B-125) and section 4 of P.L.1969, c271 (C.17:12B-125.1).

For purposes of P.L. , c. (C. ) (pending before the Legislature as this bill), the term "mail," as used in section 115 through 125 of P.L.1963, c.144 (C.17:12B-113 to C.17:12B-125) and section 4 of P.L.1969, c271 (C.17:12B-125.1), shall include email, core processor distribution, internet, and any other form of electronic communication.<sup>1</sup>

REPLACE SECTION 2 TO READ:

<sup>1</sup>[2.] <sup>5</sup>.<sup>1</sup> This act shall take effect immediately <sup>1</sup>, and shall only apply to mutual holding companies or savings banks chartered and approved

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by the Commissioner of Banking subsequent to the effective date of the bill<sup>4</sup>.

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