



# State of Tennessee

## PUBLIC CHAPTER NO. 605

SENATE BILL NO. 2112

By Lundberg, Crowe

Substituted for: House Bill No. 2175

By Bricken, Todd, Powers, Byrd

AN ACT to amend Tennessee Code Annotated, Title 45 and Chapter 264 of the Public Acts of 2017, relative to banking institutions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 45-2-1305(b), is amended by deleting the first and second sentences and substituting the following:

Notice of the meeting of the stockholders must be given by mail at least fifteen (15) days before the date of the meeting to each stockholder of record of each merging bank at the stockholder's address on the books of the stockholder's bank, who has not waived notice in writing.

SECTION 2. Tennessee Code Annotated, Section 45-2-1412(b), is amended by deleting the subsection and redesignating the subsequent subsection.

SECTION 3. Tennessee Code Annotated, Section 45-2-401(a), is amended by deleting the subsection and substituting the following:

(a)(1) The affairs of a state bank must be managed by a board of directors, which shall exercise its powers and be responsible for the discharge of its duties.

(2) The charter or bylaws may establish a variable range for the size of the board of directors by fixing a minimum of not less than five (5) members and a maximum of not more than twenty-five (25) members. If a variable range is established, then the number of directors may be fixed or changed from time to time, within the minimum and maximum, by the shareholders or the board of directors; however, unless the charter or bylaws provide otherwise, only the shareholders may change the range for the size of the board or change from a fixed to a variable-range size board or vice versa.

(3) Each bank director must, during each director's whole term of service, be a citizen of the United States.

(4) A majority of the directors must reside in a state in which the bank has a branch location or within one hundred (100) miles of the location of any branch, for at least one (1) year immediately preceding their election and during their term of service as a director. However, the commissioner may waive the residency requirement of this subdivision (a)(4) if the commissioner finds that:

(A) The business experience and ability of each proposed director is relevant to the bank, its market, and the type of services the bank provides or intends to provide; and

(B) The waiver of the residency requirement will support the safety and soundness of the bank.

(5) The bylaws of the bank may specify other qualifications for directors.

(6) Any director who becomes disqualified shall resign the office, but, upon removal of the disqualification, is eligible for election. The board of directors or the commissioner may remove a director who is disqualified. An action taken by a director prior to resignation or removal is not subject to attack on the ground of the director's disqualification.

SECTION 4. Tennessee Code Annotated, Section 45-2-218, is amended by adding the following language as a new subsection:

(g) Notwithstanding any law to the contrary, the name, address, and zip code of each incorporator does not need to be set forth in a restated charter.

SECTION 5. Tennessee Code Annotated, Section 45-2-616(b), is amended by deleting the subsection and substituting the following:

(b) Each bank shall retain for a period of seven (7) years the minute books of meetings of its stockholders and directors, capital stock ledger and capital stock certificates ledger or stubs, general ledger, daily statements of condition, general journal, investment ledger, and copies of bank examination reports.

SECTION 6. Tennessee Code Annotated, Section 45-10-103(8), is amended by deleting the language "federal,".

SECTION 7. Tennessee Code Annotated, Section 45-2-703, is amended by deleting subsection (g) and substituting the following:

(g) Without incurring any liability, any bank may, but is not required to, remove a joint owner on a multiple-party deposit where two (2) or more persons are joint tenants with right of survivorship upon the written request of another person designated as a joint owner of the account.

(h) Subsections (c)-(g) do not apply to any accounts in existence prior to January 1, 1989.

SECTION 8. Tennessee Code Annotated, Section 45-2-703(e), is amended by adding the following as a new subdivision:

(5) Absent a specific designation in the account documents referenced in subsection (d) that an account holds funds of a tenancy by the entirety, funds deposited into an account held by spouses in accordance with this section are not held by a tenancy by the entirety.

SECTION 9. Chapter 264 of the Public Acts of 2017, is amended by deleting the language "Section 1 of this act shall be repealed on June 30, 2022." in Section 7 of the act.

SECTION 10. This act shall take effect upon becoming a law, the public welfare requiring it.

SENATE BILL NO. 2112

PASSED: March 12, 2020

  
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RANDY McNALLY  
SPEAKER OF THE SENATE

  
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CAMERON SEXTON, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 20<sup>th</sup> day of March 2020

  
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BILL LEE, GOVERNOR