§ 397. Number, qualifications and disqualifications of directors; oath; quorum; meeting of directors. 1. The affairs of every savings and loan association shall be managed and its corporate powers exercised by a board of directors, in number not less than seven nor more than fifteen, except that in the case of the merger of two or more savings and loan associations or one or more savings banks into a savings and loan association and if the merger agreement so provides, the authorized number of directors of the resulting association may be increased to not more than twenty-four, provided that thereafter the number of directors shall be reduced to fifteen by the elimination of one authorized office for every two vacancies that occur.

2. (a) All directors of a savings and loan association must be over the age of eighteen years and citizens of the United States.

(b) No person shall be eligible to election as a director of any savings and loan association

(1) Unless he is the owner in good faith and in his own right on the books of the association of shares having a book value of not less than two hundred dollars and every person elected a director, who, after such election shall hypothecate, pledge or cease to be the owner in his own right of such qualifying shares, shall thereby vacate his office, and shall not be eligible for re-election as a director for a period of one year from the date of the next succeeding annual meeting. Except as provided in paragraphs (c) and (d) of this subdivision, every person legally qualified and duly serving as a director at the time this act takes effect, may continue as such director until the expiration of the term for which he was elected or appointed, but shall not be eligible for re-election unless he shall meet the requirement of this subdivision.

(2) If he would, upon his election, become the third salaried full-time employee of the savings and loan association on its board of directors and if such board, with his election, would have twelve or less directors, or if he would, upon his election, become the fourth salaried full-time employee of the savings and loan association on its board of directors and if such board, with his election, would have more than twelve directors; provided, however, that with the written approval of the superintendent, four salaried full-time employees may serve as

directors of a savings and loan association resulting from the merger of two or more savings and loan associations or from the merger of one or more savings banks into a savings and loan association if, immediately prior to such merger, each such person was a salaried full-time employee and a director or a trustee of a merging institution.

No director in office on April first, nineteen hundred sixty-eight, shall be ineligible for the office of director by reason of the provisions of subparagraph (2) of paragraph (b) of this subdivision.

(3) If: (a) Such person's spouse is a director or one of the five highest paid salaried officers of the association; (b) Such person or such person's spouse is the grandparent, parent, child, grandchild, brother, sister, aunt, uncle, nephew or neice of a director or one of the five highest paid salaried officers of the association; or (c) A director or one of the five highest paid salaried officers of the association is the spouse of such person's child, grandchild, brother or sister.

No director in office on September first, nineteen hundred seventy-one shall be ineligible for the office of director by reason of the provisions of subparagraph three of paragraph (b) of this subdivision.

(c) The bylaws of a savings and loan association may prescribe a maximum age beyond which no person shall be eligible for election to the board of directors, and may prescribe a mandatory retirement age of seventy-five years or less for directors, subject to the following limitations:

(i) No person shall be eligible for initial election as a director after December thirty-first, nineteen hundred sixty-eight who is seventy years of age or more; and

(ii) No person shall continue to serve as a director after December thirty-first, nineteen hundred seventy-three who is seventy-five years of age or more, and the office of any such director shall become vacant on the last day of the month in which such director reaches his seventy-fifth birthday or on December thirty-first, nineteen hundred seventy-three, whichever is the later.

(d) In the case of a savings and loan association which does not adopt a bylaw prescribing a mandatory retirement age for directors prior to

January first, nineteen hundred sixty-nine, or which does not maintain thereafter a bylaw prescribing such a mandatory retirement age, the office of a director of such savings and loan association shall become vacant on the last day of the month in which such director reaches his seventieth birthday, or on December thirty-first, nineteen hundred sixty-eight, whichever is the later.

3. Any director of a savings and loan association who shall default in any contractual payment on any obligation to such association for more than ninety days shall by reason of such default vacate his office as director and shall not be eligible for re-election for a period of one year from the date of the next succeeding annual meeting and until such default is cured.

4. Every director of any savings and loan association, before entering upon his duties as a director, shall take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable to such association, and that he is the owner in good faith and in his own right, of shares having a book value of not less than two hundred dollars standing in his name on the books of the association and that the same are not hypothecated, or in any way pledged as security for any loan or debt, and, in case of re-election or re-appointment, that such shares were not hypothecated, or in any way pledged as security for any loan or debt during his previous term. Such oath shall be subscribed by the director making it, certified by an officer authorized by law to administer oaths, and immediately transmitted to the superintendent.

5. In the absence of a provision in the by-laws providing for the number of directors necessary to constitute a quorum, a majority of the total number of directors which a savings and loan association would have if there were no vacancies shall constitute a quorum for the transaction of business or of any specified item of business. Any reference in this chapter to corporate action to be taken by the board shall mean such action at a meeting of the board. Except as otherwise provided in this chapter, the vote of a majority of the directors

present at the time of the vote, if a quorum is present at such time, shall be the act of the board.

6. (a) Unless otherwise provided in the by-laws, regular meetings of the board may be held without notice if the time and place of such meetings are fixed by the by-laws or the board. Special meetings of the board shall be held upon notice to the directors.

(b) The by-laws may prescribe what shall constitute notice of meetings of the board. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the board, unless required by the by-laws.

(c) Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him.

(d) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the by-laws so provide, notice of any adjournment of a meeting of the board to another time or place shall be given to the directors who were not present at the time of the adjournment and, unless such time and place are announced at the meeting, to the other directors.

7. Any officer elected or appointed by the board may be removed by the board, or his authority suspended by it, with or without cause. Such removal or suspension without cause, however, shall be without prejudice to his contract rights. The election or appointment of an officer shall not be deemed of itself to create contract rights. This subdivision does not affect the powers of the superintendent under section forty-one of this chapter.

8. Upon the petition of any shareholder aggrieved by an election, and upon notice to the persons declared elected thereat, the savings and loan association and such other persons as the court may direct, the supreme court at a special term held within the judicial district where the office of the savings and loan association is located shall forthwith hear the proofs and allegations of the parties, and confirm the election, order a new election, or take such other action as justice

may require.