

HOUSE No. 1252

The Commonwealth of Massachusetts

PRESENTED BY:

Demetrius J. Atsalis

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to third party assistance to trustees and further regulating trust instruments.

PETITION OF:

NAME:

Demetrius J. Atsalis

DISTRICT/ADDRESS:

Second Barnstable

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 1302 OF 2007-2008.]

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO THIRD PARTY ASSISTANCE TO TRUSTEES AND FURTHER REGULATING TRUST INSTRUMENTS.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority
of the same, as follows:*

1 Chapter 203 of the General Laws, as appearing in the 2006 Official Edition, is hereby amended by
2 inserting after Section 14B, the following two new sections:

3 Section 14C. With respect to a third person dealing with a trustee or assisting a trustee in the conduct of a
4 transaction, if the third person acts in good faith and for a valuable consideration and without actual knowledge that
5 the trustee is exceeding the trustee's powers or improperly exercising them:

6 (a) The third person is not bound to inquire whether the trustee has power to act or is properly exercising a
7 power and may assume without inquiry the existence of a trust power and its proper exercise.

8 (b) The third person is fully protected in dealing with or assisting the trustee just as if the trustee has and is
9 properly exercising the power the trustee purports to exercise.

10 Section 14D. (a) A third person may receive a certification of trust in lieu of receiving a copy of the trust
11 instrument to establish the existence or terms of the trust. A certification of trust may be executed voluntarily or at
12 the request of the person with whom the trustee is dealing.

13 (b) The certification of trust may confirm the following facts or contain the following information:

14 (1) The existence of the trust and date of execution of the trust instrument.

15 (2) The identity of the settlor or settlors of the trust.

16 (3) The identity of the currently acting trustee or trustees of the trust.

17 (4) The powers of the trustee.

18 (5) The revocability or irrevocability of the trust and the identity of any person holding any power to revoke
19 the trust.

20 (6) When there are multiple trustees, the signature authority of the trustees, indicating whether all or less than
21 all of the currently acting trustees are required to sign in order to exercise various powers of the trustee.

22 (7) The trust identification number, whether a social security number or an employer identification number.

23 (8) The manner in which title to trust assets should be taken.

24 (c) The certification shall contain a statement that the trust has not been revoked, modified, or amended in
25 any manner which would cause the representations contained in the certification of trust to be incorrect and shall
26 contain a statement that it is being signed by all of the currently acting trustees of the trust. The certification shall be
27 in the form of an acknowledged declaration signed by all currently acting trustees of the trust.

28 (d) The certification of trust shall not be required to contain the dispositive provisions of the trust which set
29 forth the distribution of the trust estate.

30 (e) A person may require that the trustee offering the certification of trust provide copies of those excerpts
31 from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee
32 the power to act in the pending transaction. Nothing in this section is intended to require or imply an obligation to
33 provide the dispositive provisions of the trust or the entire trust and amendments thereto.

34 (f) A person who acts in reliance upon a certification of trust without actual knowledge that the
35 representations contained therein are incorrect is not liable to any person for so acting and the reliant will be fully
36 protected and released to the same extent as though all such representations had been correct. A person who does not
37 have actual knowledge that the facts contained in the certification of trust are incorrect may assume without inquiry
38 the existence of the facts contained in the certification of trust. Actual knowledge shall not be inferred solely from
39 the fact that a copy of all or part of the trust instrument is held by the person relying upon the trust certification. Any
40 transaction, and any lien created thereby, entered into by the trustee named in the certification of trust and a person
41 acting in reliance upon a certification of trust shall be enforceable against the trust assets. However, if the person has
42 actual knowledge that such trustee is acting outside the scope of the trust, then the transaction is not enforceable
43 against the trust assets. Nothing contained herein shall limit the rights of the beneficiaries of the trust against the
44 trustee.

45 (g) A third person who acts in good faith pursuant to a certification under this section is not bound to ensure
46 the proper application of trust property paid or delivered to the recipient thereof.

47 (h) A person's failure to demand a certification of trust does not affect the protection provided that person by
48 section fourteen C, and no inference as to whether that person has acted in good faith may be drawn from the failure
49 to demand a certification of trust.

50 Nothing in this section is intended to create an implication that a person is liable for acting in reliance upon a
51 certification of trust under circumstances where the requirements of this section are not satisfied.