

LEGISLATIVE HISTORY CHECKLIST
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(Savings banks--reduce size
of board managers)

NJSA: 17:19A-1

LAWS OF: 1992 **CHAPTER:** 187

BILL NO: A1833

SPONSOR(S) Kramer and others

DATE INTRODUCED: September 21, 1992

COMMITTEE: **ASSEMBLY:** Financial Institutions

SENATE: ---

AMENDED DURING PASSAGE: Yes Amendments during passage
denoted by asterisks

DATE OF PASSAGE: **ASSEMBLY:** November 16, 1992

SENATE: November 30, 1992

DATE OF APPROVAL: December 16, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

[FIRST REPRINT]
ASSEMBLY, No. 1833
STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 21, 1992

By Assemblymen KRAMER, PENN,
Gaffney and Lustbader

1 AN ACT concerning savings banks, amending P.L.1948, c.67 and
2 P.L.1982, c.9.

3
4 BE IT ENACTED *by the Senate and General Assembly of the*
5 *State of New Jersey:*

6 1. Section 1 of P.L.1948, c.67 (C.17:9A-1) is amended to read
7 as follows:

8 1. Definitions.

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

11 (1) "Bank" shall include the following:

12 (a) Every corporation heretofore organized pursuant to the act
13 entitled "An act concerning banks and banking (Revision of
14 1899)," approved March 24, 1899;

15 (b) Every corporation heretofore organized pursuant to the act
16 entitled "An act concerning trust companies (Revision of 1899),"
17 approved March 24, 1899;

18 (c) Every corporation heretofore organized pursuant to chapter
19 4 of Title 17 of the Revised Statutes;

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

23 (e) Every corporation hereafter organized pursuant to article 2
24 of this act;

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

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

30 (4) "Capital stock" shall include both common stock and
31 preferred stock;

32 (5) "Certificate of incorporation," unless the context requires
33 otherwise, shall mean:

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

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

40 (6) "Commissioner" shall mean the Commissioner of Banking
41 of New Jersey;

42 (7) "Department" shall mean the Department of Banking of
43 New Jersey;

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AFI committee amendments adopted October 19, 1992.

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

4 (9) "Manager" of a savings bank shall include a trustee of a
5 savings bank;

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

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

11 (12) "Qualified bank" shall mean:

12 (a) A bank which has heretofore been authorized or which shall
13 hereafter be authorized to exercise any of the powers authorized
14 by section 28;

15 (b) A savings bank which has heretofore been authorized or
16 which shall hereafter be authorized to exercise any of the powers
17 authorized by section 28; and

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

20 (13) "Savings bank" shall include the following:

21 (a) Every corporation heretofore organized pursuant to the act
22 entitled "An act concerning savings banks," approved April 12,
23 1876;

24 (b) Every corporation heretofore organized pursuant to the act
25 entitled "An act concerning savings banks," approved May 2, 1906;

26 (c) Every corporation heretofore organized pursuant to chapter
27 6 of Title 17 of the Revised Statutes;

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

31 (e) Every corporation hereafter organized pursuant to article 3
32 of this act;

33 (14) "Branch office" of a bank or savings bank shall mean an
34 office, unit, station, facility, terminal, space or receptacle at a
35 fixed location other than a principal office, however designated,
36 at which any business that may be conducted in a principal office
37 of a bank or savings bank may be transacted. "Branch office"
38 includes full branch offices, minibranch offices and
39 communication terminal branch offices;

40 (15) "Full branch office" means a branch office of a bank or
41 savings bank not subject to the limitations or restrictions imposed
42 upon minibranch offices or communication terminal branch
43 offices;

44 (16) "Minibranch office" means a branch office of a bank or
45 savings bank which does not occupy more than 500 square feet of
46 floor space and which does not contain more than four teller
47 stations, manned by employees of the bank or savings bank;

48 (17) "Communication terminal branch office" means a branch
49 office of a bank or savings bank which is either manned by a bona
50 fide third party under contract to a bank or savings bank or
51 unmanned and which consists of equipment, structures or
52 systems, by means of which information relating to financial
53 services rendered to the public is transmitted and through which
54 transactions with banks and savings banks are consummated,

1 either instantaneously or otherwise;

2 (18) "Secondary mortgage loan" means a loan made to an
3 individual, association, joint venture, partnership, limited
4 partnership association, or any other group of individuals however
5 organized, except a corporation, which is secured in whole or in
6 part by a lien upon any interest in real property, including, but
7 not limited to, shares of stock in a cooperative corporation,
8 created by a security agreement, including a mortgage indenture,
9 or any other similar instrument or document, which real property
10 is subject to one or more prior mortgage liens and which is used
11 as a dwelling, including a dual purpose or combination type
12 dwelling which is also used as a business or commercial
13 establishment, and has accommodations for not more than six
14 families, except that a loan which: (a) is to be repaid in 90 days
15 or less; (b) is taken as security for a home repair contract
16 executed in accordance with the provisions of P.L.1960, c.41
17 (C.17:16C-62 et seq.); or (c) is the result of the private sale of a
18 dwelling, if title to the dwelling is in the name of the seller and
19 the seller has resided in said dwelling for at least one year, if the
20 buyer is purchasing said dwelling for his own residence and, as
21 part of the purchase price, executes a secondary mortgage in
22 favor of the seller, shall not be included within the definition of
23 "secondary mortgage loan[.]";

24 (19) With respect to savings banks, "director" and "board of
25 directors" may be used to mean "manager" and "board of
26 managers," respectively.

27 (cf: P.L.1985, c.528, s.1)

28 2. Section 188 of P.L.1948, c.67 (C.17:9A-188) is amended to
29 read as follows:

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

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

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

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

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

53 E. The board of managers may meet at such times and so often
54 as they shall deem necessary, but shall meet at least once in each

1 calendar month excepting July and August. A meeting held in
2 January of each year shall be designated the annual meeting of
3 the board ¹; or, in the case of a savings bank operating on a
4 fiscal-year basis, the annual meeting shall be held no later than
5 120 days after the closing of the fiscal year¹.

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

15 G. Every savings bank hereafter organized shall, at the first
16 meeting of its board of managers, divide the managers named in
17 its certificate of incorporation into three classes of equal size;
18 the members of one class shall hold office until the [second] first
19 annual meeting of the board next succeeding the first meeting;
20 the members of one class shall hold office until the [fourth]
21 second annual meeting next succeeding the first meeting; and the
22 members of one class shall hold office until the [sixth] third
23 annual meeting next succeeding the first meeting, so that, at
24 each election of managers following the first meeting, an equal
25 number of managers shall be elected.

26 H. Every savings bank [heretofore] organized prior to the
27 effective date of this 1992 amendatory act shall, [at]
28 commencing with the first annual meeting of the board [in
29 January] following the effective date of this 1992 amendatory
30 act, [divide its managers into three classes of equal size. The
31 division may be by lot, or on the basis of age or seniority, or
32 otherwise as the board of managers may determine. The
33 members of one class shall be elected to serve for two years; the
34 members of one class shall be elected to serve for four years; and
35 the members of one class shall be elected to serve for six years,
36 so that, at each election following the first annual meeting of the
37 board after the effective date of this act, an equal number of
38 managers shall be elected] elect managers as terms expire for
39 terms of three years.

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

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

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

51 L. Upon the merger of two or more savings banks, the board of
52 managers of the receiving savings bank, as defined in section [two
53 hundred five] 205 of P.L.1948, c.67 (C.17:9A-205), may consist of
54 not less than [nine] five and not more than the total number then

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

13 (cf: P.L.1948, c.406, s.1)

14 3. Section 191 of P.L.1948, c.67 (C.17:9A-191) is amended to
15 read as follows:

16 191. Officers; tenure.

17 The board of managers [shall] may elect from its own number
18 [a president and a vice-president, and may elect or appoint, from
19 its own number] or otherwise, such [other] officers [, including
20 additional vice-presidents,] as it may from time to time see fit.
21 The tenure of officers shall be fixed in the by-laws or by
22 resolution of the board of managers.

23 (cf: P.L.1948, c.67, s.191)

24 4. Section 12 of P.L.1982, c.9 (C.17:9A-8.12) is amended to
25 read as follows:

26 12. All other powers, rights, and privileges not expressly
27 provided for in this act shall be governed by the laws of this State
28 relating to savings banks[; but in]. If a capital stock savings bank
29 engages in an activity pursuant to the authority of this act, or
30 any other act, which is governed by a statute originally applicable
31 to mutual savings banks, "manager" shall mean "director." In
32 any case where any power of investment of a mutual savings bank
33 is limited to a percentage of its capital deposits or surplus, any
34 limitation upon a stock savings bank shall be expressed in terms
35 of total capital funds, as defined by the commissioner by
36 regulation.

37 (cf: P.L.1982, c.9, s.12)

38 15. Section 79 of P.L.1948, c.67 (C.17:9A-79) is amended to
39 read as follows:

40 79. Annual meetings; notice.

41 A. The annual meeting of the stockholders of every bank shall
42 be held on such day in January, February, March or April in each
43 year as the bylaws shall provide; or, if there be no governing
44 bylaw, then on the fourth Tuesday in March ; or, in the case of a
45 savings bank operating on a fiscal-year basis, the annual meeting
46 shall be held no later than 120 days after the closing of the fiscal
47 year. The commissioner may require that prior notice be given to
48 him of a change in the date of an annual meeting, and may
49 prescribe the form of such notice and the time when such notice
50 shall be given.

51 B. Not less than 10 days prior to the date fixed for such
52 meeting, notice of the annual meeting shall be published once in a
53 newspaper published and circulated in the municipality in which
54 the bank maintains its principal office, or, if there be no such

1 newspaper, then in one published in the county in which the bank
2 maintains its principal office or in an adjoining county, and which
3 has general circulation in the municipality in which the bank
4 maintains its principal office. In addition, notice of such meeting
5 shall be given as provided in section 81. At such annual meeting,
6 directors shall be elected and such other business may be
7 transacted as may properly be brought before a meeting of
8 stockholders, except that no business other than the election of
9 directors shall be transacted at such meeting unless notice of
10 such other business shall have been given in the manner provided
11 by section 81. Notice of such other business need not be included
12 in the publication of notice required by this section.¹

13 (cf: P.L.1986, c.186, s.2)

14 ¹[5.] 6.¹ This act shall take effect immediately.

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19 _____
Makes certain changes with respect to managers of savings banks.

1 receiving bank shall exceed twenty-one in number (1) the number
2 of managers shall not be increased, but may be decreased to any
3 number not less than [nine] five; (2) vacancies in the board of
4 managers shall not be filled; and (3) the requirements of
5 subsections G and H of this section shall be satisfied if the
6 number of managers in any one class or in any two classes of
7 managers does not exceed by more than one the managers in the
8 remaining classes or class. For the purposes of this subsection,
9 the expiration of the term for which a manager is elected shall
10 not be deemed to create a vacancy.

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16 [a president and a vice-president, and may elect or appoint, from
17 its own number] or otherwise, such [other] officers [, including
18 additional vice-presidents,] as it may from time to time see fit.
19 The tenure of officers shall be fixed in the by-laws or by
20 resolution of the board of managers.

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22 4. Section 12 of P.L.1982, c.9 (C.17:9A-8.12) is amended to
23 read as follows:

24 12. All other powers, rights, and privileges not expressly
25 provided for in this act shall be governed by the laws of this State
26 relating to savings banks[; but in]. If a capital stock savings bank
27 engages in an activity pursuant to the authority of this act, or
28 any other act, which is governed by a statute originally applicable
29 to mutual savings banks, "manager" shall mean "director." In
30 any case where any power of investment of a mutual savings bank
31 is limited to a percentage of its capital deposits or surplus, any
32 limitation upon a stock savings bank shall be expressed in terms
33 of total capital funds, as defined by the commissioner by
34 regulation.

35 (cf: P.L.1982, c.9, s.12)

36 5. This act shall take effect immediately.

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STATEMENT

40

41 This bill reduces the minimum number of managers required to
42 make up a board of managers of a savings bank from nine to five;
43 changes the term of office of a manager from six years to three
44 years; changes from a biennial to an annual election of managers;
45 permits the board of managers of a savings bank to elect from its
46 own members or otherwise such officers as it may see fit; and
47 provides that the terms "director" and "board of directors" may
48 be used to mean "manager" and "board of managers."

49 This bill is made necessary by P.L.1991, c.42 (C.17:16M-1 et
50 seq.) which provides for the conversion of savings and loan
51 associations to savings banks and vice versa. Currently, a savings
52 and loan association is permitted to have as few as six members
53 on its board of directors. Under current law, a savings and loan
54 association converting its charter to a savings bank and having six

1 members on its board of directors or managers would have to
2 elect at least three more directors or managers. This bill would
3 enable a savings and loan association having a board made up of
4 fewer than nine members to continue with its current number of
5 board members upon completion of the conversion of its charter.

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10 _____
Makes certain changes with respect to managers of savings banks.

ASSEMBLY FINANCIAL INSTITUTIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1833

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 19, 1992

The Assembly Financial Institutions Committee favorably reports, with committee amendments, Assembly, No. 1833.

This bill reduces the minimum number of managers required to make up a board of managers of a savings bank from nine to five; changes the term of office of a manager from six years to three years; changes from a biennial to an annual election of managers; permits the board of managers of a savings bank to elect from its own members or otherwise such officers as it may see fit; permit savings banks which operate on a fiscal-year basis to hold their annual meetings within 120 days of the end of the fiscal year; and provides that the terms "director" and "board of directors" may be used to mean "manager" and "board of managers."

Amendments to the bill permit savings banks which operate on a fiscal-year basis to hold their annual meetings within 120 days of the end of the fiscal year.