

HOUSE No. 3881

The Commonwealth of Massachusetts

In the Year Two Thousand Fourteen

An Act modernizing the banking laws and enhancing the competitiveness of state-chartered banks.

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

1 SECTION 1. Section 54 of chapter 44 of the General Laws, as appearing in the 2012
2 Official Edition, is hereby amended by striking out the first sentence and inserting in place
3 thereof the following sentence:—

4 Trust funds, including cemetery perpetual care funds, unless otherwise provided or
5 directed by the donor thereof, shall be deposited in a trust company, co-operative bank or savings
6 bank, if such bank or trust company is organized or exists under the laws of the commonwealth
7 or any other state of the United States or is otherwise authorized to transact business in the
8 commonwealth and has its main office or a branch office in the commonwealth; a national bank,
9 federal savings bank, federal savings and loan association, if such bank is authorized to transact
10 business and has its main office or a branch office in the commonwealth; provided that any such
11 state-chartered or federally chartered bank shall be insured by the Federal Deposit Insurance
12 Corporation or its successor; or invested by cities and towns in participation units in a combined
13 investment fund under section 38A of chapter 29 in an amount not exceeding \$250,000, or in
14 bonds or notes which are legal investments for savings banks.

15 SECTION 2. Said chapter 44 is hereby further amended by striking out section 55A, as
16 so appearing, and inserting in place thereof the following section:—

17 Section 55A. A city, town, district or regional school district officer receiving public
18 money and lawfully and in good faith and in the exercise of due care depositing the same in a
19 trust company, co-operative bank or savings bank, if such bank or trust company is organized or
20 exists under the laws of the commonwealth or any other state of the United States or is otherwise
21 authorized to transact business in the commonwealth and has its main office or a branch office in
22 the commonwealth; a national bank, federal savings bank or federal savings and loan association,

23 if such bank or association is authorized to transact business and has its main office or branch
24 office in the commonwealth; or in participation units in a combined investment fund under
25 section 38A of chapter 29, or, in the case of the city of Boston, in accordance with the provisions
26 of section 55 in a national bank or trust company in the city of New York, provided that any such
27 state-chartered or federally chartered bank shall be insured by the Federal Deposit Insurance
28 Corporation or its successor; shall not be personally liable to the city, town, district or regional
29 school district for any loss of such money by reason of the closing or liquidation of any such
30 depository institution described above.

31 SECTION 3. Section 83 of chapter 62C of the General Laws, as appearing in the 2010
32 Official Edition, is hereby amended by striking out, in lines 68 to 69, the words:— or
33 comparable reports filed with the office of thrift supervision.

34 SECTION 4. Section 34 of chapter 93 of the General Laws is hereby repealed.

35 SECTION 5. Section 1 of chapter 140D of the General Laws, as appearing in the 2012
36 Official Edition, is hereby amended by striking out the seventh paragraph and inserting in place
37 thereof the following paragraph:—

38 “Bureau”, the bureau of consumer financial protection.

39 SECTION 6. Subsection (a) of section 3 of chapter 140D of the General Laws, as
40 appearing in the 2012 Official Edition, is hereby amended by inserting at the end thereof the
41 following two paragraphs:—

42 If a provision of the federal Truth in Lending Act 15 USC 1601 et seq., the bureau’s
43 Regulation Z and the Official Staff Commentary and all disclosures and model forms provided
44 by a creditor thereunder is in conflict with a provision of this chapter or 209 CMR 32.00 et seq.,
45 and if the commissioner does not deem said federal provision to be substantially less consumer
46 protective, the commissioner may waive, in writing, the provision of this chapter or 209 CMR
47 32.00 et seq. The waiver shall be filed with the state secretary and shall, unless otherwise
48 provided by law, become effective on the sixtieth day following the date of the filing. A copy of
49 the waiver shall be filed simultaneously with the committee on financial services of the general
50 court.

51 Provisions of the federal Truth in Lending Act 15 USC 1601 et seq. and regulations by
52 the bureau on Truth in Lending shall be complied with by creditors in the Commonwealth unless
53 and until the commissioner promulgates regulations that are substantially similar to or afford
54 more protection to consumers than those issued by the bureau.

55 SECTION 7. Section 3 of said chapter 140D, as so appearing, is hereby amended by
56 striking out, in lines 13, 16, 21 and 23, the word “board”, and inserting in place thereof the
57 word:— bureau.

58 SECTION 8. Section 18 of said chapter 140D, as so appearing, is hereby amended by
59 striking out, in lines 5 and 11, the word “board”, and inserting in place thereof the word:—
60 bureau.

61 SECTION 9. Section 19 of chapter 140D of the General Laws, as so appearing, is
62 hereby amended, by striking out, in line 3, the word “fifteen” and inserting in place thereof the
63 word:— fourteen.

64 SECTION 10. Section 22 of chapter 140D of the General Laws, as so appearing, is
65 hereby amended, by striking out, in line 43, the words “equal to or”.

66 SECTION 11. Section 31 of said chapter 140D, as so appearing, is hereby amended by
67 striking out, in line 6, the word “board” and inserting in place thereof the word:— bureau.

68 SECTION 12. Said chapter 140D is hereby amended by adding the following section:—

69 Section 36. The commissioner may take any action necessary, including but not limited
70 to promulgating regulations under chapter 30A to apply for or to preserve a determination by the
71 bureau or its successor agency that under the laws of this Commonwealth any class of credit
72 transactions within this Commonwealth is subject to requirements substantially similar to the
73 federal requirements and that there are adequate provisions for enforcement of such
74 requirements.

75 SECTION 13. Chapter 140E of the General Laws is hereby repealed.

76 SECTION 14. Chapter 167 of the General Laws is hereby amended by striking section
77 1A as appearing in the 2012 Official Edition, and inserting in place thereof the following
78 section:—

79 Section 1A. The commissioner shall promulgate rules and regulations establishing
80 minimum standards relative to the security and protection of credit unions under his supervision,
81 both for the benefit of employees as well as the general public, including the requirement for the
82 installation, maintenance and operation of security devices and procedures and to assist in the
83 identification and apprehension of criminals.

84 Said rules and regulations shall fix the time limit within which each such credit union
85 shall comply with the standards so established and may require the submission, in writing, of
86 periodic reports and other information necessary to ensure compliance with such rules and
87 regulations. A credit union which violates any rule or regulation promulgated pursuant to this
88 section shall forfeit to the commonwealth one hundred dollars for each day during which such
89 violation continues, to be recovered by an information in equity in the name of the attorney
90 general at the request of the commissioner, commenced in the supreme judicial court for Suffolk
91 county.

92 SECTION 15. Section 1B of chapter 167 of the General Laws is hereby repealed.

93 SECTION 16. Section 2 of chapter 167, as appearing in the 2012 Official Edition is
94 hereby amended by striking out, in line 5, the word “under” and inserting in place thereof the
95 words :--

96 under, or as authorized under subsection (d).

97 SECTION 17. Section 2 of chapter 167 of the General Laws, as appearing in the 2012
98 Official Edition, is hereby amended by striking out, in lines 54 to 55, the words “Office of Thrift
99 Supervision” and inserting in place thereof the words:— Bureau of Consumer Financial
100 Protection.

101 SECTION 18. Section 2 of said chapter 167, as so appearing, is hereby further amended
102 by adding the following subsection:—

103 (d) Notwithstanding the provisions of any general or special law to the contrary, the
104 commissioner may establish a tiered regulatory structure for the supervision and examination of
105 savings banks, co-operative banks and trust companies. The criteria for the tiered regulatory
106 structure may include, but need not be limited to, the following: asset size; level of capital;
107 balance sheet composition; the so-called CAMELS rating; record of performance under the
108 community reinvestment act; compliance with laws and regulations and such other factors as the
109 commissioner may determine. In establishing the tiered regulatory structure the commissioner
110 shall seek to effect cost reductions and reduce the regulatory burden for savings banks, co-
111 operative banks and trust companies. The commissioner may promulgate rules and regulations
112 to carry out the provisions of this subsection.

113 SECTION 19. Said chapter 167 as appearing is hereby amended by inserting after section
114 2G the following three sections:—

115 Section 2H. Notwithstanding any general or special law to the contrary, a savings bank,
116 co-operative bank or a trust company may engage in any activity or invest in any products or
117 services which are related or incidental to banking and not prohibited by law and do not pose a
118 substantial risk to the safety and soundness of the savings bank, co-operative bank or a trust
119 company with 30 days’ notice to the commissioner. Upon the expiration of the notice period
120 such a bank may engage in any such activity or invest in any such products or services. At the
121 time of the notice or at any time the notice is pending such a bank may request that the
122 commissioner waive and the commissioner may waive the remaining notice period. During the
123 notice period the commissioner may extend the notice period for 30 days for additional review.
124 During such extended period the commissioner may make no comment which would allow the
125 bank to proceed at the end of the period, or subject the bank’s activity or investment to such
126 terms and conditions as he may impose or deny the bank to proceed with any such activity or
127 investment.

128 Section 2I. A bank shall comply with the following federal laws and federal regulations
129 subject to the terms and conditions imposed by this section.

130 (a) The Expedited Funds Availability Act 12 USC 4001 et seq. and regulations
131 promulgated thereunder.

132 (b) The Federal Fair Credit Billing Act 15 USC 1666 to 1666j, inclusive and the
133 regulations promulgated thereunder.

134 (c) The Electronic Fund Transfer Act 15 USC 1693 et seq. and the regulations
135 promulgated thereunder but the maximum liability of a consumer under 15 USC 1693g shall be
136 limited to \$50.00.

137 (d) A bank shall comply with the regulations of a federal banking agency of which it is a
138 member or by which its deposits or accounts are insured which regulations govern the manner of
139 safeguarding the bank's monies and securities and the deposit of its securities or substantially the
140 same subject matter.

141 (e) A bank shall comply with the provisions of 12 CFR Part 326 which govern the
142 minimum security devices and procedures and Bank Secrecy Act compliance or other applicable
143 regulations of a federal banking agency of which the bank is a member or by which its deposits
144 or accounts are insured which regulations govern substantially the same subject matter.

145 (f) A bank shall comply with the provisions of 12 CFR Part 215 which govern loans to
146 executive officers, directors or principal shareholders of a bank or federal regulations of a federal
147 banking agency of which it is a member or by which its deposits or accounts are insured which
148 regulations govern substantially the same subject matter.

149 Notwithstanding the provisions of this section, the commissioner shall retain jurisdiction
150 over a bank to examine, supervise, take enforcement action against and assist consumers in
151 matters relative to compliance with the cited federal laws or federal regulations. Nothing in this
152 section shall affect the commissioner's jurisdiction relative to other federal laws or federal
153 regulations. For the purposes of this section, a bank shall mean a savings bank, a co-operative
154 bank or a trust company. A federal bank, a foreign bank and an out-of-state bank shall comply
155 with subsection (c).

156 Section 2J. A savings bank, co-operative bank or trust company, federal bank, out-of-
157 state bank, foreign bank or limited purpose trust company may request that specific information
158 in any application filed with the commissioner be treated as confidential. The following
159 information shall be eligible for confidential treatment: (i) personal information, the release of
160 which would constitute a clearly unwarranted invasion of privacy; (ii) commercial or financial
161 information, the disclosure of which could result in substantial competitive harm to the
162 submitter; (iii) information, the disclosure of which could seriously affect the financial condition

163 of any such bank. The commissioner may determine that certain information should be treated
164 as confidential and withhold that information from the public file.

165 If any such bank requests confidential treatment for information that the commissioner
166 determines is not eligible for confidential treatment, the commissioner may include that
167 information in the public file after notifying the bank.

168 SECTION 20. Said chapter 167 is hereby further amended by striking section 6 as
169 appearing and inserting in place thereof the following section:—

170 Section 6. The commissioner may prescribe the manner and form of keeping the books
171 and accounts of a bank, the extent to which they shall be audited and for a credit union, the
172 manner of safeguarding its money and securities and regulations under which credit union may
173 deposit its securities with savings banks, co-operative banks, trust companies or banking
174 associations for safekeeping.

175 SECTION 21. Section 15 of said chapter 167, as so appearing, is hereby amended by
176 striking out, in lines 17 to 18, the words “Federal Home Loan Bank Board” and inserting in place
177 thereof the words:— Board of Governors of the Federal Reserve System.

178 SECTION 22. Said chapter 167 is hereby further amended by striking section 15A and
179 15B as appearing and inserting in place thereof the following eleven sections:—

180 Section 15A. (a) As used in sections 15A to 15K, inclusive, the term "legal list" or "legal
181 investments" shall mean the list of securities approved for investment by the commissioner.

182 (b) On or before July 1 of each year, the commissioner shall prepare a list of all stocks,
183 bonds, notes and other interest-bearing obligations which are then legal investments under any
184 provision of sections 15B through 15K, inclusive, provided that all privately placed or held
185 issues may, in the discretion of the commissioner, be omitted. An entity issuing such an
186 instrument shall identify itself directly to the commissioner as being eligible to be included on
187 such list under the authorities specified in section 15E through 15K, inclusive, provided however
188 that the commissioner shall have the discretion as to whether to add any such entity and
189 instrument to the list. Such list shall include the name of any investment fund, approved by the
190 commissioner, which invests only in such stocks, bonds, notes and other interest bearing
191 obligations. The shares of any such investment fund so approved shall be legal investments
192 pursuant to this section to the same extent as any such stocks, bonds, notes and other interest
193 bearing obligations. Said list shall at all times be public. In the preparation of any list hereunder
194 which the commissioner is required to prepare or furnish, he may employ such expert assistance
195 as he deems proper or may rely upon information contained in publications which he deems
196 authoritative in reference to such matters, and he shall be in no way held responsible or liable for
197 the omission from such list of the name of any state or political subdivision or authority thereof
198 or of any corporation or association the stocks, bonds, notes or other interest bearing obligations

199 of which conform or any investment fund which conforms to this chapter, or for the omission of
200 any investment funds, stocks, bonds, notes or other interest bearing obligations which so
201 conform; nor shall he be held responsible or liable for the inclusions in such list of any such
202 names or of any investment funds, stocks, bonds, notes or other interest bearing obligations
203 which do not so conform.

204 (c) Officers and members of a board of a bank or credit union may rely upon the legal list
205 referred to in this section as representing an accurate listing of investment funds, stocks, bonds,
206 notes and other interest bearing obligations eligible for investment by it; and no such officer or
207 member shall be personally liable for any loss incurred by such bank arising from the purchase in
208 good faith of any shares in an investment fund or security appearing on said list at the time of
209 such purchase.

210 (d) Subsequent to the annual preparation of such list, the commissioner may add the
211 name of any investment fund which meets the requirements of this section.

212 (e) Before making any such investment under this section an entity shall conduct an
213 appropriate level of due diligence to determine if an investment is both permissible and
214 appropriate. This may include both internal as well as external analysis. For debt instruments,
215 such analysis shall not rely solely on one or more credit rating agencies and such entity shall
216 determine that such instrument has both a low risk of default by the obligor and that the full and
217 timely repayment is expected over the expected life of the investment.

218 Section 15B. (a) The list of legal investments prepared pursuant to section 15A may
219 include securities that are approved for investment in accordance with this section.

220 (b) The securities eligible for approval for investment under this section may include: (1)
221 interest bearing obligations of any state, county, city, town or district or any subdivision or
222 instrumentality thereof, and of any authority established under the laws of the United States or
223 any state, county, town or district, including obligations of any of the foregoing payable from
224 specified revenues; (2) interest bearing obligations of any corporation organized under the laws
225 of the United States or any state and of any association, the business of which is conducted or
226 transacted by trustees under a written instrument or declaration of trust, having its principal place
227 of business in the commonwealth, and (3) preferred and common stock of any corporation
228 described in the foregoing clause (2). Obligations to be eligible pursuant to clauses (1) and (2)
229 shall have an initial offering of at least \$50,000,000 and be rated at least a single A.

230 (c) Upon application by 3 credit unions which have been chartered pursuant to chapter
231 171, which have submitted in such form and under such conditions as the commissioner may
232 require, requesting authority to invest their deposits and the income derived therefrom in any of
233 the interest bearing obligations or stocks referred to in paragraph 1 of this section, said credit
234 unions may request the commissioner, in such form and under such conditions as in his

235 discretion he may require, authorize, notwithstanding any general or special law to the contrary,
236 the investment in any such interest bearing obligations or stock.

237 (d) If the commissioner grants such authority he shall forthwith add the name of such
238 investment to the list provided for in section 15A. At any time thereafter the commissioner may,
239 on his own initiative, revoke such authority.

240 (e) If the commissioner shall have authorized investment in an issue of bonds in
241 accordance with any of the provisions of this section, and if thereafter but before such
242 authorization shall have been revoked the issuer shall issue bonds the proceeds of which are to be
243 used solely to refund the issue previously authorized for investment or another issue of equal or
244 shorter maturity and of equal or prior security and if such new bonds shall be of equal security
245 with the previously authorized issue and of equal or shorter maturity the commissioner may
246 authorize investment in such refunding bonds, and thereafter may revoke such authority on his
247 own initiative. If the commissioner shall have authorized investment in an issue of bonds in
248 accordance with any of the provisions of this section, and if thereafter but before such
249 authorization shall have been revoked the issuer shall issue bonds of which at least 90 per cent of
250 the proceeds are to be used to refund the issue previously authorized for investment or another
251 issue of equal or prior security, the security for the new bonds is not less than that for the
252 previously authorized issue then the commissioner may authorize investment in such new bonds
253 and thereafter may revoke such authority on his own initiative.

254 (f) In determining that any investments authorized under the provisions of this section
255 should be included in the list of legal investments or deleted from said list, the commissioner
256 may employ such expert assistance as he deems proper or may rely upon information contained
257 in publications which he deems authoritative in reference to such matters.

258 (g) Not more than 10 per cent of the assets of such entity shall be invested in investments
259 authorized under this section.

260 Section 15C. An entity authorized to invest pursuant to section 15A or the legal list may
261 invest in bonds, notes or other interest bearing obligations of the following classes:

262 (1) direct obligations of the United States, or in such obligations as are unconditionally
263 guaranteed as to the payment of principal and interest by the United States;

264 (2) legally issued, assumed or unconditionally guaranteed bonds, notes or other interest
265 bearing obligations of the commonwealth, including legally issued bonds, notes or other
266 indebtedness of an entity established as a public instrumentality by general or special law;

267 (3) legally issued, assumed or unconditionally guaranteed bonds, notes or other interest
268 bearing obligations of any state of the United States other than this commonwealth, which has:
269 not within the 20 years prior to the making of such investment defaulted for a period of more

270 than 120 days in the payment of any part of either principal or interest of any legally issued or
271 assumed obligation; provided, that the full faith and credit of such state is pledged for the
272 payment of the principal and interest of such obligations;

273 (4) bonds, notes or other obligations issued or guaranteed as to both principal and interest
274 by the Dominion of Canada or any of its provinces provided, (a) that such bonds, notes or
275 obligations shall be payable in United States funds either unconditionally or at the option of the
276 holder thereof, and (b) that at the date of investment the said Dominion of Canada or the
277 applicable province of Canada shall not have been in default in the payment of interest or
278 principal of any of its obligations for a period in excess of 31 days at any time within the 20
279 years preceding such date of investment. Not more than 5 per cent of the assets of an entity
280 authorized to invest pursuant to section 15A or the legal list, so called, may be invested in
281 obligations authorized under this paragraph;

282 (5) bonds, notes or obligations issued, assumed or guaranteed by the International Bank
283 for Reconstruction and Development, the Inter-American Development Bank or the Asian
284 Development Bank containing an unconditional promise to pay, or an unconditional guarantee of
285 the payment of, the interest thereon regularly, and the principal thereof on or before a specified
286 date, in lawful currency of the United States; provided, that not more than 3 per cent of the assets
287 of an entity authorized to invest pursuant to section 15A or the legal list, so called, shall be
288 invested in such bonds, notes or obligations; and provided, further, that the commissioner may at
289 any time on his own initiative suspend the authorization granted by this paragraph for such
290 period or periods as he may determine; □

291 (6) obligations of, or instruments issued by and fully guaranteed as to principal and
292 interest by, the Federal National Mortgage Association, established under the National Housing
293 Act, as amended;

294 (7) debentures, bonds or other obligations issued by any federal home loan bank or
295 consolidated federal home loan bank debentures or bonds issued by the federal home loan bank
296 board under the Federal Home Loan Bank Act, as amended;

297 (8) debentures issued by the central bank for co-operatives or consolidated debentures
298 issued by said central bank and the 12 regional banks for co- operatives under the Farm Credit
299 Act of 1933, as amended;

300 (9) collateral trust debentures or other similar obligations issued by any federal
301 intermediate credit bank or consolidated debentures or other similar obligations issued by the
302 federal intermediate credit banks under the Federal Farm Loan Act, as amended;

303 (10) farm loan bonds issued by any federal land bank under the Federal Farm Loan Act,
304 as amended;

305 (11) promissory notes representing domestic farm labor housing loans authorized by
306 federal law when such notes are fully guaranteed as to principal and interest by the Farmers
307 Home Administration of the United States Department of Agriculture;

308 (12) bonds, notes or obligations issued, assumed or guaranteed by the Export-Import
309 Bank of the United States;

310 (13) obligations of any person, including any form of mortgage backed security, as to
311 which the payment of principal and interest according to the terms of such obligations is
312 guaranteed by the Government National Mortgage Association under the provisions of the
313 National Housing Act, as amended;

314 (14) certificates issued by the Federal Home Loan Mortgage Corporation representing
315 interests in mortgage loans made, acquired or participated in by the said Federal Home Loan
316 Mortgage Corporation; and

317 (15) system-wide obligations issued under the provisions of the Farm Credit Act of 1971,
318 as amended, by institutions included in the federal farm credit system.

319 Section 15D. An entity authorized to invest pursuant to section 15A or the legal list may
320 invest in bond, notes or other interest bearing obligations of the following classes:

321 (1) legally issued or assumed bonds, notes or other interest bearing obligation of a
322 county, city town or legally established district of this commonwealth; and

323 (2) legally issued or assumed bonds, notes or other interest bearing obligation of a county
324 city town or legally established district of this commonwealth; provided, however, that this
325 provision shall not authorize investments in obligations of any city or town situated outside the
326 commonwealth which has been in default for more than 120 days in the payment of any part of
327 principal and interest of all bonds notes or other interest bearing obligations legal for investment
328 under any provision of this section.

329 The full faith and credit of the county, city, town or district shall be pledged for the full
330 payment of principal and interest of all bonds, notes or other interest bearing obligations legal for
331 investment under any provision of this section.

332 Section 15E. (a) An entity authorized to invest pursuant to section 15A or the legal list
333 may invest in bonds, notes or other interest bearing obligations of railroad corporations subject to
334 the conditions, limitations and requirements of this section.

335 (b) With respect to bonds, such obligations shall be those of a railroad incorporated in the
336 United States or any state thereof and which is doing business principally within the United
337 States and shall contain an unconditional promise to pay the interest thereon regularly and to pay
338 the principal at a specified date, which promise may be modified, if at all, only by vote of

339 holders of at least 75 per cent in amount of such bonds. Not more than 20 per cent of the assets
340 of such entity shall be invested in such railroad obligations.

341 (c) Investments in railroad equipment obligations shall be those of, or guaranteed by, a
342 railroad incorporated in the United States or any state thereof and which is doing business
343 principally within the United States.

344 Section 15F. (a) As used in section 15F and 15G, the term "bond" includes a note or
345 debenture.

346 (b) An entity authorized to invest pursuant to section 15A or the legal list may invest in
347 the bonds of any company which at the time of such investment is incorporated under the laws of
348 the United States or any state thereof, or the District of Columbia, and authorized to engage, and
349 engaging, in the business of furnishing telephone service in the United States, subject to the
350 following conditions: (1)The bonds shall be part of an original issue of not less than \$25,000,000
351 in principal amount when the company is not incorporated in the commonwealth; and (2) not
352 more than 20 per cent of the assets of such entity shall be invested in the bonds of telephone
353 companies.

354 Section 15G. (a) An entity authorized to invest pursuant to section 15A or the legal list
355 may invest in bonds, notes or other interest bearing obligations of a gas, electric light or water
356 company incorporated or doing business in this commonwealth and subject to the control and
357 supervision thereof.

358 (b) An entity authorized to invest pursuant to section 15A or the legal list, so called, may
359 invest in the bonds of any company which at the time of such investment is incorporated under
360 the laws of the United States or any state thereof, or the District of Columbia, and transacting the
361 business of supplying electrical energy or artificial gas, or natural gas purchased from another
362 company and supplied in substitution for, or in mixture with, artificial gas, for light, heat, power
363 and other purposes, or transacting any or all of such business. The bonds shall be part of an
364 original issue of not less than \$25,000,000 in principal amount.

365 (c) Not more than 25 per cent of the assets of such entity shall be invested in obligations
366 under this section, nor shall more than 4 per cent be invested in the obligations of any one such
367 company.

368 Section 15H. (a) An entity authorized to invest pursuant to section 15A or the legal list
369 may invest in the common stock of the following banking corporations and bank holding
370 companies subject to the conditions, limitations and requirements of this section.

371 (b) In the common stock, provided there is no preferred stock outstanding, of a bank in
372 stock form incorporated under the laws of and doing business within the commonwealth, or in
373 the common stock, provided there is no preferred stock outstanding, of a federally chartered bank

374 in stock form doing business within the commonwealth. Such state-chartered or federally-
375 chartered bank shall be well capitalized under bank regulatory criteria.

376 (c) In the common stock of a state-chartered bank or federally chartered bank doing
377 business anywhere within the United States, which is a member of the federal reserve system and
378 is well capitalized under bank regulatory criteria.

379 (d)(1) In the common stock of a bank holding company, as defined in chapter 167A,
380 provided such stock is received pursuant to an offer made by such bank holding company to
381 exchange shares of its common stock for shares of a bank in stock form incorporated under the
382 laws of the commonwealth or for shares of a federally-chartered bank doing business in the
383 commonwealth, or provided that such stock is received pursuant to a plan for the merger or
384 consolidation of any such bank with or into, or the transfer, sale or exchange of property or of
385 assets of such bank or with a bank in stock form incorporated under the laws of this
386 commonwealth or a federally- chartered bank doing business in this commonwealth the stock of
387 such bank, as the case may be, is at the time owned by such bank holding company.

388 (2) In the common stock of a bank holding company, as defined in chapter 167A,
389 acquired otherwise than as set forth in the foregoing provisions of clause (a), or in the common
390 stock of a bank holding company, as defined in the federal Bank Holding Company Act of 1956.
391 The holding company shall own 80 per cent or more of the voting stock of the qualifying bank. If
392 at any time after an investment in the common stock of any such bank holding company, no bank
393 of such holding company meets the requirements of paragraph 1 or 2, such holding company's
394 stock shall be disposed of within such reasonable time as the commissioner shall determine.

395 (e) In the common stock of a company as defined in chapter one hundred and sixty-seven
396 A or in the federal Bank Holding Company Act of 1956, provided such banking institution or
397 bank is of the kind referred to in paragraph 1 or 2 and such stock of such banking institution or
398 bank represents at least 50 per cent of such company's assets at book value at the end of its fiscal
399 year immediately preceding the date of investment or at the date of investment in the case of a
400 newly formed company.

401 Section 15I. Subject to applicable banking law, an entity authorized to invest pursuant to
402 section 15A or the legal list, so called, may purchase the whole or any part of the stock of a
403 savings bank, co-operative bank, federal savings and loan association or federal savings bank
404 provided that any such bank or association is well capitalized under bank regulatory criteria.

405 Section 15J. An entity authorized to invest pursuant to section 15A or the legal list, so
406 called, may invest in the capital stock of any insurance company authorized to conduct a fire and
407 casualty insurance business in the commonwealth, subject to the conditions, limitations and
408 requirements of this section.

409 No insurance stock shall be purchased if the cost thereof added to the cost of insurance
410 stocks and bank stocks already owned shall exceed $66 \frac{2}{3}$ per cent of the total of the assets of
411 such entity.

412 Section 15K. An entity authorized to invest pursuant to section 15A or the legal list, so
413 called, may invest in securities of any of the classes described below in this section.

414 Debentures, convertible debentures, notes or other evidences of indebtedness of (a) a
415 banking corporation in the common stock of which such corporation may invest pursuant to
416 paragraph 1 of section 15H; provided, that such entity authorized to invest pursuant to section
417 15A or the legal list, so called, is well capitalized under regulatory criteria, (b) a banking
418 corporation in the common stock of which such corporation may invest pursuant to paragraph 2
419 of said section 15H is well capitalized under regulatory criteria.

420 SECTION 23. Sections 38 to 39C, inclusive of said chapter 167 are hereby repealed.

421 SECTION 24. Section 40 of said chapter 167, as so appearing, is hereby amended by
422 striking out, in line 31 the words "Office of Thrift Supervision" and inserting in place thereof the
423 words:— Bureau of Consumer Financial Protection.

424 SECTION 25. Sections 43 and 43A of said chapter 167 are hereby repealed.

425 SECTION 26. Section 3 of chapter 167A, as appearing in the 2012 Official Edition, is
426 hereby amended by adding the following paragraph:—

427 The provisions contained in section 2 shall not apply to the acquisition by a bank holding
428 company, or a company or a banking institution which would become a bank holding company,
429 of a banking institution or other bank holding company is merged, consolidated, its assets
430 purchased or established on an interim basis simultaneously with the acquisition of the shares of
431 the banking institution or other bank holding company, and the company or bank holding
432 company is not operated by the acquiring bank holding company, company or banking
433 institution, as a separate entity other than as the survivor of the merger, consolidation or asset
434 purchase; and the transaction requires the approval of the commissioner under the General Laws.

435 The provisions of section 4 relative to the Massachusetts Housing Partnership Fund shall
436 apply to any transaction which but for the exemption provided for in this paragraph would have
437 been subject to such provisions. The commissioner shall not approve any transaction referred to
438 in clause (ii) until he has received notice from the Massachusetts Housing Partnership Fund that
439 satisfactory arrangements have been made under said section 4.

440 SECTION 27. Said chapter 167A is hereby further amended by adding the following
441 section:—

442 Section 8. A banking institution, a bank holding company, a company or a mutual
443 holding company defined in section 1 of chapter 167H may request that specific information in
444 any application filed with the board of bank incorporation shall be eligible for confidential
445 treatment. The following information generally is considered confidential: (i) personal
446 information, the release of which would constitute a clearly unwarranted invasion of privacy; (ii)
447 commercial or financial information, the disclosure of which could result in substantial
448 competitive harm to the submitter; (iii) information, the disclosure of which could seriously
449 affect the financial condition of any such banking institution, bank holding company, company
450 or mutual holding company. The board may determine that certain information should be treated
451 as confidential and withhold that information from the public file.

452 If any such banking institution, bank holding company, or company requests confidential
453 treatment for information that the board determines not to be confidential, the board may include
454 that information in the public file after notifying the banking institution, bank holding company,
455 company or mutual holding company.

456 SECTION 28. Chapter 167B of the General laws is hereby amended by striking out
457 section 1 as appearing in the 2012 Official Edition and inserting in place thereof the following
458 section:—

459 Section 1. The following words as used in this chapter, unless the context otherwise
460 requires, shall have the following meanings:—

461 “Accepted access device”, an access device to a consumer’s account for the purpose of
462 initiating electronic fund transfers when the consumer to whom such card, code, or other means
463 of access was issued has requested, received and signed a receipt for, or has signed, or has used,
464 or authorized another to use such card, code, or other means of access for the purpose of
465 transferring money between accounts or obtaining money, property, labor or services.

466 “Access device”, a card, code, or other means of access or any combination thereof, other
467 than a check, draft or similar paper instrument, by the use of which a consumer may initiate an
468 electronic fund transfer.

469 “Account”, demand deposit, negotiable withdrawal order account, savings deposit, share
470 account or other consumer asset account, other than an occasional or incidental credit balance in
471 an open end credit plan as defined in chapter one hundred and forty D, established primarily for
472 personal, family or household purposes, but such term does not include an account held by a
473 financial institution pursuant to a bona fide trust agreement.

474 “Bureau”, the bureau of consumer financial protection.

475 “Business day”, any day on which the offices of the consumer’s financial institution
476 involved in an electronic fund transfer are open to the public for carrying on substantially all of
477 its business functions.

478 “Central routing unit”, a facility where electronic impulses or other indicia of a
479 transaction originating at an electronic branch are received and are routed and transmitted to a
480 financial institution, or to a data processing center, or to another central routing unit, wherever
481 located.

482 “Commissioner”, the commissioner of banks.

483 “Consumer”, a natural person.

484 “Data processing center”, a facility, wherever located, at which electronic impulses or
485 other indicia of a transaction originating at an electronic branch are received and are processed in
486 order to enable the electronic branch to perform any authorized function.

487 “Electronic branch”, an electronic device, other than a telephone operated by a consumer,
488 through which a consumer may initiate an electronic fund transfer. Such term includes, but is not
489 limited to automated teller machines and cash dispensing machines. Such term does not include a
490 teller machine or similar device located on the premises of and operated solely by an employee
491 of a financial institution or a point-of-sale terminal as hereinafter defined.

492 “Electronic fund transfer”, any transfer of funds, other than a transaction originated by
493 check, draft, or similar paper instrument, which is initiated through an electronic branch
494 telephone instrument, or computer or magnetic tape or point-of-sale terminal so as to order,
495 instruct, or authorize a financial institution to debit or credit an account. Such term includes, but
496 is not limited to, point-of-sale transfers, automated teller machine transactions, direct deposits or
497 withdrawals of funds, and transfers initiated by telephone. Such term shall not include:

498 (a) check guarantee or authorization service which does not directly result in a debit or
499 credit to a consumer’s account.

500 (b) any transfer of funds, other than those processed by automated clearinghouse, made
501 by a financial institution on behalf of a consumer by means of a service that transfers funds held
502 at either Federal Reserve banks or other depository institutions and which is not designed
503 primarily to transfer funds on behalf of a consumer.

504 (c) any transfer, the primary purpose of which is the purchase or sale of securities or
505 commodities regulated by the Securities and Exchange Commission or the Commodities Futures
506 Trading Commission.

507 (d) any transfer under an agreement between a consumer and a financial institution which
508 provides that the institution will initiate individual transfers without a specific request from the

509 consumer, (1) between a consumer's accounts within the financial institution, such as a transfer
510 from a checking account to a savings account; (2) into a consumer's account by the financial
511 institution, such as the crediting of interest to a savings account, provided that the financial
512 institution shall be subject to clause (2) of section 7 and sections 20 and 21; or (3) from a
513 consumer's account to an account of the financial institution, such as a loan payment, provided
514 that the financial institution shall be subject to clause (1) of section 7 and sections 20 and 21.

515 (e) any transfer of funds which is initiated by a telephone conversation between a
516 consumer and an officer or employee of a financial institution which is not pursuant to a
517 prearranged plan and under which periodic or recurring transfers are not contemplated.

518 "Error", an error consists of:

519 (1) an unauthorized electronic fund transfer;

520 (2) an incorrect electronic fund transfer from or to the consumer's account;

521 (3) the omission from a periodic statement of an electronic fund transfer affecting the
522 consumer's account which should have been included;

523 (4) a computational error by the financial institution;

524 (5) the consumer's receipt of an incorrect amount of money from an electronic branch;

525 (6) a consumer's request for additional information or clarification concerning an
526 electronic fund transfer or any documentation required by this chapter; or

527 (7) any other error described in regulations of the commissioner.

528 "Financial Institution"; Any person who (a) directly or indirectly holds an account
529 belonging to a consumer, or (b) issues an access device and agrees with a consumer to provide
530 electronic fund transfer services; provided, however, that a person shall not include a co-
531 operative bank, a credit union, a federal bank, a foreign bank, an out-of-state bank, an out of state
532 federal bank, a savings bank or a trust company as defined in section 1 of chapter 167 and a
533 federal credit union and a foreign credit union as defined in chapter 171.

534 "Merchant", any person, corporation, association, partnership or other entity which
535 provides a location for a point-of-sale terminal and contracts with a financial institution or an
536 approved organization for electronic fund transfer services.

537 "Non-bank ATM provider", A person holding a consumer's account, providing or
538 making available electronic fund transfer services to consumers through a non-bank electronic
539 branch. The term shall not include a bank, a federal bank, an out-of-state bank and an out-of-
540 state federal bank as defined in section 1 of chapter 167 or a credit union, a federal credit union
541 and a foreign credit union as defined in section 1 of chapter 171.

542 “Non-bank electronic branch”, An electronic branch owned, leased or operated by a non-
543 bank ATM provider. A non-bank electronic branch shall not include a point of sale terminal
544 owned or operated by a merchant.

545 “Official bureau interpretation”, a formal interpretation issued by the bureau and
546 designated by the bureau as constituting an official bureau interpretation.

547 “Official staff interpretation”, an interpretation issued by an official duly
548 authorized by the bureau to issue such interpretation, and designated by the official as
549 constituting an official staff interpretation.

550 “Organization”, any person, corporation, association or partnership which assists or
551 provides services to a financial institution or merchant in order to make available electronic fund
552 transfers. A financial institution or merchant shall not be considered an organization.

553 “Point-of-sale terminal”, an electronic terminal located on the premises of a merchant
554 when such terminal is used with the assistance of an employee of a merchant for a customer’s
555 purchase or lease of goods or services sold or leased by such merchant or adjustments thereto or
556 the receipt of cash by the customer which is ancillary to the customer’s purchase or lease of
557 goods or services from such merchant; provided, however, that such terminal shall be deemed an
558 electronic branch for the purposes of this chapter whenever it is used for any other electronic
559 fund transfer, or for an electronic fund transfer involving a customer’s account held by an
560 organization, or for an electronic fund transfer solely for customers of a single financial
561 institution or bank holding company subject to the provisions of chapter 167A or the Bank
562 Holding Company Act of 1956, 12 USC 1841 et seq.

563 “Preauthorized electronic fund transfers”, an electronic fund transfer authorized in
564 advance to recur at substantially regular intervals.

565 “Unauthorized electronic fund transfer”, an electronic fund transfer from a consumer’s
566 account initiated by a person other than the consumer without actual authority to initiate such
567 transfer and from which the consumer receives no benefit, but the term does not include any
568 electronic fund transfer (a) initiated by a person other than the consumer who was intentionally
569 furnished with the access device to such a consumer’s account by such a consumer unless the
570 consumer has notified the financial institution involved that transfers by such other person are no
571 longer authorized, (b) initiated with fraudulent intent by the consumer or any person acting in
572 concert with the consumer.

573 SECTION 29. Section 2 of said chapter 167B, as so appearing, is hereby amended by
574 striking out, in lines 5, 7, 10, 18, 22, 25, 29, 31, 55, 71, and 73, the word “board”, and inserting
575 in place thereof the word:— bureau.

576 SECTION 30. Said section 2 of said chapter 167B is hereby further amended by striking
577 out, in lines 9, 10, 12, and 75 the word “board’s”, and inserting in place thereof the word:—
578 bureau’s.

579 SECTION 31. The second paragraph of section 3 of said chapter 167B, as so appearing,
580 is hereby amended by striking out the last sentence.

581 SECTION 32. Subsection (d) of section 20 of said chapter 167B, as so appearing, is
582 hereby amended by striking out paragraphs (1) and (2) and inserting in place thereof the
583 following two paragraphs:—

584 (1) any act done or omitted in good faith in conformity with any rule, regulation, or
585 interpretation thereof by the bureau or by the commissioner or in conformity with any
586 interpretation or approval by an official or employee of the bureau duly authorized by the bureau
587 to issue such interpretations or approvals under such procedures as the bureau may prescribe
588 therefor or in conformity with any advisory ruling by the commissioner; or

589 (2) any failure to make disclosure in proper form if a financial institution utilized an
590 appropriate model clause issued by the bureau or the commissioner, notwithstanding that after
591 such act, omission, or failure has occurred, such rule, regulation, interpretation, approval, or
592 model clause is amended, rescinded, or determined by judicial or other authority to be invalid for
593 any reason.

594 SECTION 33. Chapter 167B is hereby further amended by striking out section 24, as so
595 appearing, and inserting in place thereof the following section:—

596 Section 24. The commissioner of banks shall make an assessment in each fiscal year
597 against all electronic branches established and operated under the provisions of this chapter or
598 chapters 167C or 171. Said assessments shall be made a rates as shall be determined by the
599 commissioner as sufficient to produce revenue to reimburse the commonwealth for all costs and
600 expenses incurred by the division of banks for such fiscal year in meeting the requirements
601 imposed under this chapter, including, without limitation, costs and expenses incurred in
602 examining entities and organizations in their operations and use of electronic branches, in hiring
603 personnel, acquiring additional equipment and such other costs and expenses determined by the
604 commissioner as reasonable and necessary to meet such requirements.

605 In determining the rates of assessments, the commissioner shall consider the amounts of
606 the other assessments and fees paid by banks and credit unions to state and federal bank
607 regulators for the supervision, regulation and examination of their banking operations. The rate
608 of the assessment on such banks and credit unions shall not exceed fifty percent of the amount
609 assessed by the commissioner on non-bank ATM providers for a non-bank electronic branch.

610 The owner or lessor of each electronic branch shall pay the assessment in a manner
611 determined by the commissioner.

612 The amount assessed annually under this section shall not be less than the average of the
613 amount assessed in the last three fiscal years.

614 For the purposes of this section, the word “bank” shall include a bank, a federal bank, an
615 out-of-state bank, and an out-of-state federal bank as defined in section 1 of chapter 167. The
616 term “credit union” shall mean a credit union, a federal credit union and a foreign credit union as
617 defined in section 1 of chapter 171.

618 SECTION 34. Chapter 167C of the General Laws is hereby amended by striking out
619 section 1, as appearing in the 2012 Official Edition, and inserting in place thereof the following
620 section:—

621 Section 1. As used in this chapter, the following words shall, unless the context otherwise
622 requires, have the following meanings:—

623 “Bank”, an association or corporation chartered by the commonwealth under chapter 168,
624 170 and 172.

625 “Commissioner”, the commissioner of banks.

626 “Electronic branch”, an electronic device, other than a telephone operated by a consumer,
627 through which a consumer may initiate an electronic fund transfer. Such term includes, but is not
628 limited to automated teller machines and cash dispensing machines. Such term does not include a
629 teller machine or similar device located on the premises of and operated solely by an employee
630 of a financial institution or a point-of-sale terminal as hereinafter defined. An electronic branch
631 shall not be considered a main office or a branch office in this chapter.

632 “Financial institution”, a bank, federal bank, foreign bank, out-of-state bank, out-of-state
633 federal bank or any other person who (a) directly or indirectly holds an account belonging to a
634 consumer, or (b) issues an access device and agrees with a consumer to provide electronic fund
635 transfer services; provided, however, that said term shall mean a bank for the purposes of the
636 first, second and third paragraphs of section 3 and for the purposes of section 4.

637 “Foreign bank”, an association or corporation authorized to do a banking business in the
638 commonwealth, the main office of which is located outside the commonwealth, and which exists
639 by authority of a country other than the United States.

640 “Governing board”, the board of directors, the board of trustees or similar board of a
641 bank.

642 “Organization”, any person, corporation, association of partnership which assists or
643 provides services to a financial institution or merchant in order to make available electronic fund
644 transfers. A financial institution or merchant shall not be considered an organization.

645 “Out-of-state bank”, an association or corporation authorized to do a banking business in
646 the commonwealth, the main office of which is located outside the commonwealth, and which
647 exists by the authority of a state of the United States except the commonwealth.

648 “Out-of-state branch”, a branch of a bank located outside the commonwealth.

649 “Out-of-state federal bank”, a national banking association, savings and loan association
650 or savings bank that exists by authority of the United States, the main office of which is located
651 outside the commonwealth.

652 “Point-of-sale terminal”, an electronic terminal located on the premises of a merchant
653 when such terminal is used with the assistance of an employee of a merchant for a customer’s
654 purchase or lease of goods or services sold or leased by such merchant or adjustments thereto or
655 the receipt of cash by the customer which is ancillary to the customer’s purchase or lease of
656 goods or services from such merchant; provided, however, that such terminal shall be deemed an
657 electronic branch for the purposes of this chapter whenever it is used for any other electronic
658 fund transfer, or for an electronic fund transfer involving a customer’s account held by an
659 organization, or for an electronic fund transfer solely for customers of a single financial
660 institution or bank holding company subject to the provisions of chapter one hundred and sixty-
661 seven A or the Bank Holding Company Act of 1956, 12 USC 1841 et seq.

662 SECTION 35. Chapter 167C is hereby further amended by striking out section 2, as so
663 appearing, and inserting in place thereof the following section:—

664 Section 2. The main office of a bank shall be in the town specified in its charter or in its
665 agreement of association, or in such other town to which the office has been lawfully moved or
666 to which it may be moved as provided in this section. The location of the main office of a bank
667 may be changed to a point in the town of its location or to another town within the
668 commonwealth with the written consent of the commissioner. The business conducted by a bank
669 at its main office shall include one of the following transactions: receiving deposits; paying
670 withdrawals; or making loans.

671 SECTION 36. Paragraph 4 of section 3 of Chapter 167C, as so appearing, is hereby
672 amended by striking out the first sentence.

673 SECTION 37. Said chapter 167C is hereby further amended by striking out section 6, as
674 so appearing, and inserting in place thereof the following section:—

675 Section 6. A bank, upon approval by the commissioner of an application therefor in
676 prescribed manner and form and in accordance with applicable law, may establish and maintain

677 branches through a merger or consolidation with or by the purchase of the whole or any part of
678 the assets or stock of a foreign bank, out-of-state bank or out-of-state federal bank. A request for
679 the approval by the commissioner shall be accompanied by an investigation fee the amount of
680 which shall be determined annually by the commissioner of administration under the provisions
681 of section 3B of chapter 7.

682 The offices of a foreign bank, out-of-state bank or out-of-state federal bank merged or
683 consolidated with or whose assets or stock were purchased pursuant to this section, may be
684 maintained as branch offices of the bank; but, the resulting branch outside the commonwealth
685 shall be considered to be an out-of-state branch and subject to the supervision of the
686 commissioner and the applicable laws of the jurisdiction in which the out-of-state branch is
687 located.

688 SECTION 38. Chapter 167C, as so appearing, is hereby further amended by adding the
689 following 6 sections:—

690 Section 12. After a vote of its board of trustees or directors, a bank, except as otherwise
691 provided in this section, may purchase, establish, install, operate, lease or use individually or
692 with any other financial institution or organization or share with any other financial institution or
693 organization any number of manned or unmanned electronic branches at which a customer may
694 make deposits, withdrawals, transfers of funds, obtain advances against preauthorized lines of
695 credit, cash checks or pay obligations, and any number of point-of-sale terminals; provided,
696 however, that withdrawals from such electronic branches, other than those located at an office of
697 a bank, shall be made only from a demand deposit account, negotiable withdrawal order account,
698 or statement account or against a preauthorized line of credit; and provided, further that the bank,
699 shall have applied for and obtained the approval of the commissioner for such electronic branch
700 except that a bank at whose office such electronic branch is located need not have applied for or
701 obtained such approval. The commissioner shall approve such application if, in his opinion, such
702 action will promote a sound banking system which provides for the needs of the people and
703 business, encourages competition, discourages monopolies and does not ignore legislative
704 policies.

705 There shall be no geographical limitation on the location of electronic branches which a
706 bank may purchase, establish, install, operate, lease or use individually or with any other
707 financial institution or organization or share with any other financial institution or organization;
708 provided, however, that the site location for such electronic branches, other than an electronic
709 branch located at an office of a financial institution or in another state, shall be subject to
710 approval by, and regulation of, the commissioner. An electronic branch may be located in a
711 mobile unit under such conditions and limitations as the commissioner, by regulation, shall
712 establish.

713 A bank shall adopt and maintain safeguards to insure the safety of a customer using the
714 electronic branch, to insure the safety of the funds, items and other information at the electronic
715 branch and to assist in the identification of criminals. The commissioner may promulgate rules
716 and regulations establishing minimum standards for such safeguards. Such safeguards shall be in
717 place and operational at the time such electronic branch begins to transact business; provided,
718 however, that such safeguards shall not apply to an electronic branch located at an office of a
719 bank.

720 No such electronic branch located at other than the office of a bank shall be manned or
721 operated at any time by an employee of any financial institution, holding company of a financial
722 institution or affiliate thereof, or any organization except on a temporary basis for the purpose of
723 instructing operators or customers, servicing the electronic branch or for the purpose of using
724 such electronic branch on said employee's own behalf.

725 Section 13. Any out-of-state bank or out-of-state federal bank, if such bank is expressly
726 authorized to do so by the laws under which it is organized and operates, may, upon approval by
727 the commissioner of an application thereof in prescribed manner and form, establish and
728 maintain branches through a merger or consolidation with or the purchase of assets or stock of
729 any Massachusetts bank; provided, however, that in each instance the laws of the jurisdiction in
730 which such out-of-state bank or out-of-state federal bank has its principal place of business
731 expressly authorize, under conditions no more restrictive than those imposed by this chapter as
732 so determined by the commissioner, a bank to exercise like authority therein.

733 Any such out-of-state bank shall, upon any such merger or consolidation with or purchase
734 the assets or stock of a bank, operate the same as a branch under the supervision of the
735 commissioner and in accordance with all applicable laws which govern such activities by banks.

736 Any out-of-state federal bank shall, upon such merger or consolidation with or purchase
737 of assets or stock of a bank, shall operate the same as a branch which shall be subject to all laws
738 of the commonwealth relative to community reinvestment, consumer protection, fair lending,
739 establishment of intra-state branches, and the application or administration of any tax or method
740 of taxation including, but not limited to, sections 1 to 14A of chapter 93 and applicable sections
741 of chapters 93A, 167 to 167J, inclusive, and all other applicable laws, including all rules and
742 regulations established thereunder pursuant to law, and to such other laws of the commonwealth
743 as are applicable to a national bank with its main office in the commonwealth.

744 Any such merger, consolidation or purchase of assets shall comply with all applicable
745 provisions of law relative to filing requirements of out-of-state non-banking corporations doing
746 business in the commonwealth. The commissioner shall not approve any such application if the
747 bank sought to be acquired has been in existence for a period of less than 3 years or if, as a result
748 thereof, the applicant would control in excess of 30 percent of the total deposits, exclusive of
749 foreign deposits, of all depository institutions in the commonwealth insured by the Federal

750 Deposit Insurance Corporation, or any successor corporation thereto; provided, however, that the
751 commissioner may waive either said age requirement or concentration limit, or both, if it is
752 deemed that economic conditions warrant granting such waiver. For the purposes of this section,
753 the term “foreign deposits” shall mean deposits received in a foreign country and deposits in
754 Edge and Agreement subsidiaries and international banking facilities.

755 Section 14. A foreign bank, out-of-state bank, or out-of-state federal bank, if such bank
756 does not operate a branch in the commonwealth, may, upon approval by the commissioner of an
757 application thereof in prescribed manner and form and in accordance with the requirements of
758 section 13 establish and maintain a branch de novo in the commonwealth or may purchase a
759 branch of a bank without purchasing the bank; provided, however, that in each instance the laws
760 of the jurisdiction in which such bank has its principal place of business expressly authorize,
761 under conditions no more restrictive than those imposed by this chapter as so determined by the
762 commissioner, a bank to establish therein a branch de novo or to acquire a branch of a bank
763 without acquiring the bank. Any foreign bank or out-of-state bank shall operate the same as a
764 branch under the supervision of the commissioner and in accordance with all applicable laws
765 which govern such activities by banks.

766 Any out-of-state federal bank shall operate the same as a federal branch which shall be
767 subject to all laws of the commonwealth relative to community reinvestment, consumer
768 protection, fair lending, establishment of intra-state branches, and the application or
769 administration of any tax or method of taxation including, but not limited to, sections 1 to 14A,
770 inclusive, of chapter 93, and the applicable sections of chapters 93A, 167 to 167J, inclusive, and
771 any other applicable laws, including all rules and regulations promulgated thereunder, and to
772 such other laws of the commonwealth as are applicable to a national bank with its main office in
773 the commonwealth.

774 Section 15. No foreign bank shall, except as herein provided, transact a banking business
775 in the commonwealth, other than as provided in this chapter; provided, however, that the
776 commissioner may, conditioned upon the performance of such requirements as to auditing as
777 commissioner may prescribe, grant a certificate authorizing the same to any such bank. The
778 commissioner, upon application thereof which shall be accompanied by an investigation fee, the
779 amount of which shall be determined annually by the commissioner of administration under the
780 provisions of section 3B of chapter 7, except that such fee shall not be less than \$10,000, may
781 grant such certificate in accordance with the provisions of this section. Any such bank
782 transacting banking business in the commonwealth pursuant to such certificate shall be subject to
783 the commissioner and shall comply with all laws of the commonwealth applicable to a bank.

784 In deciding whether or not to issue such certificate, the commissioner shall determine
785 whether the applicant is adequately capitalized, as defined in the Federal Deposit Insurance Act
786 12 USC 1811 et seq., whether competition among banking institutions will be unreasonably
787 affected and whether public convenience and advantage will be promoted. In making such

788 determination, the commissioner shall consider, but not be limited to, the applicant's record of
789 compliance with all applicable community reinvestment requirements and a showing of net new
790 benefits. For the purposes of this section, the term "net new benefits" shall mean initial capital
791 investments, job creation plans, consumer and business services including small business loans,
792 farm loans, commitments to maintain and open branch offices within a bank's delineated local
793 community, as such term is used within section 14 of chapter 167, and such other matters as the
794 commissioner may deem necessary or advisable.

795 The commissioner shall not issue such certificate until the commissioner has received
796 notice from the Massachusetts Housing Partnership Fund established by section 35 of chapter
797 405 of the acts of 1985, that arrangements satisfactory to such fund have been made for such
798 foreign bank to make ninety hundredths of one percent of its assets in the commonwealth
799 available for call by said fund for a period of 10 years for the purpose of providing loans to said
800 fund for financing, down payment assistance, share loans, closing costs and other costs related to
801 creating affordable rental housing, limited equity cooperatives and affordable home ownership
802 opportunities, and tenant management programs and tenant unit acquisition or ownership
803 programs in state funded public housing developments. All of the benefits and assistance
804 provided by said fund under funds made available by this section shall be to persons with
805 incomes of less than 80 percent of the area-wide median income as determined from time to time
806 by the United States Department of Housing and Urban Development; provided, however, that at
807 least 25 percent of such assistance shall be to persons with incomes of less than 50 percent of
808 said area-wide median income. All loans made to the fund by such banks shall be deemed to be
809 legal investments for such banks; provided, however, that (a) such loans shall be evidenced by
810 notes, or other evidence of indebtedness of the fund, which shall bear interest at rates approved
811 by the commissioner which shall be based upon the costs, not to include any so-called lost
812 opportunity costs, incurred by the bank in making funds available to the fund; provided,
813 however, that the fund may, by agreement with such bank, accept a reduction in the amount of
814 said call based upon a lower rate of interest; and (b) no loan to the fund shall be secured in any
815 manner unless all outstanding loans to the fund shall be secured equably and ratably in
816 proportion to the unpaid balance of such loans and in the same manner.

817 Said fund shall file with the commissioner a report subsequent to any call to borrow
818 funds pursuant to this section. Such report shall contain the total amount of the call, the
819 allocation of the call to each such bank, the amount loaned by each to the fund, and the rate of
820 interest thereon. Said report shall be filed within 60 days of any such call.

821 No such certificate shall be issued until the commissioner has received written assurances
822 from such foreign bank that a resident or residents of the commonwealth shall occupy a position
823 of an executive officer in any resulting bank or branch. For the purposes of this section, the term
824 "executive officer" shall have the same meaning as contained in section 4 of chapter 167A.

825 Section 16. Any foreign bank which has obtained a certificate issued by the
826 commissioner in accordance with section 15, if such bank is expressly authorized to do so by the
827 laws under which it is organized and operates, may, upon approval by the commissioner of an
828 application thereof in prescribed manner and form, establish and maintain branches through a
829 merger or consolidation with any bank or federal bank; provided, however, that in each instance
830 the laws of the jurisdiction in which such foreign bank has its principal place of business
831 expressly authorize, under conditions no more restrictive than those imposed by this chapter as
832 so determined by the commissioner, any bank or federal bank to exercise like authority therein.

833 Any foreign bank which establishes a branch through such merger, consolidation or
834 purchase of assets or stock of any bank, shall operate the same as a branch under the supervision
835 of the commissioner and in accordance with all applicable laws which govern such activities by
836 banks.

837 Any foreign bank which establishes a branch through such merger, consolidation or
838 purchase of assets or stock of any federal bank, shall operate the same as a federal branch which
839 shall be subject to all laws of the commonwealth relative to community reinvestment, consumer
840 protection, fair lending, establishment of intra-state branches, and the application or
841 administration of any tax or method of taxation including, but not limited to, sections 1 to 14A of
842 chapter 93 and applicable sections of chapters 93A, 167 to 167J, inclusive, and all other
843 applicable laws including all rules and regulations established thereunder pursuant to law, and to
844 other laws of the commonwealth as are applicable to a national bank with its main office in the
845 commonwealth.

846 Any merger, consolidation or purchase of assets shall comply with all applicable
847 provisions of law relative to filing requirements of out-of-state non-banking corporations doing
848 business in the commonwealth. The commissioner shall not approve any such application if the
849 bank or federal bank sought to be acquired thereby has been in existence for a period of less than
850 3 years or if, as a result thereof, the applicant would control in excess of 30 percent of the total
851 deposits, exclusive of foreign deposits, of all depository institutions in the commonwealth
852 insured by the Federal Deposit Insurance Corporation, or any successor corporation thereto;
853 provided, however, that the commissioner may waive either said age requirement or
854 concentration limit, or both, if it is deemed that economic conditions warrant granting a waiver.
855 For the purposes of this section, the term "foreign deposits" shall mean deposits received in a
856 foreign country and deposits in Edge and Agreement subsidiaries and international banking
857 facilities.

858 Section 17. The commissioner may, subject to any conditions as he may prescribe, grant
859 to an out-of-state bank, an out-of-state federal bank, or a foreign bank a certificate authorizing it
860 to act in a fiduciary capacity under the provisions, so far as applicable, of chapter 167G;
861 provided, however, that such bank is authorized so to act by the laws of the jurisdiction where its
862 principal office is located; and provided, further, that the laws of such jurisdiction, as determined

863 by the commissioner, grant a similar privilege or privileges to a bank. Any out-of-state bank, out-
864 of-state federal bank, or a foreign bank holding a certificate as aforesaid and appointed a
865 fiduciary shall be subject to the provisions of General Laws with respect to the appointment of
866 agents by fiduciaries and to the same taxes, obligations and penalties, with respect to its activities
867 as fiduciary and the property held by it in its fiduciary capacity, as banks, and no certificate shall
868 be issued to any out-of-state bank, out-of-state federal bank, or a foreign bank until it has filed
869 with the commissioner an agreement in writing in which it binds itself to perform said
870 obligations and pay any such taxes and penalties as aforesaid as may be levied or imposed upon
871 it in this commonwealth. A bank, to the extent only that it acts as fiduciary as hereinbefore
872 authorized, shall not be deemed to transact business in the commonwealth for the purposes of
873 sections 40 to 42, inclusive of chapter 167.

874 SECTION 39. The General Laws, as appearing in the 2012 Official Edition, is hereby
875 amended by striking out chapter 167D and inserting in place thereof the following chapter:—

876 CHAPTER 167D

877 DEPOSITS AND ACCOUNTS

878 Section 1. In this chapter, unless the context otherwise requires, the following words shall
879 have the following meanings:—

880 “Bank”, a savings bank, co-operative bank or trust company incorporated as such in the
881 commonwealth.

882 “Board”, the board of trustees or directors, as the case may be in a bank.

883 “Commissioner”, the commissioner of banks.

884 “Federally-chartered bank”, a national bank association, a federal savings and loan
885 association, a federal savings bank or a federal credit union authorized to do business in the
886 commonwealth.

887 Section 2. Every bank in its banking department shall, subject to any limitations imposed
888 by this chapter, have the following powers and whatever further incidental powers may fairly be
889 implied from those expressly conferred and such as are reasonably necessary to enable it to
890 exercise fully those powers according to common banking customs and usages:

891 1. To receive deposits as authorized by this chapter.

892 2. To receive on deposit, storage or otherwise, money, government securities, stocks,
893 bonds, coin, jewelry, plate, valuable papers and documents, evidences of debt, and other property
894 of any kind, upon such terms and conditions as may be agreed upon between the depositor and
895 the bank; and to collect and disburse, at the request of the depositor, the interest or income or
896 principal of said property upon terms to be prescribed by such bank.

897 Section 3. A bank may receive demand, time and other types of deposits without
898 limitation and upon such terms and conditions as may be agreed upon between the depositor and
899 the bank. Such deposits may include, but are not limited to:

900 (a) any bank or federally-chartered bank may receive deposits in the name of two or more
901 persons as joint tenants, payable to two or more persons or the survivor or survivors of them, and
902 any part or all of the deposits and interest represented by joint accounts may be withdrawn,
903 assigned or transferred in whole or in part by any of the individual parties. Payments to any of
904 the parties to a joint account while all of them are living shall discharge the liability of the bank
905 or federally chartered bank to all persons and, in the event of the death of any of them, the bank
906 or federally chartered bank shall be liable only to the survivor or survivors and the payment to
907 any of the survivors shall discharge the liability of the bank or federally chartered bank to all
908 persons.

909 The surviving owner or owners of a joint account may maintain the balance of the
910 account in the amount appearing at the time of the decease of a joint owner, and such bank or
911 federally chartered bank may allow interest additions and accumulations thereon.

912 Such deposits or any part thereof, or any interest thereon, may be paid to any of such
913 persons or to any assignee or pledgee of any of such persons, whether the other such persons be
914 living or not, provided they are not then attached at law or in equity in a suit against any such
915 person, and the bank or federally chartered bank then has no notice in writing of any assignment
916 or pledge of the account by any of such persons to any person other than the person to whom
917 payment is being made hereunder. All such payments shall be valid and discharge the liability of
918 the bank to all persons.

919 (b) Any bank or federally-chartered bank may receive deposits made by 1 or 2 persons in
920 trust for other natural persons, trusts or a charity or nonprofit organization recognized by the
921 Internal Revenue Service. The name and address and other pertinent identifying information of
922 the person or persons or entities for which such deposit is being made shall be disclosed and the
923 deposit shall be credited to the depositors as trustees for such persons or entities. Payments may
924 be made to the trustee, or if there are 2 trustees, to both or to either or the survivor. If no other
925 notice of the existence and terms of a trust has been received in writing by the bank or federally-
926 chartered bank upon the death of the trustee or, if there are 2 trustees, upon the death of both of
927 them, the amount then on deposit together with the interest thereon shall be paid to the persons or
928 entities that survive the death of the last surviving trustee in an equal portion of the funds for
929 which such deposit was made or to their legal representatives. Each person or entity claiming to
930 be a beneficiary under this subsection or their representative shall provide such identification and
931 other information as requested by the bank or federally-chartered bank. Withdrawals and
932 payments made in accordance with this subsection shall fully discharge the liability of the bank
933 or federally-chartered bank as to all persons or entities.

934 (c) Any bank or federally-chartered bank having funds on deposit in the name of a minor
935 may, unless in violation of a written agreement to which such bank or federally-chartered bank is
936 a party, pay the same in whole or in part directly to such minor, to his legal representative, to
937 either parent of such minor or to others on his written order; and any such payments shall
938 discharge the liability of such bank or federally-chartered bank to all persons to the extent of
939 such payment.

940 Section 4. (a) A bank may receive deposits into a deposit account held in the name of a
941 natural person and established for personal, family or household purposes. The deposits, interest
942 and other credits represented by the account may be withdrawn, assigned or transferred in whole
943 or in part by the account holder only, except as otherwise provided in this section.

944 (b) Notwithstanding subsection (a), a holder of the account may provide for limited
945 access to the account by another person to act as a signatory to the account pursuant to a
946 declaration of intent in the form of a written statement, signed and sworn to by the account
947 holder, evidencing his intent to designate another person as signatory to the account for the
948 purpose of exercising, on behalf of the account holder, such powers with respect to the account
949 as shall be expressed in the declaration.

950 The declaration of intent shall include the following:

951 (1) the name of the financial institution holding said account;

952 (2) the account number;

953 (3) the date of execution;

954 (4) the name and signature of the account holder; and

955 (5) the powers granted relative to the use of and withdrawals from the account by the
956 signatory.

957 (c) The provisions of the declaration relative to the account shall become effective upon
958 the filing of the declaration with the financial institution, if the following documents are
959 executed contemporaneously with, or on the same document as the declaration:

960 (1) a statement, signed by the signatory, accepting the appointment;

961 (2) a statement disclosing that any acts by a signatory relative to the account not
962 specifically authorized in the declaration of intent may subject the signatory to civil or criminal
963 liability;

964 (3) a statement, signed and sworn to by the signatory, acknowledging receipt of an
965 attested copy of the declaration of intent and the statement required by clause (2).

966 The declaration submitted to effect the establishment of the account, and documents
967 related thereto, shall be maintained by the financial institution with the records of the account.

968 (d) Unless otherwise provided in the declaration of intent, all assets of the account shall
969 be the property solely of the principal, and nothing in this section shall be construed to vest any
970 rights relative to the account in the signatory; and in the event of the death of the principal while
971 the declaration of intent is in effect, no right of survivorship shall accrue to a signatory.

972 (e) An amendment to or revocation of a declaration of intent, unless otherwise provided
973 in the declaration, may be effected only by the principal or by a court appointed fiduciary in
974 accordance with the intent of this section, and shall be filed forthwith with the financial
975 institution holding the account.

976 (f)(1) In the event of the incapacity or death of the principal, and receipt of written notice
977 by the financial institution holding the account, withdrawals shall not be permitted, except by a
978 court appointed fiduciary, unless otherwise provided for in the declaration of intent. Notice of the
979 death or incapacity of the principal of a limited access deposit account shall be given, in the case
980 of a bank or federally chartered bank, to the main office of the bank.

981 (2) A bank shall not be required to monitor the limited access deposit account in a
982 manner different from its other checking or savings accounts. A bank shall not be liable for
983 withdrawals and payments made by the signatory before it receives notice of amendments or
984 revocation of the declaration of intent, or before it receives notice of the death or incapacity of
985 the principal.

986 (g) A signatory to the account shall maintain accurate records of his activity as a
987 signatory and shall make the same available whenever requested to do so by the holder, his legal
988 representative, or by a court appointed fiduciary.

989 (h) A signatory who violates the terms of a declaration of intent, with intent to defraud,
990 and converts or secretes with intent to convert, the assets of the account, shall be guilty of
991 larceny and subject to penalties contained in section 30 of chapter 266.

992 Section 5. A natural person 18 years of age or under or 65 years of age or older may
993 choose 1 demand deposit account and 1 savings account which, in each instance, shall include a
994 joint account in which the spouse of the eligible depositor, regardless of age, is the joint tenant
995 therein or the joint tenant would otherwise be an eligible depositor, and which has been
996 established and used for personal, family or household purposes, upon which no service,
997 maintenance or other similar charge shall be imposed. No such account shall be subject to: (i) a
998 minimum balance requirement; (ii) a charge for a deposit or withdrawal; or (iii) a fee for the
999 initial order or subsequent refills of the basic line of checks offered by the bank, which shall
1000 include the name of the depositor. For the purposes of this section, the term "savings account"
1001 shall include a regular passbook, regular statement savings or regular NOW account, so-called. A

1002 savings account in trust for another person shall be covered by the notice, services, fee and
1003 charge provisions of this section only if the trustee is a person 18 years of age or under or 65
1004 years of age or older. A consumer shall notify a bank of his eligibility for such accounts and
1005 provide proof of age in a form acceptable to the bank. A bank may, however, assess a fee for
1006 certain services in accordance with the bank's published service charge schedule which shall
1007 include, stop payment orders, wire transfers, certified or bank checks, money orders, deposit
1008 items returned, transactions at electronic branches and through other electronic devices a
1009 reasonable charge, as determined by the commissioner, against any such account when payment
1010 on a check or other transaction on the account has been refused because of insufficient funds or
1011 paid despite insufficient funds. A bank shall post in each of its banking offices a notice
1012 informing consumers of the availability of the banking services prescribed by this section. A
1013 bank shall, in addition to the notice posting requirement, disclose annually to all depositors, in a
1014 manner of its choosing, the provisions of this section applicable to a person 18 years of age or
1015 younger or 65 years of age or older. For the purposes of this section, the term "check or other
1016 transaction" shall include, but not be limited to, a check for purposes of the Check Clearing for
1017 the 21st Century Act, 12 USC Sec. 5001 et seq., an electronic funds transfer as defined in section
1018 1 of chapter 167B or regulations thereunder or a transaction processed by an automated
1019 clearinghouse.

1020 Section 6. No bank shall assess any fee, charge or other assessment against any account,
1021 established for personal, family or household purposes, of a depositor who, as the payee of a
1022 check, draft or money order, of which the payee is not also the maker, deposits the same therein
1023 and payment on any such instrument is refused by the depository institution upon which it is
1024 drawn because of insufficient funds or because the maker thereof did not have an account at such
1025 depository institution; provided, further, that a bank may assess a reasonable fee, charge or
1026 assessment that represents its direct costs, as established annually by the commissioner of banks,
1027 incurred for processing such check, draft or money order.

1028 Section 7. A bank or federally-chartered bank which accepts a deposit for demand deposit
1029 or other account subject to withdrawal by negotiable or transferable instrument for the purpose of
1030 making a transfer to a third party shall, if requested by the depositor, provide without charge not
1031 less than 25 cancelled instruments or legible copies of the fronts and backs thereof per calendar
1032 year; but, if requested by a depositor who is blind the bank shall make additional
1033 accommodations to provide additional cancelled instruments or information thereon as is
1034 possible in accordance with the Check Clearing for the 21st Century Act, 12 USC 5001 et seq.,
1035 and regulations promulgated thereunder. Section 4-406 of chapter 106 shall be subject to this
1036 section.

1037 Section 8. No bank shall give collateral or other security for a deposit of money received
1038 in its banking department, except that such bank may make such a deposit of securities or satisfy
1039 and provision as may be required by the laws of the United States or the rules and regulations of
1040 any department, agency or instrumentality thereof as security for deposits of funds made by the

1041 United States or any department, agency or instrumentality thereof with such bank and may give
1042 such collateral or other security for deposits of public or other funds as may be required by any
1043 public authority making such deposits or controlling the terms upon which they may be made
1044 and except as provided in section 8 of chapter 167G.

1045 Section 9. Any bank or federally-chartered bank may establish an account to receive
1046 deposits from a lessor acting as a trustee for funds received and held by such trustee pursuant to
1047 paragraph (a) of subsection (3) of section 15 B of chapter 186. Such account may be established
1048 as required by said section 15 B for the purpose of holding security deposits taken by a lessor of
1049 residential dwelling units owned or managed by said lessor, but the terms of said account shall
1050 be such as to place said deposit beyond the claim of a creditor of the lessor, including a
1051 foreclosing mortgagee or trustee in bankruptcy, and as will provide for the transfer of said
1052 deposit to a subsequent owner of any property for which such security deposit was taken. Interest
1053 accruing on said deposit shall be paid to the lessor pursuant to the terms of the deposit.
1054 Withdrawals and payments made by the corporation from said account shall discharge the
1055 liability of said corporation to all persons.

1056 Section 10. Any bank or federally-chartered bank may establish an account or accounts to
1057 receive deposits from a manager or managing agent acting as a trustee for funds received and
1058 held by such trustee pursuant to paragraph (2) of subsection (f) of section 10 of chapter 183A.
1059 Such account or accounts may be established as required by said section ten for the purpose of
1060 holding condominium funds taken by a manager or managing agent, but the terms of said
1061 account or accounts shall be such as to place said deposit beyond the claim of a creditor of the
1062 manager or managing agent, including a foreclosing mortgagee or trustee in bankruptcy, and as
1063 will provide for the transfer of said deposit to the organization of unit owners or subsequent
1064 manager or managing agent, as determined by the organization of unit owners. Interest accruing
1065 on said deposit shall be paid to the organization of unit owners pursuant to the terms of the
1066 deposit. Withdrawals and payments made by the bank or federally chartered bank from said
1067 account or accounts shall discharge the liability of said bank or federally chartered bank to all
1068 persons.

1069 Section 11. When a passbook or other instrument as evidence of a depositor's account
1070 issued by any bank has been lost, stolen or destroyed, the person in whose name it was issued, or
1071 in the case of a joint account, by the joint owners thereof may make written application to such
1072 bank for payment of the amount of the deposit represented by said book or other instrument or
1073 for issuance of a duplicate book or other instrument therefor. The application shall include an
1074 affidavit signed and sworn to that the person, or persons, making such application is a lawful
1075 owner, or are the lawful owners, of said passbook or other instrument, that said passbook or
1076 other instrument has been lost, stolen or destroyed, and that no lawful owner has, in any way,
1077 transferred, pledged or assigned said passbook or other instrument or any interest in the deposits
1078 therein. The application shall further include an agreement, in writing, to indemnify the bank
1079 from and against any and all claims, expenses and liabilities in any way resulting from the bank's

1080 action on the application by the payment of amounts due on said passbook or other instrument or
1081 by the issuance of a duplicate book or other instrument therefor. All signatures contained with
1082 such application shall be duly notarized. Upon receipt of such application, the bank may pay the
1083 amount due on said passbook or other instrument or may issue a duplicate book or other
1084 instrument therefor. The provisions of this section shall apply to passbooks and other instruments
1085 issued by a bank which subsequently has merged in, consolidated with or transferred its deposit
1086 liabilities to another bank.

1087 When payment is made or a duplicate book or other instrument is issued in accordance
1088 with this section and after presentation of reasonable identification, a bank shall not be liable to
1089 any person on account of its action on the application, payments of the amount due on said
1090 passbook or other instrument or issuance of a duplicate book or other instrument therefor, except
1091 that a bank may be liable to a transferee, pledgee or assignee who, prior to such action, payment
1092 or issuance, has given the bank written notice of the transfer, pledge or assignment.

1093 Section 12. Deposits standing in the individual name of a deceased depositor of a bank or
1094 federally chartered bank shall be paid to his legal representative, but if the deposit does not
1095 exceed \$10,000 and there has been no demand for payment from a duly appointed executor or
1096 administrator, payment may be made, in the discretion of the treasurer or other duly authorized
1097 officer of the bank or federally chartered bank, or pursuant to special vote of its board, after the
1098 expiration of 30 days from the death of such depositor, to the surviving spouse of said deceased
1099 depositor or if there be no surviving spouse, to the next of kin of such deceased upon
1100 presentation of a copy of the decedent's death certificate and the surrender of the deposit book or
1101 other instrument, if any, evidencing the deposit. Any such bank or federally-chartered bank may
1102 pay an order, drawn by a person who has funds on deposit to meet the same, notwithstanding the
1103 death of the drawer, if presentation is made within thirty days after the date of such order, and at
1104 any time if the corporation has not received written notice of the death of the drawer; provided,
1105 however, that in either event, that such funds would, on the date of such payment, have been
1106 subject to withdrawal by the drawer if living. Payments made under authority of any provision of
1107 this section shall discharge the liability of the bank or federally chartered bank to all persons to
1108 the extent of such payments.

1109 Section 13. Whenever in the judgment of the board there is an unusual demand by such
1110 depositors for withdrawals the bank may, with the approval of the commissioner, and whenever
1111 in the opinion of the commissioner there is such an unusual demand the bank shall upon his
1112 order, require such a depositor to give written notice of his intention to withdraw the whole or
1113 any part of such deposits or to apply for a loan secured by such deposit, such notice to be for
1114 such period not exceeding 6 months, as may be determined by the commissioner, which period
1115 may, in his discretion, be extended but not beyond 1 year from the date of notice, and until such
1116 a requirement has been revoked by the commissioner, the foregoing limitations as to payments
1117 by way of withdrawal or loan applicable in case of a general requirement as aforesaid shall apply
1118 to such deposits.

1119 Such bank shall not advertise for such deposits in newspapers, by posters or other written
1120 solicitation, while any requirement of notice of intention to withdraw is in effect, unless the
1121 advertisement shall contain, in type not smaller than the largest type thereof, a statement that
1122 such deposits may not be paid out, by way of withdrawal or loan, except in accordance with the
1123 terms of the requirement, which terms shall be set forth in such statement.

1124 Section 14. Any agreement between a depositor and any bank which exculpates such
1125 bank when a deposit account, or any part thereof, is paid by such bank to a person unlawfully
1126 presenting a passbook, or other instrument as evidence of such account is hereby declared to be
1127 contrary to public policy and void.

1128 Section 15. Any designation of any beneficiary in connection with and as provided by an
1129 instrument intended to establish a pension, profit-sharing, or other deferred compensation or
1130 retirement plan, trust or custodial account described in one or more of the following sections of
1131 the Internal Revenue Code of the United States, and in effect from time to time, shall be effective
1132 according to its terms, notwithstanding any purported testamentary disposition allowed by
1133 statute, by operation of law or otherwise to the contrary; section 401(a), section 401(f), section
1134 403(b)(7), section 405(a), section 408(a), and section 408(h). Nothing in this section is intended
1135 to limit, by implication or otherwise, any nonstatutory right of an employee to designate one or
1136 more beneficiaries of the employee's interest under any retirement plan not described in this
1137 section or under any other employee benefit plan.

1138 Section 16. Whenever a bank as a consequence of a default of a debt owed to said bank
1139 by a depositor or shareholder, makes a transfer of funds of such depositor or shareholder to
1140 reduce or extinguish said debt, such depositor or shareholder shall be notified forthwith of such
1141 transfer by written notice sent by first class mail directed to his last known address; provided,
1142 however, that no such transfer shall be made if such debt is the result of consumer credit granted
1143 under the Truth-in-Lending act, 15 USC 1601 et. seq. A depositor or shareholder to whom such
1144 notice has not been sent shall be entitled to recover the amount of any actual damages.

1145 Section 17. A person indebted to a bank may, when proceeded against for the collection
1146 of such indebtedness or for the enforcement of any security therefor, set off or recoup the amount
1147 of a deposit in such bank held and owned by him at the time of the commencement of such
1148 proceeding; provided, however, that if a proceeding in equity has been commenced to restrain
1149 the bank from doing its actual business, or if possession of such bank has been taken over by the
1150 commissioner as provided in section 22 of chapter 167 or as otherwise provided by law, no
1151 deposit shall be so set off or recouped by any such person unless held and owned by him on the
1152 date of the commencement of such proceeding or of possession so taken, and the right of set off
1153 or recoupment shall be determined as of such date whether the indebtedness of the depositor, or
1154 the deposit, is then due or payable or becomes due or payable at a later date. Any indebtedness
1155 against which a deposit is permitted to be set off or recouped as aforesaid may be secured or
1156 unsecured. Section three of chapter 232 shall not apply to a set off hereunder, except that any

1157 party to a joint account may set off the joint deposit against his individual debt to such bank.
1158 Notwithstanding the foregoing, a judgment shall not be rendered against such bank in favor of
1159 the defendant for any balance found due from it if a proceeding in equity has been commenced
1160 against the bank or possession thereof has been taken as aforesaid. The word “deposit”, as used
1161 in this section, shall include interest due thereon.

1162 Section 18. If, in an action against a bank for money on deposit therewith, it appears that
1163 the same fund is claimed by another party than the plaintiff, whether by the husband or wife of
1164 the plaintiff, or otherwise, the court in which such action is pending, on the petition of the bank
1165 and on such notice to the plaintiff and to such claimants as the court considers proper, may order
1166 the proceedings to be amended by making such claimants defendants thereto, and thereupon the
1167 rights and interests of the several parties in and to said funds shall be heard and determined. Such
1168 deposits may remain with the bank until final judgment and shall be paid as the court orders, or
1169 may be paid into court to await final judgment, and when so paid into court, the action shall be
1170 discontinued as to such bank and its liability for such deposit shall cease. The taxable costs of the
1171 bank in such actions shall be in the discretion of the court and may be charged upon the fund.

1172 Section 19. No bank, federally-chartered bank or other corporation doing a banking
1173 business in the commonwealth, in this section called the depository, shall be required to
1174 recognize an adverse claim to a deposit standing on his or its books to the credit of or to
1175 securities held for the account of any person, except by virtue of the service upon him or it of
1176 appropriate process issued by a court of competent jurisdiction in a suit or action to which such
1177 person, or his executors or administrators, has been made a party, unless the adverse claimant
1178 gives bond satisfactory to the depository and the adverse claimant to hold harmless and
1179 indemnify it from any liability, loss, damage, costs and expenses whatsoever on account of such
1180 adverse claim, or files with the depository an affidavit setting forth facts showing a reasonable
1181 cause for belief that a fiduciary relationship exists between such person and said adverse
1182 claimant and that such person is about to misappropriate the deposit or securities in question.

1183 Section 20. Notwithstanding the provisions of any general or special law to the contrary,
1184 a bank, a federal bank or a Massachusetts branch as defined in section 1 of chapter 167, shall not
1185 be required to repay any deposit made at a branch of such bank, federal bank or Massachusetts
1186 branch located in a foreign country, or any deposit made with any of the foregoing in the
1187 currency of a foreign country if repayment of such deposit or the use of such assets denominated
1188 in said foreign currency is prevented, prohibited or otherwise blocked due to (a) an act of war,
1189 insurrection or civil strife; or (b) any action by a foreign government or instrumentality, or
1190 authority asserting governmental, military or police power of any kind, whether such authority
1191 be recognized as a de facto or de jure government, or by any entity, political or revolutionary
1192 movement or otherwise that usurps, supervenes or otherwise materially impairs the normal
1193 operation of civil authority; or (c) the closure of such foreign branch in order to prevent, in the
1194 reasonable judgment of the bank, harm to the bank’s employees or property.

1195 The obligation to repay any such deposit shall not be transferred to and may not be
1196 enforced against any other branch of such bank, federal bank or Massachusetts branch.

1197 Prior to the opening of any account for a retail customer that is subject to this section and
1198 with respect to any such account in existence on the effective date of this section, upon said
1199 effective date, such bank, federal bank or Massachusetts branch shall disclose to the prospective
1200 account holder the effect of the provisions of this section. Such bank, federal bank or
1201 Massachusetts branch shall also disclose to all current account holders the effect of the
1202 provisions of this section. Any such bank, federal bank or Massachusetts branch which fails to
1203 provide such disclosure shall not be entitled to avail itself of the provisions of this section.

1204 SECTION 40. Section 3 of chapter 167E of the General Laws is hereby amended by
1205 striking out subsection (f) as appearing in the 2012 Official Edition and inserting in place thereof
1206 the following subsection:—

1207 (f) Notwithstanding subsections (a) to (e), inclusive reverse mortgage loans on owner
1208 occupied dwellings shall be subject to sections 7 and 7A.

1209 SECTION 41. Section 5 of chapter 167E is hereby amended by striking out subsection
1210 (a), as so appearing, and inserting in place thereof the following subsection:-

1211 (a) A bank shall inspect the real estate securing a loan in the event that a payment of
1212 interest or principal upon the loan or on account of real estate taxes upon the parcel mortgaged to
1213 secure the same shall be in default. Any such inspection shall be made in a manner consistent
1214 with and no later than the time periods specified in the policy of the bank. Periodic inspection of
1215 the parcel mortgaged shall continue in accordance with the policy until the loan shall no longer
1216 be in default.

1217 SECTION 42. Section 2 of chapter 167F of the General Laws, as appearing in the 2012
1218 Official Edition, is hereby amended by striking out paragraphs 7 and 7A and inserting in place
1219 thereof the following three paragraphs:—

1220 7. To acquire or invest in, with 10 days' advance notice to the commissioner, the capital
1221 stock or shares of one or more wholly-owned subsidiary corporations, limited liability companies
1222 or trusts, including any corporation or trust that is treated as a real estate mortgage investment
1223 conduit under 26 U.S. C 860D or such other forms of organization permitted by the
1224 commissioner, organized and operated solely for the purpose of performing functions that the
1225 bank itself is empowered to perform directly; provided however, that if the aggregate amount
1226 invested or proposed to be invested in any one subsidiary exceeds 50% of Tier 1 capital of the
1227 bank that excess investment shall be made only with the approval of the commissioner and under
1228 the limitations and conditions he may impose. At the time of the notice or at any time the notice
1229 is pending such a bank may request that the commissioner waive and the commissioner may
1230 waive the remaining notice period.

1231 7A. To invest subject to the approval of the commissioner and under such limitations or
1232 conditions as he may impose, in the capital stock or shares of one or more wholly owned
1233 subsidiary corporations, limited liability companies or trusts or such other forms of organization
1234 permitted by the commissioner, organized and operated solely for the purpose holding or
1235 investing in other real estate owned.

1236 7B. To merge with one or more of its nonbank subsidiaries or affiliates with the bank as
1237 the continuing entity.

1238 SECTION 43. Paragraph 22 of section 2 of said chapter 167F, as so appearing, is hereby
1239 further amended by striking out, in lines 256 and 257, the words “subject to such restrictions as
1240 may be imposed by the commissioner, to” and inserting in place thereof the word:— To

1241 SECTION 44. Section 2 of said chapter 167F, as so appearing, is hereby further amended
1242 by striking out paragraphs 31 and 32 and inserting in place thereof the following two
1243 paragraphs:—

1244 31. To exercise any power and engage in any activity that is permissible for a federal
1245 bank or out-of-state bank, as defined in section 1 of chapter 167, by providing 30 days written
1246 notice in advance to the commissioner; provided, however, that the activity is not otherwise
1247 prohibited under the laws of the commonwealth; provided, further, that the activity shall be
1248 subject to the same limitations and restrictions that are applicable to the federal or out-of-state
1249 bank; and provided, further, that the activity authorized for the out-of-state bank has been
1250 permitted by the Federal Deposit Insurance Corporation under section 24 of the Federal Deposit
1251 Insurance Act and Part 362 of the regulations thereunder. In the event that federal or out-of-state
1252 banks lose the authority to exercise any power or engage in any activity based upon which
1253 comparable authority was granted to state chartered banks pursuant to this paragraph, then unless
1254 such authority is authorized by another law of the commonwealth, or a rule, regulation or policy
1255 adopted pursuant to such other law of the commonwealth, or by a judicial decision, the authority
1256 shall be revoked for state chartered banks pursuant to this paragraph. At the time the notice is
1257 filed or at any time the notice is pending, a bank may request that the commissioner waive and
1258 the commissioner may waive the remaining notice period.

1259 32. To engage in an activity and to acquire and retain the shares of any company engaged
1260 in any activity that the bank determines to be financial in nature or incidental to the financial
1261 activity that is complementary to a financial activity and does not pose a substantial risk to the
1262 safety and soundness of the bank by providing 30 days written notice in advance to the
1263 commissioner. At the time the notice is filed or at any time the notice is pending, a bank may
1264 request that the commissioner waive and the commissioner may waive the remaining notice
1265 period. In determining whether an activity is financial in nature or incidental or complementary
1266 thereto, the bank shall consider, but shall not be limited to, those activities considered to be
1267 financial in nature or incidental to the financial activity or an activity that is complementary to a

1268 financial activity under section 103, section 121 and section 122 of Public Law 106-102, entitled
1269 the “Gramm-Leach-Bliley Act of 1999”. Notwithstanding any general or special law to the
1270 contrary, this chapter does not authorize a bank or a subsidiary or affiliate of a bank to sell title
1271 insurance.

1272 SECTION 45. Section 3 of chapter 167F, as so appearing, is hereby amended by striking
1273 out paragraph 1. and inserting in place thereof the following paragraph:-

1274 1. Insurance Company Stocks -- In the capital stock of any insurance company authorized
1275 to conduct fire and casualty business in the commonwealth subject to the following conditions.

1276 No insurance stock shall be purchased if the cost thereof added to the cost of insurance
1277 stocks and bank stocks already owned shall exceed sixty-six and two-thirds per cent of the total
1278 of the capital stock and surplus account for a stock corporation or the surplus account for a thrift
1279 institution.

1280 SECTION 46. Section 3 of said chapter 167F, as so appearing, is hereby further amended
1281 by striking out paragraph 3. and inserting in place thereof the following paragraph:-

1282 3. Utility Company Stocks -- In the preferred and common stock of any company which,
1283 at the time of such investment, is incorporated under the laws of the

1284 United States or any state thereof, or the District of Columbia, and authorized to engage,
1285 and engaging, in the business of furnishing telephone service in the United States, or any gas,
1286 electric light or water company incorporated or doing business in this commonwealth and subject
1287 to the control and supervision thereof.

1288 No such corporation shall invest in such preferred or common stocks if the cost thereof
1289 added to the cost of such preferred or common stocks, as the case may be, already owned shall
1290 exceed thirty-five per cent of the total of the capital stock and surplus account for a stock
1291 corporation or the surplus account of a thrift institution. No corporation shall invest more than
1292 one-half of one per cent of its deposits in the stock of any one such company.

1293 SECTION 47. Section 6 of said chapter 167F is hereby repealed.

1294 SECTION 48. Said chapter 167F, as so appearing, is hereby further amended by adding
1295 the following section:—

1296 Section 10. A bank may or in participation with a federal bank, a foreign bank, an out-of-
1297 state bank or an out-of state federal bank as defined in section 1 of chapter 167 invest in,
1298 establish, operate or subscribe for services from another bank, federal bank, foreign bank, out-of-
1299 state bank or out-of-state federal bank or a subsidiary thereof or any other business entity for the
1300 purpose of obtaining for or furnishing to the bank technology, trust services, financial planning ,

1301 compliance, internal audits, human resource or other operation functions, management or staff
1302 generally required by a bank.

1303 SECTION 49. Section 3 of chapter 167G, as appearing in the 2012 Official Edition, is
1304 hereby amended by striking out paragraphs 1 and 2 and inserting in place thereof the following 2
1305 paragraphs:—

1306 1. To hold money or property in trust or on deposit from, personal representatives,
1307 voluntary personal representatives, assignees, conservators and trustees upon such terms and
1308 conditions as may be agreed upon;

1309 2. To be appointed and to act as personal representative, voluntary personal
1310 representative of a will of the estate of any person, receiver, assignee, guardian, conservator or
1311 trustee under a will or instrument creating a trust for the care and management of property, under
1312 the same circumstances, in the same manner, and subject to the same control by the court having
1313 jurisdiction of the same, as a legally qualified individual; to act in any other fiduciary capacity
1314 not expressly prohibited by the laws of this commonwealth.

1315 SECTION 50. Said section 3 of said chapter 167G is hereby further amended by striking
1316 the second paragraph of paragraph 9 and inserting in place thereof the following paragraph:—

1317 Any such collective investment fund shall be administered in accordance with a written
1318 declaration of trust which shall provide that if property is held by such corporation or association
1319 as a fiduciary together with a co-fiduciary or co-fiduciaries, such property may be invested in
1320 such collective investment fund only with the written consent of such co-fiduciary or co-
1321 fiduciaries, but that in no case shall any other notice or consent be required for the making of any
1322 such investment. An account of the administration of each such collective investment fund shall
1323 be prepared annually, shall be audited by an independent certified public accountant and a copy
1324 of such account and of the audit report thereon shall be made available to any interested party
1325 upon written request. All expenses of the administration of such collective investment fund,
1326 including the cost of the annual audit, shall be borne by the fund, but the corporation or
1327 association shall absorb the costs of establishing any such collective investment fund.

1328 SECTION 51. Said section 3 of chapter 167G is hereby further amended by striking out
1329 paragraph 11 and inserting in place thereof the following paragraph:—

1330 11. Any association or corporation authorized to do a banking business and to exercise
1331 trust powers in the commonwealth while acting as a fiduciary is authorized, in the absence of an
1332 express provision to the contrary in the instrument, judgment, decree or order creating a trust or
1333 other fiduciary relationship, to purchase for the fiduciary estate, directly from underwriters or
1334 distributors or in the secondary market, bonds, or other securities which are underwritten or
1335 distributed by such association or corporation or an affiliate thereof or by any syndicate which
1336 includes such association or corporation or affiliate thereof and securities of any investment

1337 company or investment trust for which such association or corporation or any affiliate thereof
1338 acts as adviser, distributor, transfer agent, registrar, sponsor, manager, shareholder servicing
1339 agent, custodian, broker, dealer, or lender of money or securities; provided, however, that (1)
1340 nothing in this section shall affect the degree of prudence which is required of fiduciaries
1341 generally under the common law of the commonwealth or the charging of reasonable
1342 compensation and (2) any such bonds or securities so purchased shall have sufficient liquidity
1343 and quality to satisfy the principles of fiduciary investment. Any such association or corporation
1344 purchasing bonds or securities pursuant to this paragraph shall, in any written communication or
1345 account statement reflecting such purchase, disclose the fact that it or an affiliate may have an
1346 interest in the underwriting or distribution of such bonds or securities and any capacities in
1347 which it or an affiliate acts for the issuer of such securities. Any such association or corporation
1348 purchasing securities of an investment company or investment trust pursuant to this paragraph
1349 shall disclose the provision of the stated services, and the receipt of compensation for such
1350 services, annually by mailing a statement or letter describing the same, to the last known address
1351 of each person to whom statements for the fiduciary estate are rendered.

1352 SECTION 52. Said chapter 167G is hereby further amended by striking out section 8, as
1353 so appearing, and inserting in place thereof the following section:—

1354 Section 8. Notwithstanding any provision of section four, funds held in the trust
1355 department of any bank awaiting investment or distribution may be deposited in its banking
1356 department if such bank shall first transfer to its trust department, to be held as security therefor,
1357 bonds, notes, bills and certificates of indebtedness of the United States, of this commonwealth, or
1358 of any of the states or any other securities in which the bank may legally invest, of an aggregate
1359 value of not less in amount than funds so deposited, and such bank shall at all times maintain the
1360 value of such security at such amount; provided, however, that such security shall not be
1361 required to the extent that the funds so deposited are insured by the Federal Deposit Insurance
1362 Corporation.

1363 SECTION 53. Section 1 of chapter 167H as appearing in the 2012 Official Edition is
1364 hereby amended by inserting after the definition of “Commissioner” the following definition:—

1365 “Interim Bank”, a Massachusetts or federal bank, out-of-state bank or out-of-state federal
1366 bank organized solely to participate in and facilitate an acquisition, reorganization or other
1367 corporate transaction. A Massachusetts bank which is an interim bank shall be organized under
1368 chapter 167I.

1369 SECTION 54. Section 2 of Chapter 167H of the General Laws, as so appearing, is hereby
1370 amended by striking out said section 2 and inserting in place thereof the following section:—

1371 Section 2. (a) Notwithstanding the provisions of any general or special law to the
1372 contrary, a mutual banking institution that is a savings bank may reorganize so as to become a
1373 mutual holding company by (1) establishing a subsidiary banking institution as a stock savings

1374 bank in accordance with section three, and transferring to such subsidiary banking institution the
1375 substantial part of its assets and liabilities, including all of its deposit liabilities or (2) by
1376 structuring the reorganization under any procedures acceptable to the commissioner, including
1377 but not limited to the merger of the existing mutual bank with and into a savings bank
1378 established for the purpose of completing the reorganization; provided, that for the purpose of
1379 facilitating a multi-step reorganization the commissioner may, subject to such terms and
1380 conditions as he may impose, grant any and all certificates and approvals to establish and control
1381 a new mutual savings bank. Upon such reorganization, all persons who prior thereto held
1382 depository rights with respect to or other rights as creditors of such mutual banking institution
1383 shall have such rights solely with respect to the said subsidiary banking institution and the
1384 corresponding liability or obligation of the mutual banking institution to such persons shall be
1385 assumed by the subsidiary banking institution. All persons who had liquidation rights pursuant to
1386 section 33 of chapter 168 with respect to the mutual banking institution shall continue to have
1387 such rights solely with respect to said mutual holding company.

1388 (b) Notwithstanding the provisions of any general or special law to the contrary, a mutual
1389 banking institution that is a cooperative bank may reorganize so as to become a mutual holding
1390 company by (1) establishing a subsidiary banking institution as a stock cooperative bank in
1391 accordance with section three, and transferring to such subsidiary banking institution the
1392 substantial part of its assets and liabilities, including all of its deposit liabilities or (2) by
1393 structuring the reorganization under any procedures acceptable to the commissioner, including
1394 but not limited to the merger of the existing mutual bank with and into a cooperative bank
1395 established for the purpose of completing the reorganization; provided, that for the purpose of
1396 facilitating a multi-step reorganization the commissioner may, subject to such terms and
1397 conditions as he may impose, grant any and all certificates and approvals to establish and control
1398 a new cooperative bank. Upon such reorganization, all persons who prior thereto held depository
1399 rights with respect to or other rights as creditors of such mutual banking institution shall have
1400 such rights solely with respect to the said subsidiary banking institution and the corresponding
1401 liability or obligation of the mutual banking institution to such persons shall be assumed by the
1402 subsidiary banking institution. All persons who had liquidation rights pursuant to section 27 of
1403 chapter 170 with respect to the mutual banking institution shall continue to have such rights
1404 solely with respect to said mutual holding company.

1405 (c) Any reorganization of a mutual banking institution pursuant to subsection (a) shall be
1406 approved by a majority of the board of trustees and by a majority of the incorporators present and
1407 voting in each case at the annual meeting or at a special meeting called, in accordance with the
1408 by-laws, for such purpose. Any such reorganization pursuant to subsection (b) shall be approved
1409 by a majority of the board of directors and by a majority of the shareholders present and voting
1410 in each case at the annual meeting or at a special meeting called, in accordance with the by-laws,
1411 for such purpose.

1412 SECTION 55. Said chapter 167H as so appearing is hereby further amended by striking
1413 out sections 6 and 7 and inserting in place thereof the following two sections:--

1414 Section 6. Upon the reorganization of a mutual banking institution into a mutual holding
1415 company, the mutual holding company shall (i) continue to possess and any exercise all the
1416 rights, powers and privileges, except deposit-taking powers, of a mutual banking institution, and
1417 (ii) shall be subject to the limitations and restrictions imposed on bank holding companies by
1418 167A and by applicable federal law and regulations.

1419 To the extent not inconsistent with the above, a mutual holding company may elect to
1420 follow the corporate governance procedures of the General laws and shall designate in its by-
1421 laws the body of law selected for its corporate governance procedures.

1422 Section 7. A mutual holding company organized under this chapter may:

1423 (1) invest in the stock of one or more banking institutions as defined in section one of
1424 chapter 167A or a limited purpose trust company as defined in section 1 of chapter 167I, which
1425 conducts trust and fiduciary business but does not take deposits or otherwise carry on a banking
1426 business;

1427 (2) acquire a mutual banking institution, a credit union, as defined in chapter 171, a
1428 federal credit union, as defined in chapter 171, a federal bank, as defined in section 1 of chapter
1429 167 in mutual form, and an out-of-state federal bank, as defined in section 1 of chapter 167 in
1430 mutual form through consolidation or merger of such institution with its subsidiary banking
1431 institution;

1432 (3) merge with or acquire another state or federal mutual holding company or merge with
1433 and into or be acquired by another state or federal mutual holding company, provided that any
1434 such mutual holding company has, as one of its subsidiaries, a subsidiary banking institution or a
1435 federally-chartered or state-chartered bank which was in mutual form until it reorganized into a
1436 mutual holding company under federal law or the law of another state;

1437 (4) merge with or acquire a bank holding company, as defined in section 1 of chapter
1438 167A or a company in stock form controlling one bank that was organized or converted to stock
1439 form; provided that the mutual holding company is the continuing entity;

1440 (5) invest in a corporation, the purchase of the capital stock of which is permitted for a
1441 banking institution under state law;

1442 (6) exercise any other power or engage in any activity permitted to a mutual banking
1443 institution chartered by the commonwealth;

1444 (7) engage directly or indirectly only in such activities as are now or may hereafter be
1445 proper activities for bank holding companies under chapter 167A or by applicable federal law or
1446 regulations; and

1447 (8) exercise any rights, waive any rights or take or waive any other action with respect to
1448 any securities of any subsidiary banking institution which are held by such mutual holding
1449 company.

1450 SECTION 56. Chapter 167H, as so appearing, is hereby further amended by adding the
1451 following section:—

1452 Section 12. A mutual company directly or indirectly controlling or owning one or more
1453 wholly owned stock bank subsidiaries or stock holding companies may elect to convert from a
1454 mutual holding company to a mutual banking institution organized under the original charter of
1455 its subsidiary banking institution subject to approval of the commissioner and subject to the
1456 following conditions.

1457 (a) The conversion of the mutual holding company to a mutual banking institution shall
1458 be effected pursuant to a plan of conversion approved by the commissioner and a vote of two-
1459 thirds of the corporators of the mutual holding company;

1460 (b) All direct or indirect wholly owned stock bank subsidiaries and stock holding
1461 companies of the mutual holding company shall be merged into the resulting mutual banking
1462 institution;

1463 (c) The reorganized mutual banking institution shall assume all assets and liabilities of
1464 any direct or indirect wholly owned stock bank subsidiary or stock holding company and shall
1465 retain deposit insurance from the Federal Deposit Insurance Corporation and the excess deposit
1466 insurer of its subsidiary banking institution;

1467 (d) Such other provisions as the commissioner may require. The commissioner may
1468 promulgate rules and regulations to carry out the provisions of this section.

1469 SECTION 57. The General Laws are hereby amended by inserting after chapter 167H the
1470 following two chapters:—

1471 CHAPTER 167I

1472 CORPORATE BANK TRANSACTIONS: MERGERS, CONSOLIDATIONS,
1473 PURCHASE OF ASSETS AND CONVERSIONS

1474 Section 1. As used in this chapter, the following words shall, unless the context otherwise
1475 requires, have the following meanings:—

1476 “Bank”, an association or corporation chartered by the commonwealth under chapter 168,
1477 170 or 172.

1478 “Board”, the board of trustees or directors, as the case may be, of a bank or thrift
1479 institution, and the board of directors of a federally chartered stock bank.

1480 “Capital stock”, the sum of the par value of the preferred and common shares of capital
1481 stock of a stock bank, issued and outstanding.

1482 “Commissioner”, the commissioner of banks.

1483 “Co-operative bank”, a bank governed by the provisions of chapter 170.

1484 “Credit union”, a corporation organized under chapter 171 or corresponding provisions of
1485 earlier law.

1486 “Federally-chartered bank”, a national banking association, or federal savings and loan
1487 association or federal savings bank in stock form, the main office of which is located in the
1488 commonwealth or in another state.

1489 “Federally-chartered credit union”, a credit union organized under the Federal Credit
1490 Union Act.

1491 “Foreign bank”, an association or corporation authorized to do banking business which
1492 exists by authority of a country other than the United States.

1493 “Limited Purpose Trust Company”, an entity chartered by the Commonwealth under
1494 section 9A of chapter 172 or by any state or a federal agency that conducts trust and fiduciary
1495 business but does not accept deposits or otherwise carry on a banking business.

1496 “Mutual bank”, a savings bank chartered by the commonwealth pursuant to chapter 168
1497 or a co-operative bank chartered by the commonwealth pursuant to chapter 170 in mutual form.

1498 “Mutual holding company” a holding company organized under chapter 167H.

1499 “Out-of-state bank”, an association or corporation in stock form authorized to do banking
1500 business, the main office of which is located outside the commonwealth and which exists by
1501 authority of a state of the United States other than the commonwealth.

1502 “Savings bank”, a bank governed by the provisions of chapter 168.

1503 “Stock bank”, an association or corporation chartered in stock form by the
1504 commonwealth under the provisions of chapter 168 or 170, or which has reorganized or
1505 converted to become a stockholder form of organization under the provisions of chapter 168 or
1506 170, or a trust company as defined in chapter 172.

1507 “Subsidiary banking institution”, the banking institution which is the direct or indirect
1508 subsidiary of a mutual holding company.

1509 “Surplus account”, an account so designated on the books of a bank and consisting of
1510 amounts required by law.

1511 “Thrift institution”, a banking institution in mutual or cooperative form organized
1512 under the laws of another state or a federal savings and loan association or federal savings bank
1513 in mutual form the main office of which is located in the commonwealth or in another state.

1514 “Trust company”, a bank governed by the provisions of chapter 172.

1515 “Voting body”, shall mean corporators of a savings bank in mutual form, shareholders of
1516 a co-operative bank not in stock form, and the stockholders of a stock bank with rights to vote in
1517 corporate transactions.

1518 Section 2. One or more mutual banks may merge or consolidate into a single mutual
1519 bank, and one or more mutual banks and one or more thrift institutions may merge or consolidate
1520 into a single mutual bank or thrift institution , upon such terms as shall have been approved by a
1521 vote of at least two-thirds of the board of each mutual bank and, in the case of a merger or
1522 consolidation of one or more mutual banks and thrift institutions, by the board of each thrift
1523 institution in accordance with the laws under which each such thrift institution is organized, and
1524 as shall have been approved in writing by the commissioner. The terms of any such merger or
1525 consolidation shall be approved by a two-thirds vote of the voting body of each mutual bank and,
1526 in the case of a merger or consolidation of one or more mutual banks and thrift institutions, by
1527 the depositors, corporators, shareholders or members, as applicable, of each thrift institution in
1528 accordance with the laws under which such thrift institution is organized. A request for such
1529 approval by the commissioner shall be accompanied by an investigation fee the amount of which
1530 shall be determined annually by the commissioner of administration under the provisions of
1531 section three B of chapter seven, a copy of the terms of any definitive merger or consolidation
1532 agreement reached by the merging or consolidating institutions, and certified copies of the vote
1533 of the board of each mutual bank and, in the case of a merger or consolidation of one or more
1534 mutual banks and thrift institutions, certified copies of the vote of the board of each thrift
1535 institution. If the commissioner, after such notice and hearings as he may require, is satisfied that
1536 a merger or consolidation can be effected on terms approved by him and he finds that such a
1537 merger or consolidation is in the interests of the depositors of any merging or consolidating
1538 savings bank and the shareholders of any merging or consolidating co-operative bank, such
1539 merger or consolidation may be approved by him subject to his direction. Before becoming
1540 effective, any merger or consolidation authorized by this section, hereinafter referred to as a
1541 “consolidation”, shall have been approved by a vote of at least two-thirds of the voting body of
1542 each mutual bank at meetings specially called to consider the subject and, in the case of a merger
1543 or consolidation of one or more mutual banks and thrift institutions, approved by a vote of the

1544 depositors, incorporators, shareholders or members, as applicable, of each such thrift institution in
1545 accordance with the laws under which each such thrift institution is organized; provided,
1546 however, that in the case of a co-operative bank the consolidation shall be approved by vote of at
1547 least two-thirds of those shareholders present, qualified to vote and voting at each such meeting.

1548 Notice of such meetings shall be given in accordance with applicable law and the by-laws
1549 of such merging or consolidating institutions. A certificate under the hands of the presidents and
1550 clerks or other duly authorized officers of all merging or consolidating institutions setting forth
1551 that each institution, respectively, has complied with the requirements of this section shall be
1552 submitted to the commissioner who, if he shall approve such consolidation, shall endorse his
1553 approval upon such certificate. No such transaction under this section shall be consummated
1554 until arrangements satisfactory to any excess deposit insurer of each mutual bank have been
1555 made and notice thereof has been received by the commissioner.

1556 The offices and depots of any mutual bank and the offices of any thrift institution merged
1557 or consolidated under the provisions of this section, may be maintained as branch offices or
1558 depots, respectively, of the continuing institution with the written permission of, and under such
1559 conditions, if any, as may be approved by the commissioner.

1560 If the merging or consolidating corporations or thrift institutions are chartered by or, in
1561 the case of federal savings and loan associations or federal mutual savings banks, have their main
1562 offices located in and are authorized to do business in different states, then from and after the
1563 effective date of the merger or consolidation, the citizenship and residency requirements set forth
1564 in the General Laws shall no longer apply, and any citizen of the United States may serve the
1565 continuing corporation.

1566 In making a finding that such merger or consolidation is in the interests of depositors and
1567 shareholders, the commissioner shall also determine whether or not competition among banking
1568 institutions will be unreasonably affected and whether or not public convenience and advantage
1569 will be promoted. In making such determination, the commissioner shall consider, but not be
1570 limited to, a showing of net new benefits. For the purpose of this section, the term "net new
1571 benefits" shall mean initial capital investments, job creation plans, consumer and business
1572 services, commitments to maintain and open branch offices within the continuing institution's
1573 Community Reinvestment Act assessment area, and such other matters as the commissioner may
1574 determine.

1575 Section 3. One or more stock banks may merge or consolidate into a single stock bank,
1576 and one or more stock banks, federally-chartered banks, out-of-state banks, and limited purpose
1577 trust companies may merge or consolidate into a single stock bank, federally-chartered bank or
1578 out-of-state bank upon such terms as shall have been approved by a vote of at least two-thirds of
1579 the board of each stock bank and, in the case of a merger or consolidation of one or more stock
1580 banks with one or more federally-chartered banks or out-of-state banks, by the board of each out-

1581 of-state bank or federally-chartered bank in accordance with the laws under which each such out-
1582 of-state bank or federally-chartered bank is organized, and as shall have been approved in
1583 writing by the commissioner. The terms of any such merger or consolidation shall be approved
1584 by a two-thirds vote of the voting body of each stock bank and, in the case of a merger or
1585 consolidation of one or more stock banks with one or more federally-chartered banks or out-of-
1586 state banks, by the stockholders of such out-of-state bank or federally-chartered bank with rights
1587 to vote on the merger or consolidation in accordance with the laws under which such out-of-state
1588 bank or federally-chartered bank is organized. A request for approval by the commissioner of
1589 such a consolidation or merger shall be accompanied by an investigation fee, the amount of
1590 which shall be determined annually by the commissioner of administration under the provision
1591 of section three B of chapter seven, a copy of the terms of any definitive merger or consolidation
1592 agreement reached by the merging or consolidating institutions, and certified copies of the vote
1593 of the board of each stock bank and, in the case of a merger or consolidation of one or more
1594 stock banks with one or more out-of-state banks or federally-chartered banks, certified copies of
1595 the vote of the board of each out-of-state bank or federally-chartered bank. If the
1596 commissioner, after such notice and hearings as he may require, is satisfied that a merger or
1597 consolidation can be effected on terms consistent with the standards set forth in this section, such
1598 merger or consolidation may be approved by him subject to his direction. Before becoming
1599 effective, any merger or consolidation authorized by this section, hereinafter referred to as a
1600 “consolidation”, shall have been approved by a vote of at least two-thirds of the voting body of
1601 each stock bank at meetings specially called to consider the subject and, in the case of a merger
1602 or consolidation of one or more stock banks with one or more out-of-state banks or federally-
1603 chartered banks, by the stockholders of such out-of-state bank or federally-chartered bank with
1604 rights to vote on the merger or consolidation in accordance with the laws under which such out-
1605 of-state bank or federally-chartered bank is organized. A certificate under the hands of the
1606 presidents and clerks or other duly authorized officers of all merging or consolidating institutions
1607 setting forth that each institution, respectively, has complied with the requirements of this section
1608 shall be submitted to the commissioner who, if he shall approve such consolidation, shall endorse
1609 his approval upon such certificate. No such transaction under this section shall be consummated
1610 until arrangements satisfactory to any excess deposit insurer of each stock bank, if applicable,
1611 have been made and notice thereof has been received by the commissioner. The offices and
1612 depots of any stock bank and the offices of any other institution merged or consolidated under
1613 this section may be maintained as branch offices or depots, respectively, of the continuing
1614 institution with the written permission of and under such conditions, if any, as may be approved
1615 by the commissioner.

1616 If a federally-chartered bank or out-of-state bank is the continuing institution, then from
1617 and after the effective date of the merger or consolidation, the citizenship and residency
1618 requirements for directors set forth in the General Laws shall no longer apply.

1619 For the purposes of this section, the value of the stock of stockholders of a stock bank
1620 who have, as provided in section 13.21 and section 13.23 of chapter 156D, objected to any action
1621 authorized herein shall be ascertained in the manner provided in sections 13.01 and 13.03 to
1622 section 13.31 inclusive, of chapter 156D.

1623 The provisions of section 11.07 of chapter 156D shall apply to consolidations and
1624 mergers of state-chartered stock corporations authorized under this section provided that, for this
1625 purpose, references in said section 11.07 to said chapter 156D shall be deemed to be the chapter
1626 of the General Laws governing such stock corporation, and references in said section 11.07 to
1627 articles of organization shall be deemed to be to the articles of organization, including any
1628 special act of incorporation, as from time to time amended.

1629 In deciding whether or not to approve such consolidation or merger the commissioner
1630 shall determine whether or not competition among banking institutions will be unreasonably
1631 affected and whether or not public convenience and advantage will be promoted. In making such
1632 determination, the commissioner shall consider, but not be limited to, a showing of net new
1633 benefits. For the purpose of this section, the term “net new benefits” shall mean initial capital
1634 investments, job creation plans, consumer and business services, commitments to maintain and
1635 open branch offices within the continuing institution’s Community Reinvestment Act assessment
1636 area, and such other matters as the commissioner may determine.

1637 Section 4. Any one or more mutual banks or subsidiary banking institutions and any one
1638 or more credit unions, or federal credit unions may merge or consolidate into a single mutual
1639 bank or subsidiary banking institution upon such terms as shall have been approved by a vote of
1640 at least two-thirds of the board of each mutual bank and the board of directors of each credit
1641 union, and shall have been approved in writing by the commissioner. The terms of any such
1642 merger or consolidation shall be approved by the voting body of each mutual bank and the
1643 shareholders of each credit union in the manner prescribed herein. A request for such approval
1644 by the commissioner shall be accompanied by an investigation fee, the amount of which shall be
1645 determined annually by the commissioner of administration under the provisions of section three
1646 B of chapter seven, a copy of the terms of any agreement reached by the respective boards, and
1647 certified copies of the votes of such boards. If the commissioner, after such notice and hearing as
1648 he may require, is satisfied that a merger or consolidation can be effected on terms approved by
1649 him and he finds that such merger or consolidation is in the interests of the depositors and
1650 shareholders of the institutions concerned, such merger or consolidation may be approved by him
1651 subject to his direction. In making a finding that any such merger or consolidation is in the
1652 interests of depositors and shareholders, the commissioner shall also determine whether or not
1653 competition among banking institutions will be unreasonably affected and whether or not public
1654 convenience and advantage will be promoted. In making such determination, the commissioner
1655 shall consider, but not be limited to, a showing of net new benefits. For the purposes of this
1656 section, the term “net new benefits” shall mean initial capital investments, job creation plans,
1657 consumer and business services, commitments to maintain and open branch offices within the

1658 bank's delineated community, as such term is used within section fourteen of chapter one
1659 hundred and sixty-seven, and such other matters as the commissioner may determine.

1660 Before becoming effective, any merger or consolidation authorized by this section,
1661 hereinafter sometimes referred to as a "consolidation", shall have been approved by a vote of at
1662 least two-thirds of the voting body of each mutual bank or subsidiary banking institution present,
1663 qualified to vote and voting at a meeting specially called to consider the subject and approved by
1664 a vote of at least a majority of the shareholders of each credit union present, qualified to vote,
1665 and voting at a meeting specially called for that purpose. Notice for such meetings shall be given
1666 in accordance with the relevant provisions of law. A certificate under the hands of the presidents
1667 and clerks or other duly authorized officers of all merging or consolidating corporations and
1668 credit unions setting forth that each institution, respectively, has complied with the requirements
1669 of this section shall be submitted to the commissioner who, if he shall approve such
1670 consolidation, shall endorse his approval upon such certificate. No such transaction under this
1671 section shall be consummated until arrangements satisfactory to any excess deposit insurer of
1672 each such bank or credit union, if applicable have been made and notice thereof has been
1673 received by the commissioner.

1674 The offices and depots of any credit union merged or consolidated under this section may
1675 be maintained as branch offices or depots of the continuing corporation with the written
1676 permission of, and under such conditions, if any, as approved by the commissioner.

1677 Section 5. If the commissioner has certified to the Depositors Insurance Fund or the Co-
1678 operative Central Bank that it is unsafe or inexpedient for a member bank to continue to transact
1679 business, as provided in section 4 of chapter 43 of the acts of 1934 or section 4 of chapter 73 of
1680 the acts of 1934, such member bank may be consolidated with or sell its assets to another savings
1681 bank or co-operative bank as applicable on an expedited basis, notwithstanding any inconsistent
1682 provisions contained in other laws governing such transactions provided that the following
1683 conditions are satisfied:

1684 (1) The terms and conditions of the proposed consolidation or purchase and sale of assets
1685 are set forth in a written plan or agreement between the continuing corporation and the
1686 Depositors Insurance Fund or the Co-operative Central Bank on behalf of the certified member
1687 bank.

1688 (2) The consolidation or purchase and sale of assets and the written plan or agreement
1689 setting forth such arrangement be approved by a vote of at least two-thirds of the board of the
1690 continuing corporation at a meeting duly called for such purpose and by a vote of at least two-
1691 thirds of the board of directors of the Depositors Insurance Fund or the Co-operative Central
1692 Bank at a meeting duly called for such purpose.

1693 (3) The commissioner determines that (a) failure to take immediate action to effect a
1694 consolidation or sale of assets of the certified member bank with or to another savings bank or

1695 co-operative bank as applicable is likely to undermine public confidence in banks, (b) the best
1696 interests of the depositors of the certified member bank, the depositors of the continuing
1697 corporation and the Depositors Insurance Fund or the Co-operative Central Bank will be served
1698 by an expedited consolidation or sale of assets, and (c) the public convenience and advantage
1699 will be served by the proposed consolidation or sale of assets.

1700 (4) The commissioner approves in writing the proposed consolidation or purchase and
1701 sale of assets, subject to such terms and conditions as may be deemed appropriate by him.

1702 Upon the effective date of any consolidation pursuant to this section, the rights and
1703 obligations of the certified member bank, the continuing corporation and their respective
1704 depositors, debtors and creditors shall be governed by section 7.

1705 A certificate endorsed by the president and clerk, or two other duly authorized officers of
1706 the continuing corporation and the Depositors Insurance Fund or the Co-operative Central Bank
1707 on behalf of the certified member bank stating that each corporation, respectively, has complied
1708 with the requirements of this section, shall be submitted to the commissioner who, if he approves
1709 such consolidation or sale of assets, shall endorse said approval upon such certificate and
1710 thereupon such consolidation or sale of assets shall become effective at the close of business on
1711 such date.

1712 At any time, and from time to time after the consolidation has become effective, copies of
1713 the certificate may be certified and issued by the commissioner and may be filed in the several
1714 registries of deeds and land court registry districts of the commonwealth and in any filing offices
1715 established under chapter 106. Such certification shall be conclusive evidence for all purposes of
1716 the succession by the continuing corporation to all rights and interests of the certified
1717 corporation.

1718 In the event the Deposit Insurance Fund of the Depositors Insurance Fund or the Share
1719 Insurance Fund of the Co-operative Central Bank ceases to insure the deposits or shares of a
1720 member bank and the commissioner determines that grounds exist to require his immediate
1721 assumption of possession and control of its assets under section 22 of chapter 167, he shall, upon
1722 assumption of possession and control of such member bank's assets, have all powers granted in
1723 this section to the Deposit Insurance Fund or the Co-operative Central Bank to effect a
1724 consolidation or sale of assets on behalf of such corporation.

1725 For the purposes of this section, the term "member bank" shall mean a savings bank in
1726 the Depositors Insurance Fund and a co-operative bank in the Co-operative Central Bank.

1727 Section 6. The commissioner shall not approve an application for a merger or
1728 consolidation pursuant to this chapter if the bank sought to be acquired has been in existence for
1729 a period of less than 3 years or if, as a result of any such merger, the applicant would control in
1730 excess of 30 percent of the total deposits, exclusive of foreign deposits, of all depository

1731 institutions in the commonwealth insured by the Federal Deposit Insurance Corporation, or any
1732 successor corporation thereto; provided, however, that either said age requirement or
1733 concentration limit, or both, may be waived by the commissioner if economic conditions warrant
1734 such waiver. For the purposes of this section, the term “foreign deposits” shall mean deposits
1735 received in a foreign country and deposits in Edge and Agreement subsidiaries and international
1736 banking facilities.

1737 Section 7. For any consolidation or merger under the preceding sections Articles of
1738 consolidation or merger shall be filed with the state secretary which shall set forth the due
1739 adoption of an agreement of consolidation or merger and shall state: (i) the names of the
1740 corporations and the name of the resulting or surviving corporation; (ii) the effective date of the
1741 consolidation or merger determined pursuant to the agreement of consolidation or merger; and,
1742 (iii) any amendment to the articles of organization of the surviving corporation to be effected
1743 pursuant to the agreement of merger. Such articles of consolidation or merger shall be signed by
1744 the president or a vice president and the clerk or an assistant clerk of each corporation, who shall
1745 state under the penalties of perjury that the agreement of consolidation or merger has been duly
1746 executed on behalf of such corporation and has been approved as required.

1747 The form on which articles of consolidation or merger are filed shall also contain the
1748 following information which shall not for any purpose be treated as a permanent part of the
1749 articles of organization of the resulting or surviving corporation:

1750 (1) the post office address of the initial principal office of the resulting or surviving
1751 corporation in the commonwealth;

1752 (2) the name, residence and post office address of each of the initial trustees or directors
1753 and the president, treasurer and clerk of the resulting or surviving corporation;

1754 (3) the fiscal year of the resulting or surviving corporation initially adopted;

1755 (4) the date initially fixed in the by-laws for the annual meeting of the shareholders or
1756 members of the resulting or surviving corporation.

1757 The consolidation or merger shall become effective when the articles of consolidation or
1758 merger are filed in accordance with sections 1.23 and 1.25 of chapter 156D, unless said articles
1759 specify a later effective date, in which event the consolidation or merger shall become effective
1760 on such later date. Upon consolidation of any such institutions, as herein provided:

1761 1. The corporate existence of all but one of the consolidating institutions shall be
1762 discontinued and consolidated into that of the remaining institution, which shall continue. All
1763 and singular the rights, privileges and franchises of each discontinuing institution and its right,
1764 title and interest to all property of whatever kind, whether real, personal or mixed, and things in
1765 action, and every right, privilege, interest or asset of conceivable value or benefit then existing

1766 which would inure to it under an unconsolidated existence, shall be deemed fully and finally, and
1767 without any right of reversion, transferred to or vested in the continuing institution, without
1768 further act or deed, and such continuing institution shall have and hold the same in its own right
1769 as fully as if the same was possessed and held by the discontinuing institution from which it was,
1770 by operation of the provisions hereof, transferred, and other provisions of law relative to
1771 limitations on the number of directors, corporators or trustees and on the investment of funds of
1772 such institutions shall not apply.

1773 2. A discontinuing institution's rights, obligations and relations to any shareholder, or
1774 depositor, creditor, trustee or beneficiary of any trust, or other person, as of the effective date of
1775 the consolidation, shall remain unimpaired, and the continuing institution shall, by the
1776 consolidation, succeed to all such relations, obligations and liabilities, as though it had itself
1777 assumed the relation or incurred the obligation or liability; and its liabilities and obligations to
1778 creditors existing for any cause whatsoever shall not be impaired by the consolidation; nor shall
1779 any obligation or liability of any shareholder or depositor in any such institution, continuing or
1780 discontinuing, which is party to the consolidation, be affected by any consolidation, but such
1781 obligations and liabilities shall continue as fully and to the same extent as the same existed
1782 before the consolidation, and the provisions relative to the limitations on shares and deposits,
1783 shall not apply.

1784 3. A pending action or other judicial proceeding to which any of the consolidating
1785 institutions is a party shall not be deemed to have abated or to have discontinued by reason of the
1786 consolidation, but may be prosecuted to final judgment, order or decree in the same manner as if
1787 the consolidation has not been made; or the continuing institution may be substituted as a party
1788 to any such action or proceeding to which the discontinuing institution was a party, and any
1789 judgment, order or decree may be rendered for or against the continuing institution that might
1790 have been rendered for or against such discontinuing institution if such consolidation had not
1791 occurred.

1792 4. After such consolidation, a foreclosure of a mortgage begun by any discontinuing
1793 institution may be completed by the continuing institution, and publication begun by the
1794 discontinuing institution may be continued in the name of the discontinuing institution. Any
1795 certificate of possession, affidavit of sale or foreclosure deed relative to such foreclosure shall be
1796 executed by the proper officers in behalf of whichever of such institution actually took
1797 possession or made the sale, but any such instrument executed in behalf of the continuing
1798 institution shall recite that it is the successor of the discontinuing institution which commenced
1799 the foreclosure.

1800 5. A new name may be adopted as the name of the continuing institution at the special
1801 meetings called as herein provided, and it shall become the name of the continuing institution
1802 upon the approval of the consolidation, without further action under the laws of the
1803 commonwealth as to change or adoption of a new name on the part of the continuing institution.

1804 6. Any consolidation may be approved and effected pursuant to this section,
1805 notwithstanding that the percentage which the aggregate value of the guaranty fund, surplus and
1806 other reserves, of any of the consolidating institutions, bears to its liabilities including share
1807 liabilities, exceeds such percentage of any of the other consolidating institutions, and any
1808 consolidating institution having such an excess of percentage shall not be required to make any
1809 distribution to its shareholders or depositors.

1810 Section 8. With the approval of the commissioner, any bank may advance or loan upon or
1811 purchase the whole or any part of the assets or stock of any bank, out-of-state bank, federally-
1812 chartered bank, thrift institution, limited purpose trust company, credit union or federally-
1813 chartered credit union including any state-chartered bank in possession of the commissioner
1814 under sections 22 to 36, inclusive, of chapter 167 and any state-chartered bank assisted by or in
1815 possession of its insurer and may participate in such an advance, loan or purchase with one or
1816 more banks so located. The request for such approval shall be accompanied by an investigation
1817 fee, the amount of which shall be determined annually by the commissioner of administration
1818 under the provision of section 3B of chapter 7. Such advance, loan or purchase may be made
1819 upon such terms and conditions as shall have been approved by vote of at least two-thirds of the
1820 board of the bank and the applicable board of such other bank or federally chartered bank.

1821 Such bank or banks making or participating in such an advance, loan or purchase for the
1822 purpose of effecting the same, may assume and agree to pay the whole or any part of the deposit
1823 and other liabilities of any other bank, out-of-state bank, federally-chartered bank, thrift
1824 institution, limited purpose trust company, credit union or federally-chartered credit union upon
1825 such terms and conditions and subject to such adjustments as may be approved by the
1826 commissioner. In the event of such approval by the commissioner, other provisions of law
1827 applicable to the investment of funds of a savings bank therein shall not apply.

1828 No such transaction under this section shall be consummated until arrangements
1829 satisfactory to any excess deposit insurer of each such bank, if applicable, have been made and
1830 notice thereof has been received by the commissioner.

1831 The commissioner may impose such conditions and restrictions as he may deem
1832 necessary or advisable in respect to the deposit or other liabilities as hereinbefore provided. In
1833 the case of any new bank formed for the purpose of purchasing any or all the assets and
1834 assuming any or all the liabilities of any bank in possession or assisted as aforesaid, the
1835 commissioner may impose such other and further conditions and restrictions concerning the
1836 business, investments and operations of such new bank as he may deem necessary or advisable.
1837 So much of section 8 of chapter 167J as provide that no person shall hold an office in two banks
1838 at the same time shall not prevent an officer, trustee or director of any other bank from serving as
1839 an officer, trustee or director of such new bank, or of a bank or federally-chartered bank the
1840 assets and liabilities or stock of which shall have been purchased and assumed by a bank
1841 hereunder.

1842 Before all or substantially all of the assets or stock of any bank shall be sold, such action
1843 shall be approved by the voting body of the bank, out-of-state bank, federally-chartered bank,
1844 thrift institution, credit union or federally-chartered credit union at a special meeting called for
1845 that purpose, of the corporation proposing to sell its assets or stock by a two-thirds vote of the
1846 voting body present, qualified to vote and voting of a mutual bank and by the voting body in a
1847 stock bank. Notice of such special meeting shall be given by the clerk in accordance with the
1848 provisions of section 9A.

1849 In deciding whether or not to approve any such advance, loan or purchase, the
1850 commissioner shall determine whether or not competition among banking institutions will be
1851 unreasonably affected and whether or not public convenience and advantage will be promoted. In
1852 making such determination, the commissioner shall consider, but not be limited to, a showing of
1853 net new benefits. For the purpose of this section, the term "net new benefits" shall mean initial
1854 capital investments, job creation plans, consumer and business services, commitments to
1855 maintain and open branch offices within a bank's delineated local community, as such term is
1856 used within section 14 of chapter 167, and such other matters as the commissioner may
1857 determine.

1858 Section 9. Notwithstanding any general or special law to the contrary, a mutual bank,
1859 subject to approval of the commissioner, may convert to a stock bank.

1860 Any mutual bank which converts to a stock bank shall have all the powers and privileges
1861 of a savings bank or co-operative bank as applicable.

1862 The commissioner shall have the authority to conduct a supervisory conversion of a
1863 mutual bank to stock form if the commissioner determines that upon liquidation of the mutual
1864 bank there would be no equity value realizable by the depositors of the mutual bank.

1865 The commissioner shall prescribe from time to time such rules and regulations as may be
1866 necessary or proper in carrying out the provisions of this section.

1867 Section 10. A credit union may convert to a mutual bank pursuant to section 80A of
1868 chapter 171. A federally-chartered credit union may convert to a mutual bank pursuant to the
1869 provisions of the Federal Credit Union Act subject to the approval of the commissioner under
1870 such conditions as he may impose and applicable provisions of subsection (m) of section 80A of
1871 chapter 171.

1872 Section. 11. A mutual bank or stock bank, by vote at least two-thirds of its voting body,
1873 at a meeting duly called for the purpose, preceded by a notice in writing sent to each member of
1874 the voting body and to the commissioner by mail at least 60 days before said meeting, may
1875 consolidate or merge into or convert into a federally-chartered bank or thrift institution in
1876 accordance with the laws of the United States and without the approval of any authority of the
1877 commonwealth.

1878 Section 12. By any votes required under federal law and the filing of such documents as
1879 the commissioner shall prescribe and under such terms and conditions as he may impose, a
1880 federally-chartered bank or thrift institution, upon approval by the commissioner, shall be
1881 converted into a bank chartered under chapters 168, 170 or 172, and shall not, in connection with
1882 or upon such conversion, be subject to the requirements of the General Laws with respect to the
1883 organization and commencement of business of such a bank; provided, however, that such
1884 conversion shall not be in contravention of the laws of the United States.

1885 Section 13. A company having capital stock which desires to acquire all the capital stock
1886 of any stock bank shall, together with such stock bank, submit, to the commissioner a written
1887 plan of acquisition of such stock. Such plan shall be in form satisfactory to the commissioner,
1888 shall specify the stock bank the stock of which is to be acquired by the company shall prescribe
1889 the terms and conditions of the acquisition and the mode of carrying it into effect, including the
1890 manner of exchanging the shares of the corporation for shares or other securities of the company.
1891 Any such plan may provide for the payment of cash in lieu of the issuance of fractional shares of
1892 the company. At the time of submitting said written plan of acquisition, an investigation fee, the
1893 amount of which shall be determined annually by the commissioner of administration under the
1894 provisions of section 3B of chapter 7, shall be paid to the commissioner of banks by the
1895 company.

1896 There shall also be submitted with said plan of acquisition of stock, a certificate of any
1897 officer or duly authorized representative, certifying that such plan has been approved by the
1898 board of directors or other governing body of the company by a majority vote of all the members
1899 thereof, and a certificate of any officer or duly authorized representative of each stock bank, the
1900 acquisition of all the capital stock of which is provided for, certifying that such plan has been
1901 approved by the board of directors of such corporation by a majority vote of all the members
1902 thereof, and that such plan was thereafter submitted to the stockholders of such stock bank at a
1903 meeting thereof held upon notice of at least 15 days, specifying the time, place and object of
1904 such meeting and addressed to each stockholder at the address appearing upon the books of the
1905 corporation and that such plan has been approved at such meeting by the vote of stockholders
1906 owning at least two-thirds in amount of the stock of such corporation.

1907 The commissioner shall examine the plan of acquisition of stock so submitted, and after
1908 making such investigation thereof as he deems appropriate he shall, within 60 days after receipt
1909 thereof approve or disapprove such plan of acquisition in case such company is not, and would
1910 not upon the effectiveness of such plan become, a bank holding company. In approving any such
1911 plan, the commissioner may attach such conditions thereto as he deems advisable.

1912 If the commissioner finds that competition among banking institutions will not be
1913 unreasonably affected and that public convenience and advantage will be promoted he shall
1914 approve such plan of acquisition, and shall endorse his approval thereon and a copy of the plan
1915 bearing such endorsement shall be filed within 30 days thereafter in the office of the

1916 commissioner. Upon such filing, the plan, and the acquisition provided for therein, shall become
1917 effective, unless a later date is specified in the plan, in which event the plan and such acquisition
1918 shall become effective upon such later date.

1919 A stockholder of any such corporation which shall have approved such plan of
1920 acquisition, who objects to such action, in the manner provided in sections 13.21 and 13.23 of
1921 chapter 156D, shall be entitled, if such plan shall have become effective, to demand payment for
1922 his stock from such corporation and an appraisal thereof in accordance with the provisions of
1923 sections 13.01 and 13.03 to 13.31, inclusive, of chapter 156D, which provisions, as modified for
1924 the purposes of this paragraph by the provisions hereof, are hereby made applicable in all such
1925 cases, and such stockholder and such corporation shall have the rights and duties and follow the
1926 procedure set forth in said sections.

1927 Any stock bank shall have the power to organize a company for the purposes
1928 contemplated by this section; and in connection with such organization and the development of a
1929 plan of acquisition, any such corporation may incur organization and other expenses in such
1930 amounts, in the aggregate, not exceeding two percent of its capital stock, surplus account and
1931 undivided profits as the commissioner may approve.

1932 Any such company shall engage directly or indirectly only in such activities as are now
1933 or may hereafter be proper activities for bank holding companies registered under the Bank
1934 Holding Company Act of 1956, including, without limiting the generality of the foregoing, the
1935 issuance and sale of commercial paper and acquiring, managing or controlling a bank, a
1936 federally-chartered bank or an out-of-state bank.

1937 The provisions of the following section shall not apply to an acquisition under this
1938 section. A company which acquires any such corporation under this section shall be deemed a
1939 bank holding company subject to the provisions of section 5 of chapter 167A. For the purposes
1940 of this section, the word "company" shall have the same meaning as defined in subparagraph (c)
1941 of section 1 of chapter 167A.

1942 Section 14. No person, acting directly or indirectly or through or in concert with one or
1943 more other persons, shall acquire control of any stock bank, through a purchase, assignment,
1944 transfer, pledge or other disposition of voting stock of such bank unless the commissioner has
1945 been given sixty days prior written notice of such proposed acquisition and within said 60 days
1946 the commissioner has not issued a notice disapproving the proposed acquisition or extending for
1947 up to another 30 days the period during which such a disapproval may issue. The period for
1948 disapproval may be further extended only if the commissioner determines that the acquiring
1949 party has not furnished all the material required hereinafter for a notice of proposed acquisition
1950 or that in the commissioner's judgment any material information submitted is substantially
1951 inaccurate. An acquisition may be made prior to expiration of the disapproval period if the
1952 commissioner issues written notice of the commissioner's intent not to disapprove the action. A

1953 notice of proposed acquisition filed pursuant to this section shall contain the following
1954 information:

1955 (1) The identity, personal history, business background and experience of each person by
1956 whom or on whose behalf the acquisition is to be made, including his material business activities
1957 and affiliations during the past 5 years, and a description of any material pending legal or
1958 administrative proceedings in which he is a party and any criminal indictment or conviction of
1959 such person by a state or federal court.

1960 (2) A statement of the assets and liabilities of each person by whom or on whose behalf
1961 the acquisition is to be made, as of the end of the fiscal year for each of the 5 fiscal years
1962 immediately preceding the date of the notice, together with related statements of income and
1963 source and application of funds for each of the fiscal years then concluded, all prepared in
1964 accordance with generally accepted accounting principles consistently applied, and an interim
1965 statement of the assets and liabilities for each such person, together with related statements of
1966 income and source and application of funds, as of a date not more than 90 days prior to the date
1967 of the filing of the notice.

1968 (3) The terms and conditions of the proposed acquisition and the manner in which the
1969 acquisition is to be made.

1970 (4) The identity, source and amount of the funds or other consideration used or to be used
1971 in making the acquisition, and if any part of these funds or other consideration has been or is to
1972 be borrowed or otherwise obtained for the purpose of making the acquisition, a description of the
1973 transaction, the names of the parties, and any arrangements, agreements, or understandings with
1974 such persons.

1975 (5) Any plans or proposals which any acquiring party making the acquisition may have to
1976 liquidate the stock bank, to sell its assets or merge it with any company or to make any other
1977 major change in its business or corporate structure or management.

1978 (6) The identification of any person employed, retained, or to be compensated by the
1979 acquiring party, or by any person on his behalf, to make solicitations or recommendations to
1980 stockholders for the purpose of assisting in the acquisition, and a brief description of the terms of
1981 such employment, retainer or arrangement for compensation.

1982 (7) Copies of all invitations or tenders or advertisements making a tender offer to
1983 stockholders for purchase of their stock to be used in connection with the proposed acquisition.

1984 (8) Any additional relevant information and in such form as the commissioner may
1985 require by specific request in connection with any particular notice.

1986 The commissioner may disapprove any proposed acquisition if: (1) the proposed
1987 acquisition of control would result in a monopoly; (2) the effect of the proposed acquisition of

1988 control may be substantially to lessen competition or to tend to create a monopoly or the
1989 proposed acquisition of control would in any other manner be in restraint of trade and the anti-
1990 competitive effects of the proposed acquisition of control are not clearly outweighed in the
1991 public interest by the probable effect of the transaction in meeting the convenience and needs of
1992 the community to be served; (3) the financial condition of any acquiring person is such as might
1993 jeopardize the financial stability of the stock bank or prejudice the interests of the depositors of
1994 such bank; (4) the competence, experience, or integrity of any acquiring person or of any of the
1995 proposed management personnel indicates that it would not be in the interest of the depositors of
1996 such bank, or in the interest of the public to permit such person to control the stock bank; or (5)
1997 any acquiring person neglects, fails or refuses to furnish all the information required by the
1998 commissioner. Any disapproval shall be in writing to the acquiring party and shall include a
1999 statement of the basis for such disapproval. Within 10 days of the receipt of a notice of
2000 disapproval the acquiring party may request a hearing to be held by the commissioner or his
2001 designee. Such hearing shall be held under the provisions of chapter 30A and regulations issued
2002 thereunder.

2003 For the purposes of this section, the term “person” shall mean an individual or a
2004 corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship,
2005 unincorporated organization, or any other form of entity not specifically listed herein; and the
2006 term “control” shall mean the power, directly or indirectly, to direct the management or policies
2007 of any such corporation or to vote 25 per centum or more of any class of voting securities of any
2008 such corporation.

2009 The provisions of this section do not alter or amend the authorities of the commissioner
2010 or the Board of Bank Incorporation set out in any other sections of law.

2011 Whoever violates the provisions of this section shall be punished by a fine of not more
2012 than \$500 or by imprisonment for not more than 6 months, or both such fine and imprisonment.

2013 Section 15. Subject to the written approval of the commissioner, a bank may be dissolved
2014 and liquidate its affairs if authorized by a vote passed, at a meeting specially called to consider
2015 the subject, by at least two-thirds of the voting body of the bank. A committee of 3 members
2016 shall thereupon be elected, and, under such regulations as may be prescribed by the
2017 commissioner, shall liquidate the assets, and after satisfying all debts of the bank shall distribute
2018 the remaining proceeds among those entitled thereto in proportion to their respective interests
2019 therein.

2020 For the purposes of this section the word “members” shall mean trustees in a savings
2021 bank in mutual form; shareholders in a co-operative bank in mutual form; and stockholders in a
2022 bank in stock form.

2023 Section 16. (a) Upon a merger or a consolidation by a savings bank with and into a bank,
2024 a federally-chartered bank or an out-of-state bank, other than a savings bank, such savings bank,

2025 hereinafter referred to as a former member bank, shall cease to be a member bank in the
2026 Depositors Insurance Fund. Notwithstanding any other provision of law, upon any such merger
2027 or consolidation, such savings bank shall not succeed to or acquire any rights, including but not
2028 limited to rights to dividends or to the proceeds of any distribution in complete or partial
2029 dissolution or liquidation, in the Depositors Insurance Fund, or in its Liquidity Fund or Deposit
2030 Insurance Fund.

2031 A savings bank shall send a notice in writing by registered mail to the Depositors
2032 Insurance Fund at least 60 days before the meeting of the incorporators or stockholders, as
2033 applicable, to vote on the merger or consolidation with and into a bank, a federally-chartered
2034 bank or an out-of-state bank, other than a savings bank.

2035 (b) Upon the acceptance by a savings bank of a federal charter it shall cease to be a
2036 member bank in the Depositors Insurance Fund. Notwithstanding any other provision of law,
2037 following its acceptance of a federal charter such corporation shall not retain, succeed to, or
2038 acquire any rights, including but not limited to rights to dividends or to the proceeds of any
2039 distribution in complete or partial dissolution or liquidation, in the Depositors Insurance Fund, or
2040 in its Liquidity Fund or Deposit Insurance Fund, except to the extent specifically provided in this
2041 paragraph. In the event that such corporation shall, subsequent to its acceptance of a federal
2042 charter, (i) convert to a Massachusetts-chartered savings bank and become a member of the
2043 Depositors Insurance Fund, or (ii) become a federal member of the Depositors Insurance Fund,
2044 such corporation shall, for so long as it shall remain a member or federal member bank of the
2045 Depositors Insurance Fund participate in any dividends paid pursuant to section 3 of chapter 43
2046 of the acts of 1934 and in any distributions made pursuant to section 10 of said chapter 43, and in
2047 any dividends paid and any withdrawals or returns of deposits authorized pursuant to section 4 of
2048 chapter 44 of the acts of 1932, in each case based upon the retained amounts paid in by such
2049 corporation to the Deposit Insurance Fund and the Liquidity Fund, respectively, without regard
2050 to whether such amounts were paid before or after acceptance of a federal charter, or upon the
2051 unexpended portion thereof, in the same manner and to the same extent as it would have been
2052 entitled to participate if such corporation had not accepted a federal charter.

2053 Upon the conversion of any such corporation into a federal charter, the corporate
2054 existence of such bank shall not terminate, but such federally-chartered bank shall be deemed to
2055 be a continuation of the entity of the savings bank so converted and all property of the converted
2056 savings bank, including its rights, titles, and interests in and to all property of whatsoever kind,
2057 whether real, personal or mixed, and things in action, and every right, privilege, interest and asset
2058 of any conceivable value or benefit then existing, or pertaining to it or which would inure to it,
2059 shall immediately, by act of law and without any conveyance or transfer and without any further
2060 act or deed, remain and be vested in and continue and be the property of such federally-chartered
2061 bank into which the savings bank has converted itself, and such federal bank shall have, hold and
2062 enjoy the same in its own right as fully and to the same extent as the same was possessed, held
2063 and enjoyed by the converting savings bank, and such federal bank as of the time of the taking

2064 effect of such conversion shall continue to have and succeed to all the rights, obligations, and
2065 relations of the converting savings bank. All pending actions and other judicial proceedings to
2066 which the converting savings bank is a party shall not be deemed to have been abated or to have
2067 been discontinued by reason of such conversion, but may be prosecuted to final judgment, order,
2068 or decree in the same manner as if such conversion into such federal bank had not been made and
2069 such federal bank resulting from such conversion may continue such action in its corporate name
2070 as a federal bank, and any judgment, order or decree may be rendered for or against it, which
2071 might have been rendered for or against the converting savings bank theretofore involved in such
2072 judicial proceedings.

2073 The predecessor corporation or the succeeding association shall pay to said deposit
2074 insurance fund or make provision for payment thereto of a sum equal to 3 annual assessments, at
2075 the percentage rate in effect at the time the predecessor corporation ceased to be a member bank
2076 and computed on the basis of its deposits as shown by its last annual report to the commissioner
2077 preceding such conversion or, at its option or at the option of the succeeding association, as
2078 shown by the records of the predecessor corporation on the effective date of conversion. Until
2079 such sum shall have been paid in full, payments on account thereof shall be made annually or
2080 oftener by the predecessor corporation or the succeeding association; provided, that not less than
2081 one-third of such sum shall be paid annually. If any such one-third shall not be so paid or if, at
2082 the end of 3 years from the time the predecessor corporation ceased to be a member bank such
2083 sum shall not have been paid in full, the entire balance thereof may be recovered by the Fund,
2084 together with interest thereon, in any manner provided by law for the collection of debts. The
2085 predecessor corporation or the succeeding association may authorize the deduction of such sum
2086 in whole or in part, from the amount, if any, of the portions of said other assessments to which
2087 the succeeding association may be entitled as hereinbefore provided. If, however, by federal law
2088 or regulation a federal bank converting therefrom to a savings bank, is required to pay to the
2089 federal deposit insurance corporation a sum equal to annual premiums or assessments for other
2090 than a period of 3 years, then the number of annual assessments payable to said share insurance
2091 fund under this section shall be for the same number of years as is so required.

2092 Any such corporation which accepts or has accepted a federal charter after January 1,
2093 1983 may apply to the Depositors Insurance Fund for insurance coverage of its deposits in
2094 excess of the amount insured by a federal deposit insurance agency, hereinafter referred to as
2095 "excess insurance", in accordance with the requirements of chapter 44 of the acts of 1932 and
2096 chapter 43 of the acts of 1934; provided, however, that no such corporation shall apply for such
2097 excess insurance unless such corporation shall have capital and surplus if a stock institution or
2098 surplus if a mutual institution, less any intangible asset value, equal to or greater than six per cent
2099 of total assets. The Depositors Insurance Fund shall not accept for excess insurance coverage any
2100 such corporation which fails to meet the requirements specified above or the requirements set out
2101 in section 19 of said chapter 43. For purposes of this section, federal deposit insurance agency
2102 shall mean Federal Deposit Insurance Corporation or any successor to such corporation.

2103 The commissioner may establish the procedure to be followed by a federally-chartered
2104 bank converting into a savings bank; provided, however, that no such conversion shall become
2105 effective unless approved in writing by the commissioner; and provided, further, that the
2106 commissioner shall not grant such approval until he has received notice from the Depositors
2107 Insurance Fund that arrangements satisfactory to it have been made for such conversion.

2108 (c) Upon the conversion of a federally-chartered bank authorized to conduct business in
2109 the commonwealth the corporate existence of such association or bank shall not terminate, but
2110 the state-chartered savings bank shall be deemed to be a continuation of the entity of the
2111 association or bank so converted and all property of the converted association or bank including
2112 its rights, titles and interests in and to all property of whatsoever kind, whether real, personal, or
2113 mixed, and things in action, and every right, privilege, interest, and asset of any conceivable
2114 value or benefit then existing, or pertaining to it, or which would inure to it, shall immediately by
2115 act of law and without any conveyance or transfer and without any further act or deed remain
2116 and be vested in and continue and be the property of such savings bank into which the federal
2117 bank has converted itself, and such savings bank shall have, hold and enjoy the same in its own
2118 right as fully and to the extent as the same was possessed, held and enjoyed by the converting
2119 association or bank and such savings bank as of the time of the taking effect of such conversion
2120 shall continue to have and succeed to all the rights, obligations, and relations of the converting
2121 association or bank. All pending actions and other judicial proceedings to which the converting
2122 federal bank is a party shall not be deemed to have been abated or to have been discontinued by
2123 reasons of such conversion, but may be prosecuted to final judgment, order or decree in the same
2124 manner as if such conversion into such savings bank had not been made and such savings bank
2125 resulting from such conversion may continue such action in its corporate name as a savings bank,
2126 and any judgment, order or decree may be rendered for or against it, which might have been
2127 rendered for or against such converting federal association or bank theretofore involved in such
2128 judicial proceedings.

2129 Upon the completion of the conversion of a federal bank into a savings bank under the
2130 provisions of this chapter, said savings bank shall become a member of the Depositors Insurance
2131 Fund, hereinafter called the Fund, and of the Deposit Insurance Fund thereof. Before such
2132 succeeding corporation shall commence business as a savings bank, it shall pay into the
2133 Liquidity Fund of the Fund, an amount equal to the deposit required of a member bank thereof a
2134 similar size, as of the date of said certificate, plus such additional amount based upon the surplus
2135 of said Reserve Fund, as the directors of the Fund, with the approval of the commissioner, shall
2136 determine to be equitable. In addition to the payment to said Reserve Fund, the succeeding
2137 corporation shall pay to the Deposit Insurance Fund such proportion of the current and annual
2138 assessment as shall have accrued to the date of said certificate.

2139 After compliance with the foregoing requirements, the succeeding corporation shall
2140 thereafter be entitled to exercise all of the rights and privileges, and shall be subject to all of its
2141 duties and obligations of a savings bank and shall conduct its business subject to the provisions

2142 of this chapter and of other applicable laws; provided, however, that, with the approval of the
2143 commissioner, the succeeding corporation shall have reasonable time after the effective date of
2144 the conversion within which to comply with any particular provisions of such laws not
2145 hereinbefore specifically provided for and which it shall be unable to comply with on or before
2146 said date.

2147 Section 17. (a) Upon a proposal to merge or consolidate a co-operative bank with and
2148 into a bank, other than a co-operative bank, a federally-chartered bank or an out-of-state bank or
2149 conversion to a federal charter such co-operative bank shall send a notice in writing by registered
2150 mail to the Co-operative Central Bank, hereinafter call the central bank, at least 60 days before
2151 the meeting of the directors to vote on the merger, consolidation or conversion.

2152 (b) Upon the acceptance by a co-operative bank of a federal charter and the commissioner
2153 has received from the state secretary a certificate that such co-operative bank, hereinafter
2154 referred to as the predecessor corporation, has been duly recorded for dissolution, the following
2155 further provisions shall apply:

2156 1. The central bank shall pay to said succeeding association from the fund representing
2157 deposits of member banks made pursuant to said chapter 45, hereinafter called the Reserve Fund,
2158 an amount equal to not more than the aggregate of all deposits made by the predecessor
2159 corporation held in said Reserve Fund on the effective date of the conversion, less all
2160 indebtedness of such corporation to the central bank; provided, however, that no part of the
2161 income, surplus, undivided profits or other reserves held by the central bank in said Reserve
2162 Fund shall be so paid.

2163 2. All amounts required to be paid by the predecessor corporation while a member bank
2164 to the Share Insurance Fund of the central bank pursuant to section 1 of chapter 73, including the
2165 income, surplus, undivided profits and other reserves of the Share Insurance Fund, shall be
2166 retained by the central bank as a charge for insurance of the shares of such corporation while a
2167 member of the said Share Insurance Fund. Such corporation shall, participate in any distributions
2168 authorized and made pursuant to section 9 of chapter 73 of the acts of 1934, but the aggregate
2169 amount of such distributions shall be limited to an amount equal to the amount the corporation
2170 would have received had the Share Insurance Fund been liquidated at the time such corporation
2171 accepted its federal charter. Thereafter the succeeding bank shall be entitled to receive from the
2172 central bank the portions, if any, of such other assessments not so paid or required as shall be
2173 determined by the central bank with the approval of the commissioner, and such determination
2174 shall be final and conclusive upon the central bank, the predecessor corporation and the
2175 succeeding bank and all other persons then or thereafter interested; provided, that the supreme
2176 judicial court shall have jurisdiction to review and to confirm or modify such determination upon
2177 the petition of the predecessor corporation or the succeeding bank filed within 10 days after
2178 receipt thereby of notice of such determination. The central bank, in its discretion and subject to
2179 the approval of the commissioner, may make disposition of such other assessments, at any time

2180 after such conversion is completed, by adjustment pursuant to an agreement with the predecessor
2181 corporation or the succeeding bank and may pay thereto such amount as may be so agreed upon.

2182 3. The predecessor corporation or the succeeding bank shall, subject to the last sentence
2183 of this paragraph, pay to said share insurance fund or make provision for payment thereto of a
2184 sum equal to 3 annual assessments, referred to in said section 1 of chapter 73 at the percentage
2185 rate in effect at the time the predecessor corporation ceased to be a member bank and computed
2186 on the basis of its share liabilities and notes payable as shown by its last annual report to the
2187 commissioner preceding such conversion or, at its option or at the option of the succeeding
2188 associations, as shown by the records of the predecessor corporation on the effective date of
2189 conversion. Until such sum shall have been paid in full, payments on account thereof shall be
2190 made annually or oftener by the predecessor corporation or the succeeding bank; provided,
2191 however, that not less than one-third of such sum shall be paid annually. If any such one-third
2192 shall not be so paid or if, at the end of 3 years from the time the predecessor corporation ceased
2193 to be a member bank such sum shall not have been paid in full, the entire balance thereof may be
2194 incurred by the central bank, together with interest thereon, in any manner provided by law for
2195 the collection of debts. The predecessor corporation or the succeeding bank may authorize the
2196 deduction of such sum in whole or in part, from the amount, if any, of the portions of said other
2197 assessments to which the succeeding bank may be entitled as hereinbefore provided. If, however,
2198 by federal law or regulation a federal bank converting therefrom to a co-operative bank, is
2199 required to pay to the federal deposit insurance corporation a sum equal to annual premiums or
2200 assessments for other than a period of three years, then the number of annual assessments
2201 payable to said share insurance fund under this section shall be for the same number of years as
2202 is so required.

2203 (c) The commissioner may establish the procedure to be followed by a federal bank or
2204 federal thrift converting into a co-operative bank; provided, however, that no such conversion
2205 shall become effective unless approved in writing by the commissioner. The commissioner shall
2206 not grant such approval until the commissioner has received notice from the Share Insurance
2207 Fund of the Co-operative Central Bank established under chapter 73 of the acts of 1934,
2208 hereinafter called the central bank, that arrangements satisfactory to it have been made for such
2209 conversion.

2210 If an application for conversion is approved by the commissioner as above provided, such
2211 federal bank or federal thrift shall cause to be filed with the state secretary the name, residence
2212 and post-office address of each of the officers and directors of such federal bank or federal thrift,
2213 a copy of its proposed by-laws amended to conform with the requirements of section 7 and such
2214 other information as said secretary may require.

2215 After approval of such conversion by the commissioner, and receipt by the commissioner
2216 of satisfactory evidence that all federal laws and regulations relative to such conversion have
2217 been or will be duly complied with, the commissioner shall cause to be filed with the state

2218 secretary a certificate of the commissioner's approval. After receipt of such certificate by said
2219 state secretary, if the state secretary finds that the requirements of this section have been
2220 satisfactorily complied with, the state secretary shall so certify and upon receipt of a fee, the
2221 amount of which shall be determined annually by the secretary of administration and finance
2222 under section 3B of chapter 7, said state secretary shall issue to said officers and directors in such
2223 form as the state secretary may prescribe, a certificate of incorporation as a co-operative bank.

2224 Simultaneously with the receipt of such certificate, such bank, hereinafter referred to as
2225 the succeeding corporation, shall become a member of the central bank and of the Share
2226 Insurance Fund thereof. Before such succeeding corporation shall commence business as a co-
2227 operative bank, it shall pay into the Reserve Fund of the central bank, established under chapter
2228 45 of the acts of 1932, an amount equal to the deposit required of a member bank thereof of
2229 similar size, as of the date of said certificate, plus such additional amount based upon the surplus
2230 of said reserve fund, as the directors of the central bank, with the approval of the commissioner,
2231 shall determine to be equitable.

2232 In addition to the payment to said reserve fund, the succeeding corporation shall pay to
2233 said Share Insurance Fund or make provision for payment thereto of such a sum as the directors
2234 of the central bank, with the approval of the commissioner, shall determine to be equitable; and
2235 provided, that the succeeding corporation shall pay to said Share Insurance Fund such proportion
2236 of any current annual assessment as shall have accrued to the date of said certificate.

2237 After compliance with the foregoing requirements, the succeeding corporation shall
2238 thereafter be entitled to exercise all of the rights and privileges and shall be subject to all of the
2239 duties and obligations of a co-operative bank and shall conduct its business subject to this
2240 chapter and of other applicable laws; provided that, with the approval of the commissioner, the
2241 succeeding corporation shall have reasonable time after the effective date of the conversion
2242 within which to comply with any particular laws not hereinbefore specifically provided for and
2243 which it shall be unable to comply with on or before said date.

2244 Section 18. Notwithstanding the provisions of any general or special law to the contrary,
2245 the commissioner may, subject to such terms and conditions as he may impose, grant a certificate
2246 to establish an interim bank, which may be a savings bank, co-operative bank or a trust company,
2247 owned by a bank holding company or a banking institution as defined in chapter 167A or a
2248 mutual holding company as defined in chapter 167H for the sole purpose of facilitating a multi-
2249 step corporate transaction involving a bank as defined in chapter 167; provided, however, that
2250 the interim bank under this chapter, chapter 167A, 167H, 167I or any other chapter shall not
2251 receive deposits, or otherwise carry on a banking business under the laws of the commonwealth.

2252 CHAPTER 167J

2253 CORPORATE GOVERNANCE PROVISIONS AND REQUIREMENTS

2254 Section 1. As used in this chapter, the following words shall, unless the context otherwise
2255 requires, have the following meanings:—

2256 “Bank”, an association or corporation chartered by the commonwealth under chapter
2257 167H, 168, 170 or 172.

2258 “Board”, the board of trustees or directors, as the case may be, in a bank.

2259 “Capital stock”, the sum of the par value of the preferred and common shares of capital
2260 stock of a stock corporation, issued and outstanding.

2261 “Commissioner”, the commissioner of banks.

2262 “Mutual Bank”, an association or corporation chartered by the commonwealth under
2263 chapter 168 or 170 which is in mutual form.

2264 “Stock corporation”, a savings bank under the provisions of chapter 168, a cooperative
2265 bank under the provisions of chapter 170, which has been chartered, converted or reorganized to
2266 a stockholder form of corporation, or a trust company under chapter 172.

2267 “Surplus account”, an account so designated on the books of a bank and consisting of
2268 amounts required by law.

2269 Section 2. Officers and employees of a bank shall be bonded to the extent and in the form
2270 determined by the board of directors or board of trustees.

2271 Section 3. In addition to the duties imposed by law upon the treasurer of a bank, or the
2272 officer or employee thereof charged with the duties and functions usually performed by the
2273 treasurer, he shall also be responsible for the performance of all acts and duties required of such
2274 corporation by the provisions of chapters 167, 167A to 167J, inclusive, 168, 170, 172 and other
2275 laws as such provisions are applicable to such officer or to such bank except in so far as such
2276 performance has been expressly imposed on some other officer or employee of such bank by its
2277 regulations or by-laws or by provision of law.

2278 Section 4. Any officer, trustee, director, agent or employee of any bank, who knowingly
2279 and willfully does any act forbidden to him or to such bank by any provision of chapters 167,
2280 167A to 167J, inclusive, 168, 170, 172, and other laws as such provisions are applicable to such
2281 officer or to such bank, or who knowingly and willfully aids or abets the doing of any act so
2282 forbidden to such bank or to any other officer, director, agent or employee thereof, or who
2283 knowingly and willfully fails to do any act required of him by any such provision, or who
2284 knowingly and willfully fails to do any act which is required of such bank by any such provision
2285 the performance of which is imposed on him by the by-laws or regulations of the bank or by law
2286 or the responsibility for the non-performance of which is placed upon him by law shall, if no

2287 other penalty against him in his aforesaid capacity is specifically provided, be punished by a fine
2288 of not more than \$1,000 or by imprisonment for not more than 1 year, or both.

2289 Section 5. No officer, director, trustee, employee or attorney of such corporation shall be
2290 a beneficiary of or receive, directly or indirectly, any fee, commission, gift or other consideration
2291 for or in connection with any business of such corporation. This section shall not prohibit any
2292 such officer, director, trustee, employee or attorney from receiving interest on a deposit made by
2293 him or his usual salary or fee as such director or trustee or a reasonable fee for services rendered
2294 to such corporation or from borrowing from such corporation in accordance with law, or from
2295 sharing in commissions, profits or other benefits derived by any firm, association or corporation,
2296 in which he is interested, arising out of any transaction with said corporation if such transaction
2297 is made in the regular course of business upon terms as favorable to the corporation as those
2298 offered to other persons. The commissioner may require a full disclosure to be made on such
2299 forms as he may prescribe by regulations or otherwise, of all commissions, profits or other
2300 benefits realized in any such transaction.

2301 Section 6. Whoever violates any provisions of sections 5 and 10 shall be punished by a
2302 fine of not more than \$5,000 or by imprisonment for not more than 1 year, or both such fine and
2303 imprisonment.

2304 Section 7. A bank may pay interest on deposit accounts in accordance with applicable
2305 law. Rates of interest may vary based on the type of account or on the terms and conditions
2306 applicable to the account. Such corporation by its by-laws, may provide that fractional parts of a
2307 dollar shall not be included in principal in computing interest, and may provide that interest shall
2308 not be paid on deposits of less than 10 dollars.

2309 Section 8. A trustee, a director or other officer of bank may at the same time be a
2310 director, trustee or other officer of a savings bank, co-operative bank or credit union, state or
2311 federally chartered savings and loan association, trust company, or national banking association
2312 if, in such case, there is in force a permit therefor issued by the commissioner in writing with the
2313 reasons thereon stating why the public interest warrants its issuance, after reasonable notice and
2314 an opportunity to be heard, who is hereby authorized to issue such permit if, in his judgment, it is
2315 not incompatible with the public interest, and to revoke any such permit whenever he finds, after
2316 reasonable notice and opportunity to be heard, that the public interest warrants its revocation
2317 except that the provisions of this section shall not apply to any director or other officer who held
2318 such position at the incorporation of said trust company. Any person serving as a director, trustee
2319 or other officer of a bank that does not make real estate mortgage loans and does not accept
2320 savings deposits from natural persons, may at the same time serve as a director, corporator,
2321 trustee or other officer of a savings bank, co-operative bank, trust company, state or federally
2322 chartered savings and loan association, or national banking association.

2323 Notwithstanding the provisions of this section, a director, officer or employee of a bank
2324 may at the same time be a director, officer or employee of a banking institution if such bank and
2325 banking institution are affiliates of the same bank or mutual holding company. For the purposes
2326 of this section, the terms “banking institution” and “affiliate” shall have the same meanings as set
2327 forth in section 1 of chapter 167A.

2328 Section 9. Each bank shall, annually, within 30 days after the last business day of
2329 December make a report to the commissioner in such form as he may prescribe showing
2330 accurately its condition at the close of business on that day, and containing such other
2331 information as the commissioner may require. A statement of condition of a bank shall be
2332 available for examination for reasonable purposes by stockholders or their authorized agents at
2333 the principal office during business hours.

2334 Each such corporation shall prepare a balance sheet, in accordance with generally
2335 accepted accounting principles, which presents fairly its condition as of the last business day of
2336 its fiscal year. A copy of a statement of condition shall be made available to a depositor upon
2337 request.

2338 Section 10. An officer, director or trustee of a bank, except as provided in this section,
2339 shall not borrow from or otherwise become indebted to the bank of which he is an officer,
2340 director or trustee and a bank, except as provided in this section, shall not make a loan or extend
2341 credit in any other manner to any of its officers, directors or trustees. An officer, director or
2342 trustee of a bank may borrow and a bank may make a loan or extend credit to its officers,
2343 directors or trustees subject to the terms and conditions in compliance with subsection (g) of
2344 section 2I of chapter 167.

2345 Section 11. At intervals that shall not be less frequent than quarterly, the treasurer or
2346 other officer or committee designated by the board of directors or trustees shall submit to a
2347 meeting of the board, or to a meeting of a committee, if the receipt of the reports has been
2348 delegated by the board to that committee, a written report, over his signature, for the period
2349 running from the closing date of the last report to a date not more than 18 days before the date of
2350 the meeting at which the report is submitted. The report shall be filed with the records of the
2351 meeting and shall be retained for a period of 6 years from the date of the meeting. The report
2352 shall provide a summary of the transactions and other information requested by the board.

2353 Section 12. At least once during each 12 months following their elections and more often
2354 if required by the commissioner, the auditing committee of a mutual bank shall have an audit
2355 made of the balance sheet of the bank and such other financial statements as it may prescribe.

2356 The audit shall be made by an independent certified public accountant as set forth in the
2357 last paragraph of section 33 of chapter 13 in accordance with generally accepted auditing
2358 standards and in such other form and manner at such time within said 12 months as the auditing

2359 committee may prescribe. Within 30 days after its election, the auditing committee shall appoint
2360 an accountant.

2361 The accountant shall report in writing to the auditing committee the results of the audit.
2362 At the next meeting of the trustees or directors of the mutual institution thereafter, the auditing
2363 committee shall render a report, which shall be read and signed by the committee, stating the
2364 nature, extent and results of the audit and whether it accepts the accountant's report.

2365 The auditing committee shall file with the commissioner a copy of the accountant's
2366 report within 30 days after its receipt and maintain another copy with the records of the bank. If
2367 the auditing committee fails to have an audit as herein provided, the commissioner shall have an
2368 audit made by an independent certified public accountant as set forth in the last paragraph of
2369 section 33 of chapter 13 in such form and manner as the commissioner may prescribe, and the
2370 expense shall be paid by the bank.

2371 Section 13. A bank shall maintain capital and surplus if a stock corporation or a surplus
2372 account if a mutual institution necessary to be deemed, at a minimum, adequately capitalized as
2373 determined by the federal deposit insurance agency which insures the deposits of the bank or, if
2374 applicable, by the Commissioner.

2375 Section 14. The capital stock of a stock corporation shall be subject to the following
2376 provisions:

2377 A. Classes. — The capital stock of such corporation may consist of common stock and 1
2378 or more classes of preferred stock. The issuance of any such capital stock shall require the prior
2379 approval of the commissioner, and shall be subject to such conditions as the commissioner may
2380 impose.

2381 B. Preferred Stock. — The preferred stock may contain such provisions relative to
2382 preferences, voting powers, retirement, dividend and conversion rights and participation in
2383 control and management as the by-laws and articles of organization may, with the approval of
2384 the commissioner, provide; but the holders thereof shall not be held individually responsible as
2385 such holders for any debts, contracts or engagements of such corporation and shall not be liable
2386 for assessments to restore impairments in its capital. In case dividends on the preferred stock are
2387 to be cumulative, no dividends shall be declared or paid on common stock until all such
2388 cumulative dividends shall have been paid in full and all requirements of any retirement fund
2389 shall have been met; and if such corporation is placed in voluntary liquidation, or a conservator
2390 is appointed therefor, or possession of its property and business has been taken by the
2391 commissioner, no payments shall be made to the holders of the common stock until the holders
2392 of the preferred stock shall have been paid in full such amounts as may, with the approval of the
2393 commissioner, be provided in the articles of organization or amendments thereof, not in excess
2394 of the purchase price or other consideration received by the corporation for such preferred stock,
2395 plus all accumulated unpaid dividends.

2396 C. Issue. — No stock specified in the agreement of association shall be issued until the
2397 par value and pro rata portion of surplus account and undivided profits account shall be paid in
2398 full in cash. No additional stock shall be issued until the par value thereof is paid in full in cash
2399 or such other consideration as shall be approved by the commissioner or is in its possession as
2400 surplus account; provided, that no stock shall be issued against the surplus account unless, after
2401 such issue, the surplus account shall amount to at least fifty per cent of the total capital stock.

2402 D. Increase or Reduction. — Any such corporation may, subject to the approval of the
2403 commissioner, increase or reduce its capital stock in the manner provided by section 10.03 of
2404 chapter 156D; provided, however, that the capital stock shall not be reduced to less than the
2405 minimum amounts set forth by law; and provided, further, that, in the case of reorganization of
2406 any such corporation in possession of the commissioner under section 22 of chapter 167 or in
2407 possession of a conservator under chapter 167, the capital stock outstanding at the time of
2408 possession taken by the commissioner or conservator may be cancelled in whole or in part or
2409 other disposition thereof made in accordance with any plan of reorganization approved by the
2410 commissioner and the supreme judicial court.

2411 E. Change of Par Value. — Any such stock corporation may change the par value of its
2412 shares in the manner provided by section 10.03 of chapter 156D.

2413 F. Rights and Options. — The terms and conditions of any rights or options issued by any
2414 such stock corporation, including those outstanding on the effective date of this section, may
2415 include, without limitation, restrictions or conditions that preclude or limit the exercise, transfer,
2416 receipt or holding of such rights or options by any person or persons owning or offering to
2417 acquire a specified number or percentage of the outstanding stock or other securities of the
2418 corporation, or any transferees of any such persons, or that preclude or limit such actions based
2419 on such other factors, including the nature or identity of such persons, as the directors determine
2420 to be reasonable and in the best interests of the corporation. Nothing contained in this section
2421 shall affect the duties or standard of care of a director. The issuance of any shares of the capital
2422 stock of the corporation upon the exercise of any such options or rights shall require the prior
2423 approval of the commissioner and shall be subject to such conditions as the commissioner may
2424 impose.

2425 Section 15. The registrar, transfer agent or other officer or agent of any such stock
2426 corporation having charge of its stockholders' records or ledger shall, within 10 days after
2427 recording thereon any transfer of stock of the corporation which makes the transferee the owner
2428 of record of 10 per cent or more of the outstanding stock with voting power, report such transfer
2429 to the commissioner. Any agent or broker holding 10 per cent or more of such stock for the
2430 benefit of one or more persons shall, upon written request of the commissioner, report to him the
2431 names of such persons. Whoever violates this section shall be punished by a fine of not more
2432 than \$500 or by imprisonment for not more than 6 months, or both.

2433 Section 16. The directors may fix in advance a time, which, unless a shorter period is
2434 provided in the by-laws, shall be not more than 60 days before the date of any meeting of the
2435 stockholders or the date for the payment of any dividend or the making of any distribution to
2436 stockholders or the last day on which the consent or dissent of stockholders may be effectively
2437 expressed for any purpose, as the record date for determining the stockholders having the right to
2438 notice of and to vote at such meeting and any adjournment thereof or the right to receive such
2439 dividend or distribution or the right to give such consent or dissent, and in such case only
2440 stockholders of record on such record date shall have such right, notwithstanding any transfer of
2441 stock on the books of the bank after the record date; or without fixing such record date the
2442 directors may for any of such purposes close the transfer books for all or any part of such period.

2443 Section 17. The board of directors may declare from net profits cash dividends annually,
2444 semi-annually or quarterly, but not more frequently, and noncash dividends at any time. No
2445 dividends shall be declared, credited or paid so long as there is any impairment of capital stock.
2446 No stock corporation having outstanding preferred stock shall, except as otherwise authorized by
2447 the commissioner, declare dividends upon common stock for any period other than a period for
2448 which dividends are declared upon preferred stock.

2449 The approval of said commissioner shall be required if the total of all dividends declared
2450 by a stock corporation in any calendar year shall exceed the total of its net profits for that year
2451 combined with its retained net profits of the preceding 2 years, less any required transfer to
2452 surplus or a fund for the retirement of any preferred stock.

2453 For the purposes of this section, the words net profits shall mean the remainder of all
2454 earnings from current operations plus actual recoveries on loans and investments and other assets
2455 after deducting from the total thereof all current operating expenses, actual losses, accrued
2456 dividends on preferred stock, if any, and all federal and state taxes.

2457 Section 18. Such stock corporation may grant options to purchase, issue and sell shares of
2458 its capital stock to its directors, officers and employees, or to a trustee on their behalf, without
2459 first offering the same to its shareholders, for such consideration, not less than par value, and
2460 upon such terms and conditions as shall be approved by its board of directors, by the holders of a
2461 majority of the stock entitled to vote with respect thereto, and by the commissioner. In the
2462 absence of fraud, the sufficiency of consideration as so approved shall be conclusively presumed.

2463 Section 19. Such corporation may establish stock purchase plans, restricted stock
2464 purchase plans and stock grant plans for employees, officers and directors thereof, whether such
2465 director is an employee or non-employee of the corporation. Any such plan shall be subject to
2466 such terms and conditions as shall be approved by the board of directors of the bank, by the
2467 holders of a majority of the stock thereof entitled to vote with respect thereto, and by the
2468 commissioner. In the absence of fraud, the sufficiency of consideration as so approved shall be
2469 conclusively presumed. Notwithstanding the provisions of subsection C of section 14, stock may

2470 be issued for intangible property or services if permitted by the plan approved as provided in this
2471 section, without the approval of the specific form of such non-cash consideration by the
2472 commissioner.

2473 Section 20. A. A stock company may, subject to the approval of the commissioner and
2474 upon vote of the holders of at least two-thirds of each class of its capital stock at an annual
2475 meeting or a special meeting duly called for the purpose, preceded in either case by a notice in
2476 writing sent to each stockholder of record by registered mail at least 10 days before said meeting,
2477 issue and sell its capital notes or debentures of any maturity. The indebtedness evidenced by any
2478 such capital notes or debentures, including the principal thereof and premium, if any, and interest
2479 thereon, shall be subordinate to the claims of depositors and other creditors of such corporation,
2480 except claims in respect of other capital notes or debentures of such corporation at least equally
2481 subordinated, in accordance with such provisions for subordination as shall be approved by the
2482 commissioner, and such subordination shall be specifically enforceable by any interested person,
2483 including the commissioner or any conservator appointed by the commissioner whenever
2484 possession of the property and business of such corporation shall have been taken by the
2485 commissioner or such conservator. Any such issue of capital notes or debentures may contain
2486 such other provisions as the commissioner may approve, including provision for conversion
2487 rights. The commissioner in his discretion may by regulation provide that any such capital notes
2488 or debentures shall to the extent set forth in such regulation be treated as part of the capital funds
2489 of the issuing stock corporation for purposes of any of the provisions of this chapter.

2490 B. Nothing in subsection A shall be construed as limiting the power of any such
2491 corporation to borrow money otherwise than through the issuance and sale of such capital notes
2492 or debentures, provided that no such corporation shall engage in the business of issuing and
2493 selling to depositors, customers or others its unsecured promissory notes except in accordance
2494 with such regulations as the commissioner in his discretion may adopt as to the conduct of such
2495 business or, in the absence of such regulations, with the prior approval of the commissioner. Any
2496 regulations adopted by the commissioner in accordance with the foregoing provisions of this
2497 subsection B may impose limitations on the aggregate amount of such promissory notes at any
2498 time outstanding, and the interest cost thereof, and may further require that reserves shall be
2499 maintained against the indebtedness evidenced thereby, all by classes of trust companies or
2500 otherwise.

2501 Section 21. A bank's corporate governance procedures shall comply with banking laws
2502 and regulations and safe and sound banking practices. To the extent not inconsistent with the
2503 above a bank may elect to follow the corporate governance procedures of chapter 156D of the
2504 General Laws or the law of the state in which its holding company is organized. A bank shall
2505 designate in its by-laws the body of law selected or its corporate governance procedures.

2506 SECTION 58. The General Laws are hereby amended by striking out chapter 168, as
2507 appearing in the 2012 Official Edition, and inserting in place thereof the following chapter: —

2508 CHAPTER 168

2509 SAVINGS BANKS

2510 Section 1. The following words as used in this chapter, unless the context otherwise
2511 requires, shall have the following meanings:—

2512 “Board”, or “Board of Bank Incorporation” as used in the first nine sections, a board
2513 consisting of the commissioner of banks, the commissioner of revenue and the state treasurer.

2514 “Capital Stock” the sum of the par value of the preferred and common shares of capital
2515 stock, issued and outstanding.

2516 “Commissioner”, the commissioner of banks.

2517 “Corporator” an original incorporator

2518 “Incorporators”, subscribers to the agreement of association for the purpose of forming a
2519 savings bank under the provisions of this chapter.

2520 “Mutual bank”, a savings bank, institution for savings or savings institution incorporated
2521 as such in the commonwealth in mutual form.

2522 “Savings bank”, a savings bank, institution for savings or savings institution incorporated
2523 as such in this commonwealth.

2524 “Stock bank”, a savings bank, institution for savings or savings institution incorporated as
2525 such in the commonwealth in stock form which has been chartered or reorganized or converted
2526 to a stockholder form of corporation.

2527 “Stockholder”, a registered owner of shares of capital stock of a stock savings bank

2528 “Such corporation” or “such bank”, a savings bank, institution for savings and a savings
2529 institution incorporated as such in this commonwealth.

2530 Section 2. A savings bank shall have all the powers expressly granted by law and
2531 whatever further incidental powers may fairly be implied from those expressly conferred and
2532 such as are reasonably necessary to enable it to exercise fully those powers according to common
2533 or accepted banking customs and usages.

2534 Section 3. Any such corporation organized prior to January 1, 1955 shall be subject to
2535 this chapter and chapters 167C to 167G, inclusive, Chapter 167I and 167J so far as is consistent
2536 with the provisions of its charter, and may, by vote of its corporators at its annual meeting or at a
2537 meeting called for the purpose, accept any provision of this chapter which is inconsistent with its
2538 charter. Any such corporation organized after January 1, 1955, shall be subject to this chapter
2539 and chapters 167C to 167G, inclusive and Chapters 167I and 167J.

2540 Section 4. A savings bank shall upon its incorporation have such capital structure as the
2541 board of bank incorporation shall deem adequate. Such capital structure may vary by the board
2542 based on the application and business plan submitted.

2543 Section 5. Fifteen or more individuals who associate themselves by a written agreement
2544 for the purpose of forming a savings bank may, upon compliance with sections 4 to 9, inclusive,
2545 become a corporation, with all the powers and privileges and subject to all the duties, restrictions
2546 and liabilities set forth in all general laws relating to such corporations. The agreement of
2547 association shall specifically state:

2548 (a) That the incorporators thereto associate themselves with the intention of forming a
2549 corporation;

2550 (b) The name by which the corporation shall be known;

2551 (c) The location of the principal office of the corporation, which shall be within the
2552 commonwealth;

2553 (d) The purposes for which the corporation is formed and the nature of the business to be
2554 transacted;

2555 (e) The amount and classes of its capital stock, and the number of shares into which any
2556 class is to be divided; the amount of the surplus account and the amount of the undivided profits
2557 account for a stock bank, the amount of the surplus account for a mutual bank; and

2558 (f) The name of each incorporator and the number of shares of capital stock, if any, which
2559 he agrees to take and the class or classes of such shares.

2560 Each incorporator shall subscribe his name to the agreement of association.

2561 Section 6. A notice of the intention of the incorporators to form such a savings bank shall
2562 be given to the board of bank incorporation.

2563 A notice in such form as said board shall approve, shall be published at least once a
2564 week, for 3 successive weeks, in 1 or more newspapers designated by the board, and published in
2565 the city or town in which it is proposed to establish the savings bank, or if there is no newspaper
2566 in such city or town, in a newspaper published in the city or town which is nearest to the
2567 proposed location. Such notice shall specify the names of the proposed incorporators, the name
2568 of the corporation and the location of the same. The incorporators to said agreement shall apply
2569 to the board for a certificate that public convenience and advantage will be promoted by the
2570 establishment of such savings bank. Such an application for a proposed savings bank shall be
2571 accompanied by an investigation fee, the amount of which shall be determined by the
2572 commissioner of administration under the provision of section 3B of chapter 7. In determining
2573 whether the public convenience and advantage will be promoted by the establishment of such

2574 savings bank, the board shall consider the adequacy of its capital structure, the general character
2575 of its management, the adequacy of banking facilities in the area, and the convenience and needs
2576 of the community to be served. The board may grant such certificate, which shall be deemed to
2577 be revoked if the applicants therefor do not become incorporated and begin business within 1
2578 year after its date of issue. If the board refuses to issue such certificate, no further proceeding
2579 may be taken by the applicant during the year next following the date of such refusal except with
2580 the approval of the board, but the applicant may renew his application as of right after 1 year
2581 from the date of such refusal, and he may dispense with further notice or publication unless the
2582 board orders such notice or publication.

2583 Section 7. The first meeting of the incorporators shall be called by a notice signed either
2584 by that incorporator who is designated in the agreement for the purpose, or by a majority of the
2585 incorporators, and such notice shall state the time, place and purposes of the meeting. A copy of
2586 the notice shall, at least 7 days before the day appointed for the meeting, be given to each
2587 incorporator or left at his residence or usual place of business, or deposited in the post office,
2588 postage prepaid, and addressed to him at his residence or usual place of business, and another
2589 copy thereof and an affidavit of one of the signers that the notice has been duly served shall be
2590 recorded with the records of the corporation. If all the incorporators shall, in writing endorsed
2591 upon the agreement of association, waive such notice and fix the time and place of the meeting,
2592 no notice shall be required. At such first meeting, or at any adjournment thereof, the
2593 incorporators shall organize by the choice by ballot of a temporary clerk who shall be sworn, by
2594 the adoption of by-laws and by the election in such manner as the by-laws may determine, a
2595 clerk or secretary, and such other officers as the by-laws may prescribe, trustees for a mutual
2596 bank or directors for a stock bank. The temporary clerk shall make and attest a record of the
2597 proceedings until the clerk or secretary has been chosen and sworn, including a record of such
2598 choice and qualification.

2599 Section 8. The president, clerk or secretary and a majority of the trustees or directors, as
2600 applicable, elected at such first meeting shall make and sign under penalties of perjury articles of
2601 organization in duplicate, setting forth—

2602 (a) A true copy of the agreement of association, the names of the incorporators thereto,
2603 and the name of each of the officers and directors or trustees as applicable;

2604 (b) The date of the first meeting and the successive adjournments thereof, if any.

2605 One duplicate original of the articles so signed shall be submitted to the commissioner,
2606 and the other, together with the records of the proposed corporation, to the state secretary, who
2607 shall examine the same, and who may require such amendment thereof or such additional
2608 information as he may consider necessary. If he finds that the articles conform to the 4 preceding
2609 sections relative to the organization of the corporation and that section 6 has been complied with,
2610 he shall so certify and endorse his approval thereon. The articles shall be filed within 30 days

2611 thereafter in the office of the state secretary, who, upon receipt of a fee, the amount of which
2612 shall be determined annually by the commissioner of administration under the provision of
2613 section 3 B of chapter 7, said state secretary shall issue a certificate of incorporation in the
2614 following form:

2615 COMMONWEALTH OF MASSACHUSETTS

2616 Be it known that whereas (the names of the subscribers to the agreement of association)
2617 have associated themselves with the intention of forming a corporation under the name of (the
2618 name of the corporation), for the purpose (the purpose declared in the agreement of association),
2619 with a capital stock or surplus, as applicable, of (the amount fixed in the agreement of
2620 association), and have complied with the statutes of the commonwealth in such case made and
2621 provided, as appears from the articles of organization of said corporation, duly approved by the
2622 state secretary and recorded in this office: Now, therefore, I (the name of the state secretary),
2623 secretary of the commonwealth of Massachusetts, do hereby certify that said (the names of the
2624 subscribers to the agreement of association), their associates and successors, are legally
2625 organized and established as, and are hereby made, an existing corporation under the name of
2626 (name of the corporation), with the powers, rights and privileges, and subject to the limitations,
2627 duties and restrictions, which by the law appertain thereto.

2628 Witness my official signature hereunto subscribed and the great seal of the
2629 commonwealth of Massachusetts hereunto affixed, this day of in the year (the date of the filing
2630 of the articles of organization).

2631 The state secretary shall sign the certificate of incorporation and cause the great seal of
2632 the commonwealth to be thereto affixed, and such certificate shall have the force and effect of a
2633 special charter. The existence of every such corporation shall begin upon the filing of the articles
2634 of organization in the office of the state secretary. He shall also cause a record of the certificate
2635 of incorporation to be made, and such certificate, or such record, or a certified copy thereof, shall
2636 be conclusive evidence of the existence of such corporation.

2637 A bank may amend its articles of organization if approved by its board and submitted to
2638 and approved by the bank's governing body except as provided in sections 10.05, 10.07 and
2639 14.34 of chapter 156D. After approval by the board and governing body, the amendment shall be
2640 submitted to the commissioner for his endorsement thereon before delivering the amendment to
2641 the secretary of state for filing.

2642 Section 9. When all the capital stock has been issued for a stock bank, a list of the
2643 stockholders, with the name, residence and post office address of each, and the number of shares
2644 in each class held by each stockholder, shall be filed with the board of bank incorporation, which
2645 list shall be verified by the clerk of the corporation. Upon receipt of such list the board shall
2646 cause an examination to be made of the method of payment of the capital stock, or the surplus
2647 account if a mutual bank of the personnel of the corporation, including the officers and directors

2648 or trustees thereof, and if, after such examination, it appears that the whole capital stock, surplus
2649 account and undivided profits account for a stock bank or surplus account for a mutual bank have
2650 been paid in cash, that all requirements of law have been complied with, that the bank is a
2651 member of the Federal Deposit Insurance Corporation, and that the qualifications of the
2652 personnel are satisfactory, the board shall, if satisfied that the public convenience and advantage
2653 will be promoted thereby, issue a certificate authorizing such corporation to begin the transaction
2654 of business. No such corporation shall begin the transaction of business until such a certificate
2655 has been granted.

2656 Section 10. A mutual bank shall be subject to sections 11 to 21A, inclusive and a stock
2657 bank shall be subject to sections 21A to 26 inclusive.

2658 Section 11. Meetings of the corporators, board of trustees and board of investment of a
2659 mutual bank shall be held in the town wherein the main office of the corporation is located, or at
2660 any other place within the counties in which the bank has a branch office.

2661 Section 12. A mutual bank shall have at least 25 corporators and may, at a legal meeting
2662 of the corporators, elect by ballot to be a corporator any person who is a resident of the
2663 commonwealth, or any person who resides in another state; provided, however, that not less than
2664 three-fourths of said corporators shall be citizens of the commonwealth and residents therein at
2665 any one time. Corporators shall be elected for a term of 10 years, but a corporator shall not serve
2666 beyond the retirement age as established by the bank's by-laws. No person shall serve as a
2667 corporator of more than one savings bank, and no corporator shall, after January 1, 1975, serve
2668 as an officer or director of a national bank, trust company, co-operative bank, savings and loan
2669 association or credit union. A corporator shall, at the time of his election or within 30 days
2670 thereafter, be a depositor of such corporation. Any person serving as a corporator of a savings
2671 bank may at the same time serve as a director or, other officer of a trust company or a national
2672 bank that does not make real estate mortgage loans and does not accept savings deposits from
2673 natural persons.

2674 No person shall continue to be a corporator after removing from the commonwealth
2675 unless, at the annual meeting following such removal, the corporators shall vote to continue such
2676 person as a corporator subject to the limitations of this section applicable to nonresident
2677 corporators.

2678 Any person may, at an annual or special meeting of the corporators, cease to be a
2679 corporator if, at least 3 days before such meeting, he has filed with the clerk a written notice of
2680 his intention so to do. If a corporator fails to attend 2 consecutive annual meetings, his
2681 membership may, by vote of the corporators at their next annual meeting, be declared forfeited;
2682 and such action and vote when recorded shall be evidence of such forfeiture. Not more than
2683 three-fifths of the corporators of any such corporation shall be trustees or officers thereof at any
2684 one time.

2685 Section 13. The annual meeting of the corporators of a mutual bank shall be held at a
2686 time as the by-laws direct. Special meetings may be held by order of the trustees or upon written
2687 request of at least 10 corporators addressed to the clerk who shall give notice of special
2688 meetings upon that order or request. In the absence or inability of the clerk to serve, the president
2689 or a vice president may give the notice required by this section. At least 7 days before the date
2690 of the meeting, written notice of the meeting shall be mailed to each corporator. The names of
2691 those present at a meeting shall be entered in the records of the corporation. A quorum shall
2692 consist of not less than 13 corporators or 25 per cent of the total number of corporators,
2693 whichever is the greater; but, not more than 50 corporators shall be necessary to constitute a
2694 quorum.

2695 Section 14. A mutual bank shall have a board of trustees, subject to the following
2696 provisions:—

2697 1. Number. — The board shall consist of not less than 11 trustees and such additional
2698 number, if any, as may be provided in the by-laws.

2699 2. Qualifications. — The business of the corporation shall be managed by a board of
2700 trustees, of which not less than a majority shall be citizens of the commonwealth. A trustee at the
2701 time of his election or within 30 days thereafter, shall be a depositor of the corporation. At least 2
2702 trustees of the board at the time of their election shall be residents of the city or town where the
2703 main office or a branch office of the corporation is located.

2704 3. Election. — All trustees shall be elected by and from the corporators, except that any
2705 vacancy in the board arising between annual meetings from death, resignation or otherwise, may
2706 be filled by the trustees until the next annual meeting at which the corporators may elect a trustee
2707 for the balance, if any, of the unexpired term. The trustees shall be divided into 3 groups as
2708 nearly equal in number as possible, and one of such groups shall be elected annually for a term
2709 of 3 years, provided, however, that during the minimum time necessary to accomplish the
2710 foregoing, one of said groups may be elected for a term of 1 year and one for a term of 2 years.
2711 Upon the election as trustee of a person who has not been theretofore a trustee of such
2712 corporation, the clerk shall send forthwith to the commissioner the name and address of such
2713 person and the clerk shall transmit to such person a copy of the laws relating to savings banks. A
2714 number of trustees, not exceeding two, may be elected by vote of a majority of the trustees then
2715 in office if the by-laws so proscribe.

2716 4. Termination of Office. — If a trustee fails to attend four consecutive regular quarterly
2717 meetings of the board of trustees, said board may declare his office to be vacant at its next
2718 regular quarterly meeting, and if a trustee fails to attend eight consecutive regular quarterly
2719 meetings of said board, it shall declare his office to be vacant at its next regular quarterly
2720 meeting, but this provision shall not apply to a trustee while he is serving on active duty as a
2721 member of the Armed Forces of the United States. Any trustee whose office is declared to be

2722 vacant as provided in this paragraph shall not be re-elected as a trustee except upon vote of at
2723 least two-thirds of all the corporators of such corporation passed at a subsequent annual meeting.

2724 The by-laws may authorize the continuance, as honorary trustees, of those persons who
2725 shall have served as trustee for 10 years or more. Such honorary trustee may be elected for an
2726 indefinite term and shall not be included in determining the minimum number of trustees
2727 provided under paragraph 1, or the number of trustees to be elected annually as provided in
2728 paragraph 4 of this section. Such honorary trustee shall not be deemed to be an officer or
2729 member of the board of trustees of such corporation, shall not receive compensation or be
2730 required to attend meetings or be authorized or required to perform any duties.

2731 The office of any trustee who seeks, or against whom, an order of relief is entered in a
2732 personal capacity, pursuant to Title 11 of the United States Code, or who, on examination in a
2733 supplementary process proceeding, has been found unable to pay a judgment, shall thereby be
2734 vacated. A record of any such vacancy shall be entered upon the books of the corporation. Any
2735 trustee whose office is so vacated shall again be eligible to serve as a trustee upon the receipt of a
2736 discharge in bankruptcy under Chapter 7 of said Title 11; the completion of all payments
2737 required pursuant to a plan of reorganization under Chapter 11 thereof; the completion of all
2738 payments under a plan of debt adjustment under Chapter 13 thereof; or the payment of said
2739 judgment.

2740 The commissioner may recommend the removal of any trustee, officer or employee who
2741 in his opinion has abused his trust, or has been negligent in the performance of his duties, and
2742 upon such recommendation the trustees may remove or discharge such trustee, officer or
2743 employee. The trustees shall act upon such recommendation within 30 days after receiving the
2744 same and neither such trustees nor the commissioner shall be personally liable for any action
2745 taken by them in good faith in connection with any such recommendation or removal.

2746 Section 15. A regular meeting of the board of trustees of a mutual bank shall be held at
2747 least once in 3 months, for the purposes set forth in this section and for the transaction of other
2748 business. Special meetings may be called by the president, or shall be called by the clerk if
2749 requested in writing by at least 3 trustees. Notices of meetings shall be given in the manner and
2750 to the extent provided in the by-laws. Unless the articles of incorporation, the by-laws or a
2751 resolution of the board otherwise provide, members of the board of trustees or any committee
2752 designated thereby may participate in a meeting of such board or committee by means of a
2753 conference telephone or similar communications equipment by means of which all persons
2754 participating in the meeting may simultaneously hear each other, and participation by such
2755 means shall constitute presence in person at a meeting. Members may transmit any written
2756 authorizations that may be required during the meeting by electronic facsimile or other
2757 commercially acceptable transmission. A quorum shall consist of not less than a majority of the
2758 trustees, and if there be less than a quorum then a majority of those present may adjourn the
2759 meeting until the next regular meeting or until another time or times prior thereto.

2760 A record shall be made by the clerk at each meeting of the transactions of the trustees and
2761 of the names of those present, and a copy of the aforesaid report of the board of investment shall
2762 be filed and preserved with the records of the corporation.

2763 Section 16. (a) A mutual bank shall have a board of investment of not less than 5
2764 members, who shall be trustees of the corporation. Only 1 of the persons holding the office or
2765 performing the duties of president, executive vice president, senior vice president or treasurer
2766 shall at the same time be a member of the board of investment. The board shall elect a clerk who
2767 may, but need not be a member of the board. The board of investment may invite 1 or more
2768 trustees who are not members of the board to attend its meetings during the monthly, quarterly or
2769 semi-annual periods as the board may determine.

2770 (b) At least quarterly, the treasurer or other officer designated by the board of investment
2771 shall submit to the board of investment, a written report, over his signature, covering the period
2772 for which the report has not yet been submitted.

2773 Section 17. In addition to the trustees and members of the board of investment, the
2774 officers of a mutual bank shall be a president, 1 or more vice presidents, a treasurer, a clerk and,
2775 subject to applicable provisions of the by-laws, such other officers as from time to time may be
2776 determined by the trustees to be necessary for the management of the affairs of such corporation,
2777 provided that the duties of any such other officer shall not be in conflict with those of the
2778 president or treasurer. As used in this section and in section 20 and sections 2 and 5 of
2779 chapter 167J, the term "operating officers" shall mean and include the president, vice presidents,
2780 any assistant vice presidents, the treasurer, any vice treasurer, assistant treasurers, any branch
2781 managers, any person performing the duties of auditor, and such other officers as may be
2782 designated as operating officers by vote of the board of trustees.

2783 The president shall be a trustee. A vice president may perform the duties of the president
2784 to the extent authorized in the by-laws. The treasurer may at the same time be a vice president. A
2785 vice treasurer or an assistant treasurer may perform all the duties of the treasurer. The clerk shall
2786 be the clerk of the corporation and clerk of the trustees.

2787 An operating officer of the corporation shall not hold the office or perform the duties of
2788 president, vice president, cashier or treasurer of a national banking association or a trust
2789 company, and the operating officer shall be governed by section 8 of chapter 167J with respect to
2790 holding office in another savings bank or in a co-operative bank or federal savings and loan
2791 association.

2792 Section 18. The clerk of a mutual bank and such members of the board of trustees as may
2793 be required to be elected under the provisions of section 14 shall be elected at the annual meeting
2794 or at a special meeting of the incorporators between meetings of the corporation. The president
2795 shall be elected by the trustees. If any such office becomes vacant during the year the trustees

2796 may, except as otherwise provided in this chapter, fill the vacancy or approve a new officer until
2797 the next annual meeting.

2798 The members of the board of investment, the treasurer, vice treasurer, assistant treasurers,
2799 vice presidents and such other officers as may be determined to be necessary as provided in
2800 section 17, shall be elected by the trustees and shall hold office during their pleasure, and the
2801 trustees may fill vacancies in such offices at any time.

2802 All trustees and other officers shall be sworn, and shall hold their several offices until
2803 others are elected and qualified in their stead; and a record of such qualification shall be made
2804 and preserved with the records of such corporation. If a person elected as trustee or other officer
2805 of such corporation does not, within 45 days thereafter, take the oath of office, his office
2806 thereupon shall become vacant; provided, that such oath may be taken in person at any office of
2807 such corporation or may be taken in writing before a notary public or justice of the peace and
2808 transmitted to such corporation within said period.

2809 Section 19. Each person elected to office at the annual meeting or at any other meeting of
2810 the corporators or trustees, who is not present at the meeting at which he was elected shall be
2811 notified, in writing, of his election by the clerk of the corporation. The notice shall be sent within
2812 10 days after the meeting to the last known address of that person. Within 60 days after the
2813 annual meeting, the clerk shall cause to be filed with the records of the corporation a list
2814 containing the following information: (1) the names of the corporators indicating those who are
2815 trustees; and (2) the names of the president, vice presidents, treasurer, members of the board of
2816 investment, and members of the auditing committee. A copy of the list shall be furnished to the
2817 commissioner within 10 days after filing with the records of the corporation.

2818 Section 20. At least once during each 12 month period, the trustees shall elect an auditing
2819 committee of not less than 3 trustees who shall not be operating officers or members of the board
2820 of investment. The members of such committee shall take an oath of office in the manner and
2821 within the period prescribed by section 18, and a record thereof shall be made and preserved as
2822 provided in said section. The trustees may elect or authorize to be appointed such other
2823 committees as the by-laws may provide or as the trustees from time to time may determine. The
2824 trustees shall authorize the compensation, if any, to be paid to the members of the committees.

2825 Section 21. The by-laws of the corporation may provide for any and all matters relative to
2826 the business and affairs of the corporation as appropriate to exercise all powers necessary,
2827 convenient or incidental to the purposes for which the corporation was formed.

2828 Section 21A. The following provisions shall apply to meetings of the board and its
2829 committees for both a savings bank in mutual form or in stock form.

2830 (a) Unless the articles of organization or bylaws provide that action required or permitted
2831 by this chapter or other provisions of the General Laws to be taken by the trustees or directors

2832 may be taken only at a meeting, the action may be taken without a meeting if the action is taken
2833 by the unanimous consent of the members of the board of trustees or directors. The action must
2834 be evidenced by 1 or more consents describing the action taken, in writing, signed by each
2835 trustee or director, or delivered to the corporation by electronic transmission, to the address
2836 specified by the corporation for the purpose or, if no address has been specified, to the principal
2837 office of the corporation, addressed to the secretary or other officer or agent having custody of
2838 the records of proceedings of trustees or directors, and included in the minutes or filed with the
2839 corporate records reflecting the action taken.

2840 (b) Action taken under this section is effective when the last trustee or director signs or
2841 delivers the consent, unless the consent specifies a different effective date.

2842 (c) A consent signed or delivered under this section has the effect of a meeting vote and
2843 may be described as such in any document.

2844 (d) The provisions of this section shall also apply to committees and their members.

2845 Section 22. A stock bank may adopt by-laws for the proper management of its affairs and
2846 as appropriate to exercise all powers necessary, convenient or incidental to the purposes for
2847 which the corporation was formed. It may also establish regulations controlling the assignment
2848 and transfer of its shares. A majority in interest of the stockholders entitled to vote shall
2849 constitute a quorum at any meeting unless the by-laws require more than a majority.

2850 Section 23. Stockholders entitled to vote may vote in person or by proxy. No proxy dated
2851 more than 6 months before the date of the meeting named therein shall be valid, and no proxy
2852 shall be valid after the final adjournment of such meeting. A proxy with respect to stock held in
2853 the name of 2 or more persons shall be valid if executed by any one of them unless at or prior to
2854 the exercise of the proxy such corporation receives a specific written notice to the contrary from
2855 any 1 of them. A proxy purporting to be executed by or on behalf of a stockholder shall be
2856 deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity
2857 shall rest on the challenger. Except as otherwise provided in the articles of organization or by-
2858 laws of the corporation, special meetings of the stockholders may be called pursuant to the
2859 provisions of section 7.02 of chapter 156D.

2860 Section 24. The business of a stock bank shall be managed by a board of not less than 7
2861 nor more than 25 directors. A majority of the directors shall be citizens of the commonwealth
2862 and resident therein. The directors shall be elected, in such manner as is provided in the by-laws,
2863 by the stockholders at their annual meeting or at a special meeting called for the purpose;
2864 provided, however, that if the by-laws so prescribe, a number of directors, not exceeding 2, may
2865 be elected by vote of a majority of the directors then in office. The directors shall hold office for
2866 such term, not exceeding 3 years, as is provided in the by-laws and until their successors are
2867 selected and have qualified. A director shall be eligible for reelection. Any vacancy in the board

2868 may be filled by appointment by the remaining directors and any director so appointed shall hold
2869 his office until the next election.

2870 Each director shall own, in his own right and free of any lien or encumbrance, common
2871 stock, either of such corporation or of a company owning 75 per cent or more of the stock of
2872 such corporation, having a par value, or a fair market value on the date the person became a
2873 director, of not less than \$1,000. Any director who ceases to be the owner of the required number
2874 of shares of stock, or who becomes in any other manner disqualified, shall vacate his office
2875 forthwith. Each director, when appointed or elected, shall take an oath that he will faithfully
2876 perform the duties of his office and that he is the owner, in his own right and free of any lien or
2877 encumbrance, of the amount of stock required by this section. The oath shall be taken before a
2878 notary public or justice of the peace, who is not an officer of such corporation, and a record of
2879 the oath shall be made a part of the records of such corporation.

2880 The office of any director who seeks, or against whom, an order of relief is entered in a
2881 personal capacity, pursuant to Title 11 of the United States Code, or who, on examination in a
2882 supplementary process proceeding, has been found unable to pay a judgment, shall thereby be
2883 vacated. A record of any such vacancy shall be entered upon the books of the corporation. Any
2884 director whose office is so vacated shall again be eligible to serve as or director upon the receipt
2885 of a discharge in bankruptcy under Chapter 7 of said Title 11; the completion of all payments
2886 required pursuant to a plan of reorganization under Chapter 11 thereof; the completion of all
2887 payments under a plan of debt adjustment under Chapter 13 thereof; or the payment of said
2888 judgment.

2889 In determining what he or she reasonably believes to be in the best interests of such
2890 corporation, in considering proposed business combinations, as defined in paragraph (c) of
2891 section 3 of chapter 110F, a director may consider the interests of the corporation's employees,
2892 suppliers, creditors and customers; the economy of the state, region and nation, community and
2893 societal considerations, and the long-term and short-term interests of the corporation and its
2894 stockholders, including the possibility that these interests may be best served by the continued
2895 independence of the corporation.

2896 Each stock bank shall have an executive committee of not less than 3 members, who shall
2897 be elected by and from the directors and shall hold office during their pleasure. An executive
2898 committee may take any action that could be taken by the board of directors except that an
2899 executive committee may not: (1) authorize dividends or other distributions to shareholders; (2)
2900 approve or propose to the corporation's shareholders actions that require the approval of the
2901 corporation's shareholders; (3) change the number of members of the board of directors, remove
2902 directors from office or fill vacancies on the board of directors; (4) amend the corporation's
2903 articles of organization; (5) adopt, amend or repeal the corporation's by-laws; (6) authorize or
2904 approve reacquisition of shares of capital stock, except according to a formula or method
2905 prescribed by the board of directors; (7) take any action specifically required by law or

2906 regulation to be taken by the entire board of directors, or (8) approve a transaction described in
2907 section 8 of chapter 167I.

2908 Section 25. The clerk or secretary shall be elected by the stockholders at their annual
2909 meeting or at a special meeting duly called for the purpose.

2910 The president shall be elected by and from the board of directors and shall be chairman
2911 thereof unless the board designates a director in lieu of the president to be chairman. The
2912 directors shall elect the treasurer and any other officers. The president as may be required or
2913 permitted by law or by-law may select other officers. The officers elected by the board shall hold
2914 their respective offices during the pleasure of the directors. The directors may fill a vacancy in
2915 the office of clerk or secretary until the next meeting of the stockholders.

2916 Section 26. The board of directors shall meet at intervals, that shall not be less frequent
2917 than quarterly, but, upon application in writing by the corporation, the commissioner may waive
2918 or modify this requirement. Unless the articles of organization, the by-laws, or a resolution of the
2919 board otherwise provide, members of the board of directors or a committee designated thereby
2920 may participate in a meeting of the board or committee by means of a conference telephone or
2921 similar communications equipment by means of which all persons participating in the meeting
2922 may simultaneously hear each other, and participation by those means shall constitute presence
2923 in person at a meeting. Members may transmit written authorizations that may be required during
2924 the meeting by electronic facsimile or other commercially acceptable transmission.

2925 Section 27. Fifteen or more savings banks may form the Savings Banks Employees
2926 Retirement Association in this section, and in sections 28 and 29, called the association for the
2927 purpose of providing retirement benefits services through retirement plans that are qualified
2928 under section 401 of the federal Internal Revenue Code, to members of the association and their
2929 customers, as hereinafter provided. The association, in its name and by or through its authorized
2930 officers, may (a) make agreements and investments subject to limitations as from time to time
2931 may be prescribed by law or the by-laws of the association, (b) sue and be sued, plead and be
2932 impleaded, (c) enforce liens and other obligations and foreclose mortgages held by the
2933 association on or with respect to real or personal property situated in the commonwealth or in
2934 any state or territory of the United States, (d) adopt an official seal and alter the same at pleasure,
2935 and (e) do other acts and things necessary to carry out the powers conferred upon it by law and
2936 its by-laws.

2937 Any bank or credit union chartered by the commonwealth, any bank or credit union
2938 which has converted to federal charter and has its main office located in the commonwealth, any
2939 bank or credit union chartered by the federal government, by a state of the United States other
2940 than the commonwealth or by the District of Columbia and which has its main office or a branch
2941 office located in the commonwealth, the Massachusetts Bankers Association and its successors
2942 and any bank which is a voting member thereof, the Savings Banks Employees Retirement

2943 Association, the Depositors Insurance Fund, and other banking institutions with their main office
2944 or any branch office located in the commonwealth, as may from time to time be provided for in
2945 the by-laws of the association, and the respective employees of each of the foregoing, shall be
2946 eligible for membership in the association; but, no bank that was eligible to be a member of the
2947 association before January 1, 2004, shall be eligible to become a member of the Cooperative
2948 Banks Employees Retirement Association or the Credit Union Employees Retirement
2949 Association unless and until the Cooperative Banks Employees Retirement Association and the
2950 Credit Union Employees Retirement Association permits a member to transfer from any or all of
2951 the qualified plans provided by said association, assets and liabilities, attributed to the member's
2952 employees, to 1 or more qualified plans not provided by said association. For the purposes of this
2953 section and sections 28 and 29, a reference to "bank" or "banks" shall, unless the context
2954 otherwise requires, mean any or all of the organizations named or referred to in this paragraph, a
2955 reference to "trustees" of a bank shall, unless the context otherwise requires, mean the governing
2956 body of any such organization, including, if applicable, the board of directors; and a reference to
2957 "customer" shall mean any person or business who has established a contractual relationship for
2958 banking business purposes with any banking institution located in the commonwealth which is a
2959 member of the association.

2960 Eligible employees may contribute a portion of their salaries or wages, to be deducted by
2961 the employing banks and paid to the plans or the retirement association. A participating bank
2962 may contribute to or under plans of the retirement association for its employees to the extent
2963 determined by its board of trustees. Contributions and benefits under the plans of the retirement
2964 association shall not exceed the limits, if any, imposed on such plans by the Internal Revenue
2965 Code and the Employees Retirement Income Security Act of 1974, in this section called the
2966 Code and ERISA, respectively.

2967 If the commissioner finds that the continuation of contributions by a participating bank
2968 subject to his authority may affect its safety and soundness, including reducing its risk-based
2969 capital ratio below any prescribed regulatory level, said commissioner may order the bank to (a)
2970 freeze its benefits and cease further funding for future benefit accruals under any plans qualified
2971 under section 401 of the federal Internal Revenue Code; (b) revise its benefits for future service
2972 under any such plans so that contributions on account of any employee will be limited to an
2973 appropriate percentage of compensation; or (c) terminate its participation in any such plans.

2974 The funds contributed by participating banks and their employees shall be held or used by
2975 the trustees of the association for the purchase of annuities or payment of retirement benefits to
2976 eligible employees, for payments to beneficiaries or representatives of any member employee of
2977 the participating bank dying before reaching the age of retirement, and for the payment to any
2978 employee retiring from service before becoming entitled to a pension or annuity. Funds held
2979 under any of the said plans shall be held or used by the retirement association to the extent
2980 required by the Code and ERISA for the exclusive purpose of providing plan benefits to
2981 participating members; but, to the extent permitted by law, funds of the plans may be used to

2982 defray reasonable expenses of administering the retirement association and the plans, and
2983 expenses of investing the assets of the plans may be charged against the funds of the plans. To
2984 the extent that expenses of the retirement association or said plans are not otherwise paid, they
2985 shall be paid by participating banks on a proportionate basis, as provided in the by-laws of the
2986 retirement association. The association shall annually provide to each member a report of assets
2987 and liabilities attributable to its participants in any or all qualified plans adopted by a member.

2988 A participating bank, by vote of its board of trustees, and a customer may adopt 1 or
2989 more of the plans of the retirement association for the benefit of its employees. Any such bank
2990 which has adopted a plan of the retirement association for its employees may, if it is otherwise
2991 eligible, also establish an employee stock ownership plan.

2992 In any calendar year, the association or bank by vote of its governing board, may directly
2993 supplement the retirement benefits being paid to retired employees or their beneficiaries on
2994 account of service; but, no supplement of a retirement benefit shall exceed the retirement benefit
2995 multiplied by the increase in the cost of living since the retirement began. The increase in the
2996 cost of living is the percentage by which the national monthly consumer price index for all urban
2997 consumers issued by the bureau of labor statistics of the United States Department of Labor for
2998 the last November before the year in which payment is made is greater than the beginning index
2999 figure. The beginning index figure is the average of such monthly consumer price index figures
3000 for the year in which a retirement benefit was first paid to or with respect to a former employee.
3001 No bank may become obligated to pay in future years any supplement authorized by this
3002 paragraph.

3003 Membership in the association is voluntary and any bank may establish or provide
3004 qualified retirement plans for its employees independent of the association; but, nothing
3005 contained herein shall be construed so as to require any bank to provide qualified retirement
3006 plans to its employees.

3007 Section 28. The by-laws of the association shall be submitted to the commissioner and
3008 shall prescribe the manner in which, and the officers and agents by whom, the association may
3009 be conducted and the manner in which its funds may be invested and paid out. Such association
3010 shall be formed when its by-laws have been approved and agreed to by a majority of the trustees
3011 of each of 15 or more savings banks, and have been approved by the commissioner. Such
3012 association shall annually, on or before December 1, report to the commissioner such statements
3013 of its membership and financial transactions for the year ending on the preceding October 31 as
3014 the commissioner may consider necessary to show its business and standing. The commissioner
3015 may verify such statement by an examination of the books and papers of the association.

3016 The association shall not be subject to chapter 32 or chapter 175 or to such other
3017 provisions of law as relate to insurance companies or other retirement associations.

3018 Section 29. The property of the association, the portion of the wages or salary of any
3019 employee deducted or to be deducted under sections 27 and 28, the right of an employee to an
3020 annuity or pension, and all his rights in the funds of the association, shall be exempt from
3021 taxation and from the operation of any law relating to insolvency, and shall not be attached or
3022 taken on execution or other process to satisfy any debt or liability of the association, a
3023 participating bank, or any employee member of the association. No assignment of any right in or
3024 to said funds or of any pension or annuity payable under section 27 shall be valid, except that
3025 deferred annuity contracts purchased by a participating bank on account of past service of
3026 eligible employees may be assigned to such bank prior to actual retirement.

3027 Nothing in this section shall prevent an employee's annuity or pension from being
3028 attached, taken on execution, assigned, or subject to other process to satisfy a support order
3029 under chapters 208, 209, or 273.

3030 Section 30. The participating members of the Savings Banks Employees Retirement
3031 Association, established by section 27 shall constitute as the Savings Banks Employees Benefit
3032 Association, in this section and in sections 31 and 32 called the benefit association, for the
3033 purpose of providing retirement benefits through retirement plans which are not qualified plans
3034 under section 401 of the Internal Revenue Code of the United States and for establishing
3035 employee welfare benefit plans, in this section called plans, for eligible employees of
3036 participating organizations. The benefit association, in its name and by or through its authorized
3037 officers, may (a) establish plans and related trusts for eligible members participating therein, (b)
3038 make agreements, establish trusts and make or cause to be made investments subject to such
3039 limitations as may from time to time be prescribed by law or by the by-laws of the benefit
3040 association, (c) sue and be sued, plead and be impleaded, (d) enforce liens and other obligations
3041 and foreclose mortgages held by the benefit association on or with respect to real or personal
3042 property situated in the commonwealth or in any state or territory of the United States, (e) adopt
3043 an official seal and alter the same at pleasure, and (f) do such other acts that may be necessary to
3044 carry out the powers conferred upon it by law and its by-laws.

3045 For the purposes of this section and sections 31 and 32, reference to "bank" and "banks"
3046 shall, unless the context otherwise requires, mean and include any or all member organizations
3047 and a reference to "trustees" of a bank shall, unless the context otherwise requires, mean and
3048 include the governing body of each of such organizations.

3049 Eligible employees may contribute a portion of their salaries or wages to or under plans
3050 established by the benefit association, to be deducted by the employing banks and paid to the
3051 benefit association. A participating bank may contribute to or under plans of the benefit
3052 association to the extent determined by its trustees. Contributions and benefits under the plans of
3053 the benefit association shall not exceed the limits, if any, imposed on such plans by the Internal
3054 Revenue Code of 1954, as amended, and the Employee Retirement Income Security Act of 1974,
3055 as amended, in this section called the Code and ERISA, respectively.

3056 All plans maintained by the benefit association shall conform to the Code and funds held
3057 under the plans of the benefit association shall be invested in such manner as the benefit
3058 association shall determine, consistent with the by-laws. Funds held under plans of the benefit
3059 association shall be held by or used by the benefit association for the exclusive purpose of
3060 providing plan benefits to eligible members and, as determined by the benefit association, may
3061 be used to defray reasonable expenses of administering the plans and investing the assets of the
3062 plans. To the extent that expenses necessary for the administration of the benefit association or
3063 the plans of the benefit association are not paid from the plans, they shall be paid by participating
3064 banks on a proportionate basis, as provided in the by-laws.

3065 A participating bank, by vote of its trustees, may adopt one or more of the plans of the
3066 benefit association for the benefit of its employees and their beneficiaries. Nothing in this section
3067 shall be construed so as to prevent any such bank from establishing its own employee welfare
3068 benefit plans or non-qualified retirement plan.

3069 Section 31. The trustees of the Savings Banks Employees Retirement Association, on the
3070 effective date of this section, shall prepare the by-laws of the benefit association and file the
3071 same with the commissioner. The said by-laws shall prescribe the manner in which, and the
3072 officers and agents by whom, the benefit association will be conducted and the manner in which
3073 its funds may be invested and paid out. They shall also provide that the said trustees of the
3074 Savings Banks Employees Retirement Association shall serve as the initial trustees of the benefit
3075 association and shall continue such service for the term prescribed in such by-laws and for the
3076 election of subsequent trustees. Such benefit association shall annually, within 6 months after the
3077 close of its fiscal year, report to the commissioner such statements of its membership and
3078 financial transactions as the commissioner may consider necessary to show its business and
3079 standing. The commissioner may verify such statement by an examination of the books and
3080 papers of the benefit association.

3081 The benefit association shall not be subject to chapter thirty-two or chapter one hundred
3082 and seventy-five or to such other provisions of law as relate to insurance companies or other
3083 benefit associations.

3084 Section 32. The property of the benefit association shall be exempt from taxation and
3085 from the operation of any law relating to insolvency, and shall not be attached or taken on
3086 execution or other process to satisfy any debt or liability of the benefit association, a
3087 participating bank, or any employee member of the benefit association. No assignment of any
3088 right in or to said funds or of any pension or annuity payable under section 30 shall be valid,
3089 except that deferred annuity contracts purchased by a participating bank on account of past
3090 service of eligible employees may be assigned to such bank prior to actual retirement.

3091 Nothing in this section shall prevent an employee's annuity or pension from being
3092 attached, taken on execution, assigned, or subject to other process to satisfy a support order
3093 under chapter 208, 209, or 273.

3094 SECTION 59. The General Laws are hereby amended by striking out Chapter 170 as
3095 appearing in the 2012 Official Edition and inserting in place thereof the following chapter:—

3096 CHAPTER 170

3097 CO-OPERATIVE BANKS

3098 Section 1. The following words as used in this chapter, unless the context otherwise
3099 requires, shall have the following meanings:—

3100 "Board or board of bank incorporation" as used in the first nine sections, a board
3101 consisting of the commissioner of banks, the commissioner of revenue, and the commissioner.

3102 "Capital Stock", the sum of the par value of the preferred and common shares of capital
3103 stock, issued and outstanding.

3104 "Commissioner", the commissioner of banks.

3105 "Corporation" or "bank", a co-operative bank incorporated as such in this
3106 commonwealth.

3107 "Incorporators", subscribers to the agreement of association for the purpose of forming a
3108 co-operative bank under the provisions of this chapter.

3109 "Mutual bank", a co-operative bank incorporated as such in the commonwealth in mutual
3110 form.

3111 "Shareholder" or "member", a depositor or holder of any shares or accounts referred to in
3112 chapter 167D.

3113 "Shareholders' meeting" or "meeting of shareholders", any annual or special meeting of
3114 members of the corporation entitled to vote.

3115 "Stock bank", a co-operative bank incorporated as such in the commonwealth in stock
3116 form which has been chartered or reorganized or converted to a stockholder form of corporation.

3117 "Surplus account", an account so designated on the books of a stock co-operative bank
3118 and consisting of such amounts as shall be required by law or shall be transferred thereto by vote
3119 of the board of directors.

3120 Section 2. A co-operative bank shall have all the powers expressly granted by law and
3121 whatever further incidental powers may fairly be implied from those expressly conferred and

3122 such as are reasonably necessary to enable it to exercise fully those powers according to common
3123 or accepted banking customs and usages.

3124 Section 3. A corporation formed pursuant to section 2 may authorize, at a meeting duly
3125 called for the purpose, by vote of two-thirds of the shareholders present and voting a change of
3126 its corporate name. Within 60 days after any meeting at which such change has been authorized,
3127 articles of amendment, signed under the penalties of perjury by the executive officer and by the
3128 clerk, setting forth such change and the due adoption thereof, shall be delivered to the state
3129 secretary for filing.

3130 Section 4. A co-operative bank shall upon its incorporation have such capital structure as
3131 the board of bank incorporation shall deem adequate. Such capital structure may vary by the
3132 board based on the application and business plan submitted.

3133 Section 5. Fifteen or more individuals who associate themselves by a written agreement
3134 for the purpose of forming a co-operative bank may, upon compliance with sections 4 to 9,
3135 inclusive, become a corporation, with all the powers and privileges and subject to all the duties,
3136 restrictions and liabilities set forth in all laws relating to such corporations. The agreement of
3137 association shall specifically state:

3138 (a) That the incorporators thereto associate themselves with the intention of forming a
3139 corporation;

3140 (b) The name by which the corporation shall be known;

3141 (c) The location of the principal office of the corporation, which shall be within the
3142 commonwealth;

3143 (d) The purposes for which the corporation is formed and the nature of the business to be
3144 transacted;

3145 (e) The amount and classes of its capital stock, and the number of shares into which any
3146 class is to be divided; the amount of the surplus account and the amount of the undivided profits
3147 account for a stock bank, the amount of the surplus account for a mutual bank; and

3148 (f) The name of each incorporator and the number of shares of capital stock, if any, which
3149 he agrees to take, and the class or classes of such shares.

3150 Each incorporator shall subscribe his name to the agreement of association.

3151 Section 6. A notice of the intention of the subscribers to form such a co-operative bank
3152 shall be given to the board of bank incorporation. A notice in such form as said board shall
3153 approve, shall be published at least once a week, for 3 successive weeks, in 1 or more
3154 newspapers designated by the board, and published in the city or town in which it is proposed to
3155 establish the co-operative bank, or if there is no newspaper in such city or town, in a newspaper

3156 published in the city or town which is nearest to the proposed location. Such notice shall specify
3157 the names of the proposed incorporators, the name of the corporation and the location of the
3158 same. The subscribers to said agreement shall apply to the board for a certificate that public
3159 convenience and advantage will be promoted by the establishment of the co-operative bank.
3160 Such an application for a proposed co-operative bank shall be accompanied by an investigation
3161 fee, the amount of which shall be determined by the commissioner of administration under the
3162 provision of section 3B of chapter 7. In determining whether the public convenience and
3163 advantage will be promoted by the establishment of such co-operative bank, the board shall
3164 consider the adequacy of its capital structure, the general character of its management, the
3165 adequacy of banking facilities in the area, and the convenience and needs of the community to be
3166 served. The board may grant such certificate, which shall be deemed to be revoked if the
3167 applicants therefor do not become incorporated and begin business within 1 year after its date of
3168 issue. If the board refuses to issue such certificate, no further proceeding may be taken by the
3169 applicant during the year next following the date of such refusal except with the approval of the
3170 board, but the applicant may renew his application as of right after 1 year from the date of such
3171 refusal, and he may dispense with further notice or publication unless the board orders such
3172 notice or publication.

3173 Section 7. The first meeting of the incorporators shall be called by a notice signed either
3174 by that incorporator who is designated in the agreement for the purpose, or by a majority of the
3175 incorporators, and such notice shall state the time, place and purposes of the meeting. A copy of
3176 the notice shall, at least 7 days before the day appointed for the meeting, be given to each
3177 incorporator or left at his residence or usual place of business, or deposited in the post office,
3178 postage prepaid, and addressed to him at his residence or usual place of business, and another
3179 copy thereof and an affidavit of one of the signers that the notice has been duly served shall be
3180 recorded with the records of the corporation. If all the incorporators shall, in writing endorsed
3181 upon the agreement of association, waive such notice and fix the time and place of the meeting,
3182 no notice shall be required. At the first meeting, or at any adjournment thereof, the incorporators
3183 shall elect by ballot a temporary clerk who shall be sworn, adopt by-laws and in such manner as
3184 the by-laws may determine, elect directors, a clerk or secretary, and such other officers as the
3185 by-laws may prescribe. The temporary clerk shall make and attest a record of the proceedings
3186 until the clerk or secretary has been chosen and sworn, including a record of such choice and
3187 qualification.

3188 Section 8. The president, clerk or secretary and a majority of the directors, as applicable,
3189 elected at such first meeting shall make and sign under penalties of perjury articles of
3190 organization in duplicate, setting forth—

3191 (a) A true copy of the agreement of association, the names of the incorporators thereto,
3192 and the name of each of the officers and directors as applicable of the company;

3193 (b) The date of the first meeting and the successive adjournments thereof, if any.

3194 One duplicate original of the articles so signed shall be submitted to the commissioner,
3195 and the other, together with the records of the proposed corporation, to the state secretary, who
3196 shall examine the same, and who may require such amendment thereof or such additional
3197 information as he may consider necessary. If the commissioner finds that the articles conform to
3198 the 4 preceding sections relative to the organization of the corporation and that section 6 has
3199 been complied with, he shall so certify and endorse his approval thereon. The articles shall be
3200 filed within 30 days thereafter in the office of the state secretary, who, upon receipt of a fee, the
3201 amount of which shall be determined annually by the commissioner of administration under the
3202 provision of section 3 B of chapter 7, the state secretary shall issue a certificate of incorporation
3203 in the following form:

3204 COMMONWEALTH OF MASSACHUSETTS

3205 Be it known that whereas (the names of the subscribers to the agreement of association)
3206 have associated themselves with the intention of forming a corporation under the name of (the
3207 name of the corporation), for the purpose (the purpose declared in the agreement of association),
3208 with a capital stock or surplus, as applicable, of (the amount fixed in the agreement of
3209 association), and have complied with the statutes of the commonwealth in such case made and
3210 provided, as appears from the articles of organization of said corporation, duly approved by the
3211 state secretary and recorded in this office: Now, therefore, I (the name of the state secretary),
3212 secretary of the commonwealth of Massachusetts, do hereby certify that said (the names of the
3213 subscribers to the agreement of association), their associates and successors, are legally
3214 organized and established as, and are hereby made, an existing corporation under the name of
3215 (name of the corporation), with the powers, rights and privileges, and subject to the limitations,
3216 duties and restrictions, which by the law appertain thereto.

3217 Witness my official signature hereunto subscribed and the great seal of the
3218 commonwealth of Massachusetts hereunto affixed, this day of in the year (the date of the filing
3219 of the articles of organization).

3220 The state secretary shall sign the certificate of incorporation and cause the great seal of
3221 the commonwealth to be thereto affixed, and such certificate shall have the force and effect of a
3222 special charter. The existence of every such corporation shall begin upon the filing of the articles
3223 of organization in the office of the state secretary. He shall also cause a record of the certificate
3224 of incorporation to be made, and such certificate, or such record, or a certified copy thereof, shall
3225 be conclusive evidence of the existence of such corporation.

3226 A bank may amend its articles of organization if approved by its board and submitted to
3227 and approved by the bank's governing body except as provided in sections 10.05, 10.07 and
3228 14.34 of chapter 156D. After approval by the board and governing body, the amendment shall be
3229 submitted to the commissioner for his endorsement thereon before delivering the amendment to
3230 the secretary of state for filing.

3231 Section 9. When all the capital stock has been issued for a stock bank, a list of the
3232 stockholders, with the name, residence and post office address of each, and the number of shares
3233 in each class held by each stockholder, shall be filed with the board of bank incorporation, which
3234 list shall be verified by the clerk of the corporation. Upon receipt of such list the board shall
3235 cause an examination to be made of the method of payment of the capital stock, or the surplus
3236 account if a mutual bank of the personnel of the corporation, including the officers and directors
3237 thereof, and if, after such examination, it appears that the whole capital stock, surplus account
3238 and undivided profits account for a stock bank or surplus account for a mutual bank have been
3239 paid in cash, that all requirements of law have been complied with, that the bank is a member of
3240 the Federal Deposit Insurance Corporation, and that the qualifications of the personnel are
3241 satisfactory, the board shall, if satisfied that the public convenience and advantage will be
3242 promoted thereby, issue a certificate authorizing such corporation to begin the transaction of
3243 business. No such corporation shall begin the transaction of business until such a certificate has
3244 been granted.

3245 Section 10. A mutual bank shall be subject to sections 11 to 15, inclusive and a stock
3246 bank shall be subject to sections 16 to 20 inclusive. Section 20 shall apply to both a mutual and a
3247 stock bank.

3248 Section 11. The shareholders of a mutual bank shall make and adopt the necessary by-
3249 laws consistent with law for the government of its affairs. The by-laws may provide for matters
3250 relative to the business and affairs of the corporation as appropriate to exercise all powers
3251 necessary, convenient or incidental to the purposes for which the corporation was formed.

3252 The clerk of the corporation shall give notice of all regular and special meetings of the
3253 shareholders by publishing notice thereof, at least 7 days before the meeting, in one or more
3254 newspapers published in the city or town wherein the main office of the corporation is situated
3255 or, if there is no newspaper published therein, then in a newspaper published in a nearby city or
3256 town in the same county; and for this purpose a newspaper which by its title page purports to be
3257 printed or published in such city, town or county and which has a circulation therein, shall be
3258 deemed to have been published therein. Such notice shall state the day, hour and place of the
3259 meeting and shall contain a brief statement of the nature of the business to be acted upon, except
3260 as may be provided in the by-laws with respect to the removal of officers and directors.

3261 The board of directors shall meet at intervals of not more than 2 months; provided
3262 however, that upon application in writing by the corporation, the commissioner may waive or
3263 modify this requirement. Unless the articles of incorporation, the by-laws or a resolution of the
3264 board otherwise provide, members of the board of directors or any committee designated thereby
3265 may participate in a meeting of such board or committee by means of a conference telephone or
3266 similar communications equipment by means of which all persons participating in the meeting
3267 may simultaneously hear each other, and participation by such means shall constitute presence in

3268 person at a meeting. Members may transmit any written authorizations that may be required
3269 during the meeting by electronic facsimile or other commercially acceptable transmission.

3270 Section 12. Each person who is recorded on the books of the corporation as the holder of
3271 one or more shares or accounts referred to in chapter 167D shall be deemed a member and
3272 shareholder of and depositor in the corporation.

3273 Each member shall be entitled to 1 vote at all shareholders' meetings, subject to the
3274 limitations contained in this section and such limitations, if any, as may be contained in the by-
3275 laws.

3276 At any meeting, no person who votes in 1 capacity shall be entitled to vote in any other
3277 capacity. A co-owner of any shares or accounts who does not vote in any other capacity may
3278 vote as the representative of the co-owners. A corporate fiduciary or other corporation or a
3279 partnership or association may vote by a person duly authorized, if such person does not
3280 otherwise vote, but a fiduciary, whether individual, corporate or otherwise, may vote on behalf of
3281 one trust or estate only. No person shall be entitled to vote either as a member or in any
3282 representative capacity unless such person shall have attained the age of 18 years. No person
3283 shall vote by proxy except as otherwise may be expressly authorized by law.

3284 Section 13. The business and affairs of every such corporation shall be managed by a
3285 board of not less than 5 and, except as otherwise provided by law, not more than 15 directors.
3286 The shareholders shall elect the directors, each of whom shall be a citizen of the United States
3287 and at least a majority of whom shall be citizens of the commonwealth and residents therein.
3288 Directors shall be divided into three classes as nearly equal in number as possible, and one of
3289 such classes shall be elected annually for a term of three years; provided, that during the
3290 minimum time necessary to accomplish the foregoing, one of said classes may be elected for a
3291 term of 1 year and one for a term of 2 years. All vacancies in the board or in any office may be
3292 filled by the board of directors for the unexpired term. A number of directors, not exceeding
3293 two, may be elected by vote of a majority of the directors then in office if the by-laws so
3294 proscribe. The directors may employ such additional assistance and appoint or constitute such
3295 committees and advisory directors as they may deem necessary and determine the reasonable
3296 compensation therefor. The directors may authorize the continuance as honorary directors of
3297 those persons who shall have served as directors for ten years or more and such honorary
3298 directors may be designated by the directors for an indefinite term and shall not be included in
3299 determining the minimum number of directors or the number of directors to be elected annually
3300 as provided herein. No such honorary director shall be deemed to be an officer or member of the
3301 board of directors of such corporation, nor shall he receive compensation or be required to attend
3302 meetings or be authorized or required to perform any duties. Except as otherwise provided in the
3303 by-laws, the directors may delegate to any officers, assistants and employees such functions,
3304 powers and authority as the directors deem advisable.

3305 The clerk of the corporation shall be chosen by the shareholders, and the president, vice
3306 president, treasurer, assistant treasurers, if any, and other officers whose election is not otherwise
3307 herein expressly provided for, shall be chosen by the board of directors.

3308 All directors and other officers shall be elected by ballot and shall be shareholders when
3309 nominated and elected. Each officer when appointed or elected shall take an oath that he will
3310 faithfully and impartially discharge the duties devolving upon him, and the fact that the oath has
3311 been taken shall be entered in the records of the corporation; and if a person appointed or elected
3312 does not, within 30 days thereafter, take the oath, his office shall thereupon become vacant. All
3313 officers shall continue to hold their offices until their successors shall have been chosen and
3314 qualified.

3315 If an officer ceases to be a shareholder, his office may be declared vacant by the board of
3316 directors. If a director fails both to attend the regular meetings of the board and to perform any of
3317 the duties devolving upon him as such director for 6 consecutive months, his office may be
3318 declared to be vacant by the board at the next regular meeting and if he so fails for 12
3319 consecutive months, his office shall be declared to be vacant by the board at the next regular
3320 meeting. A record of any vacancy shall be entered upon the books of the corporation, and a
3321 transcript shall be sent by mail to the person whose office has been made vacant.

3322 The office of any director who seeks, or against whom, an order of relief is entered in a
3323 personal capacity, pursuant to Title 11 of the United States Code, or who, on examination in a
3324 supplementary process proceeding, has been found unable to pay a judgment, shall thereby be
3325 vacated. A record of any such vacancy shall be entered upon the books of the corporation. Any
3326 director whose office is so vacated shall again be eligible to serve as a trustee or director upon
3327 the receipt of a discharge in bankruptcy under Chapter 7 of said Title 11; the completion of all
3328 payments required pursuant to a plan of reorganization under Chapter 11 thereof; the completion
3329 of all payments under a plan of debt adjustment under Chapter 13 thereof; or the payment of said
3330 judgment.

3331 The records of all meetings of the corporation shall be read at such meetings by a
3332 shareholder other than the clerk and the records of all meetings of the board of directors shall be
3333 read at such meetings by a director.

3334 Section 14. At the first meeting of the board of directors, after the annual meeting of
3335 shareholders, the board shall elect from its own members a security committee of at least 3
3336 members, at least 2 of whom shall report upon all real estate offered as security for loans made
3337 by the corporation, after having examined such real estate or after it shall have been examined by
3338 1 or more appraisers considered to be qualified by the directors and appointed by them for that
3339 purpose. In no case, however, shall any member of the security committee or any appraiser make
3340 an official report upon property offered as security for a loan if he has a personal interest in the
3341 property or in the proposed loan.

3342 The security committee shall perform other duties as may be required by law, and
3343 exercise other powers as delegated to it by the board of directors. At each meeting of the board
3344 of directors, the security committee or an officer designated by it shall submit a report to the
3345 board of directors.

3346 At the first meeting of the board of directors after the annual meeting of a mutual bank,
3347 the board shall elect an audit committee of not less than 3 directors who shall not be operating
3348 officers or members of the security committee. The members of the audit committee shall take an
3349 oath of office in the manner and within the period prescribed by section 13 and a record thereof
3350 shall be made and preserved as provided in said section 13. The directors shall determine the
3351 compensation, if any, to be paid to the members of the security committee and the audit
3352 committee.

3353 Section 15. The treasurer shall keep the financial accounts and have charge of all books
3354 and papers necessary therefor, and dispose of and secure the safekeeping of all money, securities
3355 and property of the corporation, in the manner and subject to the limitations from time to time
3356 designated by the board of directors, subject to applicable provisions of law.

3357 Such corporation may provide in its by-laws for assistant treasurers. An assistant
3358 treasurer may perform all the duties of the treasurer.

3359 Section 16. Such corporation may adopt by-laws for the proper management of its affairs
3360 and as appropriate to exercise all powers necessary, convenient or incidental to the purposes for
3361 which the corporation was formed. It may also establish regulations controlling the assignment
3362 and transfer of its shares. A majority in interest of the stockholders entitled to vote shall
3363 constitute a quorum at any meeting unless the by-laws require more than a majority.

3364 Section 17. Stockholders entitled to vote may vote in person or by proxy. No proxy dated
3365 more than six months before the date of the meeting named therein shall be valid, and no proxy
3366 shall be valid after the final adjournment of such meeting. A proxy with respect to stock held in
3367 the name of 2 or more persons shall be valid if executed by any 1 of them unless at or prior to the
3368 exercise of the proxy such corporation receives a specific written notice to the contrary from any
3369 1 of them. A proxy purporting to be executed by or on behalf of a stockholder shall be deemed
3370 valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest
3371 on the challenger. Except as otherwise provided in the articles of organization or by-laws of the
3372 corporation, special meetings of the stockholders may be called pursuant to the provisions of
3373 section 7.02 of chapter 156D.

3374 Section 18. The business of such corporation shall be managed by a board of not less than
3375 7 nor more than 25 directors. A majority of the directors shall be citizens of the commonwealth
3376 and resident therein. The directors shall be elected, in such manner as is provided in the by-laws,
3377 by the stockholders at their annual meeting or at a special meeting called for the purpose;
3378 provided, however, that if the by-laws so prescribe, a number of directors, not exceeding 2, may

3379 be elected by vote of a majority of the directors then in office. The directors shall hold office for
3380 such term, not exceeding three years, as is provided in the by-laws and until their successors are
3381 selected and have qualified. A director shall be eligible for reelection. Any vacancy in the board
3382 may be filled by appointment by the remaining directors and any director so appointed shall hold
3383 his office until the next election.

3384 A director of a stock bank shall own, in his own right and free of any lien or
3385 encumbrance, common stock, either of such corporation or of a company owning 75 per cent or
3386 more of the stock of such corporation, having a par value, or a fair market value on the date the
3387 person became a director, of not less than \$1,000. Any director who ceases to be the owner of the
3388 required number of shares of stock shall vacate his office forthwith. Each director, when
3389 appointed or elected, shall take an oath that he will faithfully perform the duties of his office and
3390 that he is the owner, in his own right and free of any lien or encumbrance, of the amount of stock
3391 required by this section. The oath shall be taken before a notary public or justice of the peace,
3392 and a record of the oath shall be made a part of the records of such corporation.

3393 The office of any director who seeks, or against whom, an order of relief is entered in a
3394 personal capacity, pursuant to Title 11 of the United States Code, or who, on examination in a
3395 supplementary process proceeding, has been found unable to pay a judgment, shall thereby be
3396 vacated. A record of any such vacancy shall be entered upon the books of the corporation. Any
3397 director whose office is so vacated shall again be eligible to serve as or director upon the receipt
3398 of a discharge in bankruptcy under Chapter 7 of said Title 11; the completion of all payments
3399 required pursuant to a plan of reorganization under Chapter 11 thereof; the completion of all
3400 payments under a plan of debt adjustment under Chapter 13 thereof; or the payment of said
3401 judgment.

3402 In determining what he or she reasonably believes to be in the best interests of such
3403 corporation, in considering proposed business combinations, as defined in paragraph (c) of
3404 section three of chapter 110F, a director may consider the interests of the corporation's
3405 employees, suppliers, creditors and customers; the economy of the state, region and nation,
3406 community and societal considerations, and the long-term and short-term interests of the
3407 corporation and its stockholders, including the possibility that these interests may be best served
3408 by the continued independence of the corporation.

3409 Each such corporation shall have an executive committee of not less than 3 members,
3410 who shall be elected by and from the directors and shall hold office during their pleasure. An
3411 executive committee may take any action that could be taken by the board of directors except
3412 that an executive committee may not: (1) authorize dividends or other distributions to
3413 shareholders; (2) approve or propose to the corporation's shareholders actions that require the
3414 approval of the corporation's shareholders; (3) change the number of members of the board of
3415 directors, remove directors from office or fill vacancies on the board of directors; (4) amend the
3416 corporation's articles of organization; (5) adopt, amend or repeal the corporation's by-laws; (6)

3417 authorize or approve reacquisition of shares of capital stock, except according to a formula or
3418 method prescribed by the board of directors; (7) take any action specifically required by law or
3419 regulation to be taken by the entire board of directors, or (8) approve a transaction described in
3420 section 8 of chapter 167I.

3421 Section 19. The clerk or secretary shall be elected by the stockholders at their annual
3422 meeting or at a special meeting duly called for the purpose.

3423 The president shall be elected by and from the board of directors and shall be chairman
3424 thereof unless the board designates a director in lieu of the president to be chairman. The
3425 directors shall elect the president, the vice president(s), treasurer and any other officers. The
3426 president as may be permitted by law or by-law may select other officers. The officers elected by
3427 the board shall hold their respective offices during the pleasure of the directors. The directors
3428 may fill a vacancy in the office of clerk or secretary until the next meeting of the stockholders.

3429 Section 20. The following provisions shall apply to meetings of the board and its
3430 committees for both a co-operative bank in mutual form or in stock form.

3431 (a) Unless the articles of organization or bylaws provide that action required or permitted
3432 by this chapter or other provisions of the General Laws to be taken by the directors may be taken
3433 only at a meeting, the action may be taken without a meeting if the action is taken by the
3434 unanimous consent of the members of the board of directors. The action must be evidenced by 1
3435 or more consents describing the action taken, in writing, signed by each director, or delivered to
3436 the corporation by electronic transmission, to the address specified by the corporation for the
3437 purpose or, if no address has been specified, to the principal office of the corporation, addressed
3438 to the secretary or other officer or agent having custody of the records of proceedings of
3439 directors, and included in the minutes or filed with the corporate records reflecting the action
3440 taken.

3441 (b) Action taken under this section is effective when the last director signs or delivers the
3442 consent, unless the consent specifies a different effective date.

3443 (c) A consent signed or delivered under this section has the effect of a meeting vote and
3444 may be described as such in any document.

3445 (d) The provisions of this section shall also apply to committees of the board and the
3446 members thereof.

3447 Section 21. Fifteen or more cooperative banks may form the Cooperative Banks
3448 Employees Retirement Association, in this section and in sections 22 and 23 called the
3449 retirement association, for the purpose of providing retirement benefits services through
3450 retirement plans which are qualified under Section 401 of the Internal Revenue Code, in this
3451 section called plans, to employees and customers of members of the association, as hereinafter

3452 provided. The retirement association, in its name and by and through its authorized officers, may
3453 (a) establish plans and related trusts for its members, (b) make agreements and investments
3454 subject to such limitations as from time to time may be prescribed by law or the by-laws of the
3455 retirement association, (c) establish divisions, departments and other operating units within the
3456 retirement association, and provide the same with appropriate names or other identifications, to
3457 assist the retirement association in carrying out the powers conferred upon it by law and its by-
3458 laws, (d) sue and be sued, plead and be impleaded, (e) enforce liens and other obligations and
3459 foreclose mortgages held by the retirement association on or with respect to real or personal
3460 property situated in the commonwealth or in any state or territory of the United States, (f) adopt
3461 an official seal and alter the same at pleasure, and (g) do such other acts and things as may be
3462 necessary to carry out the powers conferred upon it by law and its by-laws.

3463 Any bank or credit union chartered by the commonwealth, any such bank or credit union
3464 which has converted to federal charter and has its main office located in the commonwealth, any
3465 bank or credit union chartered by the federal government, by a state of the United States other
3466 than the commonwealth or by the District of Columbia and which has its main office or a branch
3467 office located in the commonwealth, the Massachusetts Bankers Association and its successors
3468 and any bank which is a voting member thereof, the Cooperative Banks Employees Retirement
3469 Association, the Cooperative Central Bank, and such other banking institutions with their main
3470 office or any branch office located in the commonwealth, as may from time to time be provided
3471 for in the by-laws of the association, and the respective employees of each of the foregoing, shall
3472 be eligible for membership in the association; but, no bank that was eligible to be a member of
3473 the association before January 1, 2004, shall be eligible to become a member of the Savings
3474 Banks Employees Retirement Association or the Credit Union Employees Retirement
3475 Association, unless and until the Savings Banks Employees Retirement Association and the
3476 Credit Union Employees Retirement Association permits a member to transfer from any or all of
3477 the qualified plans provided by said association, assets and liabilities, attributed to the member's
3478 employees, to 1 or more qualified plans not provided by said association. For the purposes of this
3479 section, and sections 22 and 23, a reference to "bank" or "banks" shall, unless the context
3480 otherwise requires, mean and include any or all of the organizations named or referred to in this
3481 paragraph, reference to "board of directors" of a bank shall also, unless the context otherwise
3482 requires, mean and include the governing body of such organizations, and reference to
3483 "customer" shall mean any person or business who has established a contractual relationship for
3484 banking business purposes with any banking institution located in the commonwealth which is a
3485 member of the association.

3486 Eligible employees may contribute a portion of their salaries and wages to or under plans
3487 established by the retirement association, to be deducted by the employing banks and paid to the
3488 plans or the retirement association. A participating bank may contribute to or under plans of the
3489 retirement association to the extent determined by its board of trustees. Contributions and
3490 benefits under the plans of the retirement association shall not exceed the limits, if any, imposed

3491 on such plans by the Internal Revenue Code of 1954 and the Employees Retirement Income
3492 Security Act of 1974, in this section called the Code and ERISA, respectively.

3493 If the commissioner finds that the continuation of contributions by a participating bank
3494 subject to his authority may affect its safety and soundness, including reducing its risk-based
3495 capital ratio below any prescribed regulatory level, said commissioner may order the bank to (a)
3496 freeze its benefits and cease further funding for future benefit accruals under any plans qualified
3497 under section 401 of the federal Internal Revenue Code; (b) revise its benefits for future service
3498 under any such plans so that contributions on account of any employee will be limited to an
3499 appropriate percentage of compensation; or (c) terminate its participation in any such plans.

3500 All plans maintained by the retirement association shall conform to the Code and ERISA
3501 and funds held under any such plans shall be invested in a manner as the retirement association
3502 shall determine. Copies of all plans shall be filed with the commissioner. Funds held under any
3503 of said plans shall be held by or used by the retirement association to the extent required by the
3504 Code and ERISA for the exclusive purpose of providing plan benefits to participating members;
3505 but, to the extent permitted by law, funds of the plans may be used to defray reasonable expenses
3506 of administering the retirement association and the plans, and expenses of investing the assets of
3507 the plans may be charged against the funds of the plans. To the extent that expenses necessary
3508 for the administration of the retirement association or the said plans are not paid from the plans,
3509 they shall be paid by participating banks on a proportionate basis, as provided in the by-laws of
3510 the retirement association. The association shall annually provide to each member a report of
3511 assets and liabilities attributable to its participants in any or all qualified plans adopted by a
3512 member.

3513 A participating bank, by vote of its board of directors, and a customer may adopt 1 or
3514 more of the plans of the retirement association for the benefit of its employees. Any bank which
3515 has adopted a plan of the retirement association for its employees may, if it is otherwise eligible,
3516 also establish an employee stock ownership plan.

3517 A bank, by vote of its board of directors, may directly or indirectly by means of a
3518 contribution to 1 or more of the trust funds held by the trustees of the retirement association
3519 supplement the retirement benefits being paid to its former employees or their beneficiaries on
3520 account of bank service; but, no supplement of a retirement benefit shall exceed the retirement
3521 benefit multiplied by the increase in the cost of living since the retirement began. The increase in
3522 the cost of living is the percentage by which the national monthly consumer price index for all
3523 urban consumers issued by the bureau of labor statistics of the United States Department of
3524 Labor for the last November before the year in which payment is made is greater than the
3525 beginning index figure. The beginning index figure is the average of such monthly consumer
3526 price index figures for the year in which a retirement benefit was first paid to or with respect to a
3527 former employee. Except with respect to supplements first voted by a financial institution's
3528 governing board on or after January 1, 1981, and which are paid through 1 or more of the trust

3529 funds held by the trustees of the retirement association, no employing unit may become obligated
3530 to pay in future years any supplement authorized by this paragraph.

3531 Membership in the association is voluntary and any bank may establish or provide
3532 qualified retirement plans for its employees independent of the association; but, nothing
3533 contained herein shall be construed as requiring any bank to provide qualified retirement plans to
3534 its employees.

3535 Section 22. The by-laws of the retirement association, and any amendments thereto, shall
3536 be submitted to the commissioner and shall prescribe the manner in which, and the officers and
3537 agents by whom, the retirement association may be conducted and the manner in which its funds
3538 may be invested and paid out. Such retirement association shall be formed when its by-laws have
3539 been approved and agreed to by a majority of the trustees of each of 15 or more cooperative
3540 banks and have been approved by the commissioner. The association shall annually, on or before
3541 August 1 report to the commissioner such statements of its membership and financial
3542 transactions for the year ending on the preceding December 31st as the commissioner may
3543 consider necessary to show its business and standing. The commissioner may verify such
3544 statement by an examination of the books and papers of the retirement association. The
3545 retirement association shall not be subject to chapter 32 or chapter 175 or other laws as relate to
3546 insurance companies or other retirement associations.

3547 Section 23. The property of the retirement association, the portion of the wages or salary
3548 of any employee deducted or to be deducted under sections 21 and 22, the right of an employee
3549 to an annuity or pension, and all his rights in the funds of the retirement association, shall be
3550 exempt from taxation and from the operation of any law relating to insolvency, and shall not be
3551 attached or taken on execution or other process to satisfy any debt or liability of the retirement
3552 association, a participating bank, or any employee member of the retirement association. No
3553 assignment of any right in or to said funds or of any pension or annuity payable under section
3554 thirty shall be valid, except that deferred annuity contracts purchased by a participating bank on
3555 account of past service of eligible employees may be assigned to such bank prior to actual
3556 retirement.

3557 Nothing in this section shall prevent an employee's annuity or pension from being
3558 attached, taken on execution, assigned, or subject to other process to satisfy a support order
3559 under chapter 208, 209, or 273.

3560 Section 24. The participating members of the Co-operative Banks Employees Retirement
3561 Association, established by section 21, shall constitute as the Co-operative Banks Employees
3562 Benefit Association, in this section and in sections 25 and 26 called the benefit association, for
3563 the purpose of providing retirement benefits through retirement plans which are not qualified
3564 plans under Section 401 of the Internal Revenue Code of the United States and for establishing
3565 employee welfare benefit plans, in this section called plans, for eligible employees of

3566 participating organizations. The benefit association, in its name and by or through its authorized
3567 officers, may (a) establish plans and related trusts for eligible members participating therein, (b)
3568 make agreements, establish trusts and make or cause to be made investments subject to such
3569 limitations as may from time to time be prescribed by law or by the by-laws of the benefit
3570 association, (c) sue and be sued, plead and be impleaded, (d) enforce liens and other obligations
3571 and foreclose mortgages held by the benefit association on or with respect to real or personal
3572 property situated in the commonwealth or in any state or territory of the United States, (e) adopt
3573 an official seal and alter the same at pleasure, and (f) do such other acts that may be necessary to
3574 carry out the powers conferred upon it by law and its by-laws.

3575 For the purposes of this section and sections 22 and 23, reference to “bank” and “banks”
3576 shall, unless the context otherwise requires, mean and include any or all member organizations
3577 and a reference to “directors” of a bank shall, unless the context otherwise requires, mean and
3578 include the governing body of each of such organizations.

3579 Eligible employees may contribute a portion of their salaries or wages to or under plans
3580 established by the benefit association, to be deducted by the employing banks and paid to the
3581 benefit association. A participating bank may contribute to or under plans of the benefit
3582 association to the extent determined by its directors. Contributions and benefits under the plans
3583 of the benefit association shall not exceed the limits, if any, imposed on such plans by the
3584 Internal Revenue Code of 1986 as amended, and the Employee Retirement Income Security Act
3585 of 1974, as amended, in this section called the Code and ERISA, respectively.

3586 All plans maintained by the benefit association shall conform to the Code and funds held
3587 under the plans of the benefit association shall be invested in such manner as the benefit
3588 association shall determine, consistent with the by-laws. Funds held under plans of the benefit
3589 association shall be held by or used by the benefit association for the exclusive purpose of
3590 providing plan benefits to eligible members and, as determined by the benefit association, may
3591 be used to defray reasonable expenses of administering the plans and investing the assets of the
3592 plans. To the extent that expenses necessary for the administration of the benefit association or
3593 the plans of the benefit association are not paid from the plans, they shall be paid by participating
3594 banks on a proportionate basis, as provided in the by-laws.

3595 A participating bank, by vote of its directors may adopt one or more of the plans of the
3596 benefit association for the benefit of its employees and their beneficiaries.

3597 Nothing in this section shall be construed so as to prevent any such bank from
3598 establishing its own employee welfare benefit plans or non-qualified retirement plan.

3599 Section 25. The trustees of the Co-operative Banks Employees Retirement Association
3600 shall prepare the by-laws of the benefit association and file the same with the commissioner. Said
3601 by-laws shall prescribe the manner in which, and the officers and agents by whom, the benefit
3602 association will be conducted and the manner in which its funds may be invested and paid out.

3603 They shall also provide that the said trustees of the Co-operative Banks Employees Retirement
3604 Association shall serve as the initial trustees of the benefit association and shall continue such
3605 service for the term prescribed in such by-laws and for the election of subsequent trustees.

3606 Such benefit association shall annually, within 6 months after the close of its fiscal year,
3607 report to the commissioner such statements of its membership and financial transactions as the
3608 commissioner may consider necessary to show its business and standing. The commissioner may
3609 verify such statement by an examination of the books and papers of the benefit association.

3610 The benefit association shall not be subject to chapter thirty-two or chapter one hundred
3611 and seventy-five or to such other provisions of law as relate to insurance companies or other
3612 benefit associations.

3613 Section 26. The property of the benefit association shall be exempt from taxation and
3614 from the operation of any law relating to insolvency, and shall not be attached or taken on
3615 execution or other process to satisfy any debt or liability of the benefit association, a
3616 participating bank, or any employee member of the benefit association. No assignment of any
3617 right in or to said funds or of any pension or annuity payable under section 24 shall be valid,
3618 except that deferred annuity contracts purchased by a participating bank on account of past
3619 service of eligible employees may be assigned to such bank prior to actual retirement.

3620 Nothing in this section shall prevent an employee's annuity or pension from being
3621 attached, taken on execution, assigned, or subject to other process to satisfy a support order
3622 under 208, 209, or 273.

3623 SECTION 60. Chapter 171 of the General Laws, as appearing in the 2012 Official
3624 Edition, is hereby amended by inserting the following new section:—

3625 Section 8A. A credit union shall comply with The Electronic Fund Transfer Act 15 USC
3626 1693 et seq. and the regulations promulgated thereunder but the maximum liability of a
3627 consumer under 15 USC 1693g shall be limited to \$50.00

3628 After a vote of its board of directors, a credit union, except as otherwise provided in this
3629 section, may purchase, establish, install, operate, lease or use individually or with any other
3630 financial institution or organization or share with any other financial institution or organization
3631 any number of manned or unmanned electronic branches at which a customer may make
3632 deposits, withdrawals, transfers of funds, obtain advances against preauthorized lines of credit,
3633 cash checks or pay obligations, and any number of point-of-sale terminals; provided, however,
3634 that withdrawals from such electronic branches, other than those located at an office of a credit
3635 union, shall be made only from a demand deposit account, negotiable withdrawal order account,
3636 or statement account or against a preauthorized line of credit; and provided, further that the credit
3637 union, shall have applied for and obtained the approval of the commissioner for such electronic
3638 branch except that a credit union at whose office such electronic branch is located need not have

3639 applied for or obtained such approval. The commissioner shall approve such application if, in his
3640 opinion, such action will promote a sound banking system which provides for the needs of the
3641 people and business, encourages competition, discourages monopolies and does not ignore
3642 legislative policies.

3643 There shall be no geographical limitation on the location of electronic branches which a
3644 credit union may purchase, establish, install, operate, lease or use individually or with any other
3645 financial institution or organization or share with any other financial institution or organization;
3646 provided, however, that the site location for such electronic branches, other than an electronic
3647 branch located at an office of a financial institution or in another state, shall be subject to
3648 approval by, and regulation of, the commissioner. An electronic branch may be located in a
3649 mobile unit under such conditions and limitations as the commissioner, by regulation, shall
3650 establish.

3651 A credit union shall adopt and maintain safeguards to insure the safety of a customer
3652 using the electronic branch, to insure the safety of the funds, items and other information at the
3653 electronic branch and to assist in the identification of criminals. The commissioner may
3654 promulgate rules and regulations establishing minimum standards for such safeguards. Such
3655 safeguards shall be in place and operational at the time such electronic branch begins to transact
3656 business; provided, however, that such safeguards shall not apply to an electronic branch located
3657 at an office of a credit union.

3658 No such electronic branch located at other than the office of a credit union shall be
3659 manned or operated at any time by an employee of any financial institution, holding company of
3660 a financial institution or affiliate thereof, or any organization except on a temporary basis for the
3661 purpose of instructing operators or customers, servicing the electronic branch or for the purpose
3662 of using such electronic branch on said employee's own behalf.

3663 For the purposes of this section, the following words shall, unless the context otherwise
3664 requires, have the following meanings:—

3665 “Electronic branch”, an electronic device, other than a telephone operated by a consumer,
3666 through which a consumer may initiate an electronic fund transfer. Such term includes, but is not
3667 limited to automated teller machines and cash dispensing machines. Such term does not include a
3668 teller machine or similar device located on the premises of and operated solely by an employee
3669 of a financial institution or a point-of-sale terminal as hereinafter defined.

3670 “Organization”, any person, corporation, association or partnership which assists or
3671 provides services to a financial institution or merchant in order to make available electronic fund
3672 transfers. A financial institution or merchant shall not be considered an organization.

3673 “Point-of-sale terminal”, an electronic terminal located on the premises of a merchant
3674 when such terminal is used with the assistance of an employee of a merchant for a customer's

3675 purchase or lease of goods or services sold or leased by such merchant or adjustments thereto or
3676 the receipt of cash by the customer which is ancillary to the customer's purchase or lease of
3677 goods or services from such merchant; provided, however, that such terminal shall be deemed an
3678 electronic branch for the purposes of this chapter whenever it is used for any other electronic
3679 fund transfer, or for an electronic fund transfer involving a customer's account held by an
3680 organization, or for an electronic fund transfer solely for customers of a single financial
3681 institution or bank holding company subject to the provisions of chapter 167A or the Bank
3682 Holding Company Act of 1956, 12 USC 1841 et seq.

3683 SECTION 61. Chapter 171 of the General Laws is hereby amended by striking out
3684 sections 78A and 78B as appearing in the 2012 Official Edition and inserting in place thereof the
3685 following section:—

3686 Section 78A. Any one or more credit unions may merge or consolidate with one or more
3687 savings banks as defined in section 1 of chapter 168 or one or more co-operative banks as
3688 defined in section 1 of chapter 170 or one or more subsidiary banking institutions as defined in
3689 section 1 of chapter 167H and section 4 of chapter 167I.

3690 SECTION 62. The General Laws are hereby amended by striking out Chapter 172 as
3691 appearing in the 2012 Official Edition and inserting in place thereof the following chapter:—

3692 CHAPTER 172

3693 TRUST COMPANIES

3694 Section 1. Wherever used in this chapter, unless the context otherwise requires, the
3695 following words shall have the following meanings:—

3696 "Board" or "board of bank incorporation" as used in the first nine sections, a board
3697 consisting of the commissioner of banks, the commissioner of revenue, and the state treasurer.

3698 "Capital stock", the sum of the par value of the preferred and common shares of capital
3699 stock, issued and outstanding.

3700 "Commissioner", the commissioner of banks.

3701 "Common stock", the shares of capital stock of a trust company, other than preferred
3702 stock..

3703 "Incorporators", subscribers to the agreement of association for the purpose of forming a
3704 trust company under the provisions of this chapter.

3705 "Officer", any individual designated as such in accordance with the by-laws including,
3706 whether or not so designated, the president, vice-president, treasurer, and the clerk or secretary,
3707 or any individual who performs the duties appropriate to those offices.

3708 “Stockholder”, a registered owner of shares of capital stock of a trust company.

3709 “Surplus account”, an account so designated on the books of a trust company and
3710 consisting of such amounts as shall be required by law or shall be transferred thereto by vote of
3711 the board of directors.

3712 “Trust company” or “such corporation”, a trust company incorporated as such in the
3713 commonwealth.

3714 Section 2. A trust company shall have all the powers expressly granted by law and
3715 whatever further incidental powers may fairly be implied from those expressly conferred and
3716 such as are reasonably necessary to enable it to exercise fully those powers according to common
3717 or accepted banking customs and usages.

3718 Section 3. No person, other than a trust company, shall use the words “trust company”,
3719 even though said words may be separated by one or more other words, as part of his or its name
3720 or in any representation describing his or its business, powers, services or functions. Any person
3721 who violates this section shall be punished by a fine of \$100 for each day during which such
3722 violation continues.

3723 Section 4. A trust company shall upon its incorporation have such capital structure as the
3724 board of bank incorporation shall deem adequate. Such capital structure may vary by the board
3725 based on the application and business plan submitted.

3726 Section 5. Fifteen or more individuals who associate themselves by a written agreement
3727 for the purpose of forming a trust company may, upon compliance with sections 4 to 9, inclusive,
3728 become a corporation, with all the powers and privileges and subject to all the duties, restrictions
3729 and liabilities set forth in all general laws relating to such corporations. The agreement of
3730 association shall specifically state:

3731 (a) That the incorporators thereto associate themselves with the intention of forming a
3732 corporation;

3733 (b) The name by which the corporation shall be known;

3734 (c) The location of the principal office of the corporation, which shall be within the
3735 commonwealth;

3736 (d) The purposes for which the corporation is formed and the nature of the business to be
3737 transacted;

3738 (e) The amount and classes of its capital stock, and the number of shares into which any
3739 class is to be divided;

3740 (f) the amount of the surplus account;

3741 (g) the amount of the undivided profits account; and

3742 (h) the name of each incorporator and the number of shares of capital stock, if any, which
3743 he agrees to take and the class or classes of such shares.

3744 Each incorporator shall subscribe his name to the agreement of association.

3745 Section 6. A notice of the intention of the subscribers to form such a trust company shall
3746 be given to the board of bank incorporation.

3747 A notice in such form as said board shall approve, shall be published at least once a
3748 week, for 3 successive weeks, in 1 or more newspapers designated by the board, and published in
3749 the city or town in which it is proposed to establish the trust company, or if there is no newspaper
3750 in such city or town, in a newspaper published in the city or town which is nearest to the
3751 proposed location. Such notice shall specify the names of the proposed incorporators, the name
3752 of the corporation and the location of the same. The subscribers to said agreement shall apply to
3753 the board for a certificate that public convenience and advantage will be promoted by the
3754 establishment of such trust company. Such an application for a proposed trust company shall be
3755 accompanied by an investigation fee, the amount of which shall be determined by the
3756 commissioner of administration under the provision of section 3B of chapter 7. In determining
3757 whether the public convenience and advantage will be promoted by the establishment of such
3758 trust company, the board shall consider the adequacy of its capital structure, the general character
3759 of its management, the adequacy of banking facilities in the area, and the convenience and needs
3760 of the community to be served. The board may grant such certificate, which shall be deemed to
3761 be revoked if the applicants therefor do not become incorporated and begin business within one
3762 year after its date of issue. If the board refuses to issue such certificate, no further proceeding
3763 may be taken by the applicant during the year next following the date of such refusal except with
3764 the approval of the board, but the applicant may renew his application as of right after 1 year
3765 from the date of such refusal, and he may dispense with further notice or publication unless the
3766 board orders such notice or publication.

3767 Section 7. The first meeting of the incorporators shall be called by a notice signed either
3768 by that incorporator who is designated in the agreement for the purpose, or by a majority of the
3769 incorporators, and such notice shall state the time, place and purposes of the meeting. A copy of
3770 the notice shall, at least 7 days before the day appointed for the meeting, be given to each
3771 incorporator or left at his residence or usual place of business, or deposited in the post office,
3772 postage prepaid, and addressed to him at his residence or usual place of business, and another
3773 copy thereof and an affidavit of 1 of the signers that the notice has been duly served shall be
3774 recorded with the records of the corporation. If all the incorporators shall, in writing endorsed
3775 upon the agreement of association, waive such notice and fix the time and place of the meeting,
3776 no notice shall be required. At such first meeting, or at any adjournment thereof, the
3777 incorporators shall organize by the choice by ballot of a temporary clerk who shall be sworn, by

3778 the adoption of by-laws and by the election in such manner as the by-laws may determine, of
3779 directors, a clerk or secretary, and such other officers as the by-laws may prescribe. The
3780 temporary clerk shall make and attest a record of the proceedings until the clerk or secretary has
3781 been chosen and sworn, including a record of such choice and qualification.

3782 Section 8. The president, clerk or secretary and a majority of the directors as applicable
3783 elected at such first meeting shall make and sign under penalties of perjury articles of
3784 organization in duplicate, setting forth—

3785 (a) A true copy of the agreement of association, the names of the incorporators thereto,
3786 and the name of each of the officers and directors or trustees as applicable of the company;

3787 (b) The date of the first meeting and the successive adjournments thereof, if any.

3788 One duplicate original of the articles so signed shall be submitted to the commissioner,
3789 and the other, together with the records of the proposed corporation, to the state secretary, who
3790 shall examine the same, and who may require such amendment thereof or such additional
3791 information as he may consider necessary. If he finds that the articles conform to the 4 preceding
3792 sections relative to the organization of the corporation and that section 6 has been complied with,
3793 he shall so certify and endorse his approval thereon. The articles shall be filed within 30 days
3794 thereafter in the office of the state secretary, who, upon receipt of a fee, the amount of which
3795 shall be determined annually by the commissioner of administration under the provision of
3796 section 3 B of chapter 7, said state secretary shall issue a certificate of incorporation in the
3797 following form:

3798 COMMONWEALTH OF MASSACHUSETTS

3799 Be it known that whereas (the names of the subscribers to the agreement of association)
3800 have associated themselves with the intention of forming a corporation under the name of (the
3801 name of the corporation), for the purpose (the purpose declared in the agreement of association),
3802 with a capital stock of (the amount fixed in the agreement of association), and have complied
3803 with the statutes of the commonwealth in such case made and provided, as appears from the
3804 articles of organization of said corporation, duly approved by the state secretary and recorded in
3805 this office: Now, therefore, I (the name of the state secretary), secretary of the commonwealth of
3806 Massachusetts, do hereby certify that said (the names of the subscribers to the agreement of
3807 association), their associates and successors, are legally organized and established as, and are
3808 hereby made, an existing corporation under the name of (name of the corporation), with the
3809 powers, rights and privileges, and subject to the limitations, duties and restrictions, which by the
3810 law appertain thereto.

3811 Witness my official signature hereunto subscribed and the great seal of the
3812 commonwealth of Massachusetts hereunto affixed, this day of in the year (the date of the filing
3813 of the articles of organization).

3814 The state secretary shall sign the certificate of incorporation and cause the great seal of
3815 the commonwealth to be thereto affixed, and such certificate shall have the force and effect of a
3816 special charter. The existence of every such corporation shall begin upon the filing of the articles
3817 of organization in the office of the state secretary. He shall also cause a record of the certificate
3818 of incorporation to be made, and such certificate, or such record, or a certified copy thereof, shall
3819 be conclusive evidence of the existence of such corporation.

3820 A bank may amend its articles of organization if approved by its board and submitted to
3821 and approved by the bank's governing body except as provided in sections 10.05, 10.07 and
3822 14.34 of chapter 156D. After approval by the board and governing body, the amendment shall be
3823 submitted to the commissioner for his endorsement thereon before delivering the amendment to
3824 the secretary of state for filing.

3825 Section 9. When all the capital stock has been issued, a list of the stockholders, with the
3826 name, residence and post office address of each, and the number of shares in each class held by
3827 each stockholder, shall be filed with the board of bank incorporation, which list shall be verified
3828 by the clerk of the corporation. Upon receipt of such list the board shall cause an examination to
3829 be made of the method of payment of the capital stock, of the personnel of the corporation,
3830 including the officers and directors thereof, and if, after such examination, it appears that the
3831 whole capital stock, surplus account and undivided profits account have been paid in cash, that
3832 all requirements of law have been complied with, that the bank is a member of the Federal
3833 Deposit Insurance Corporation, and that the qualifications of the personnel are satisfactory, the
3834 board shall, if satisfied that the public convenience and advantage will be promoted thereby,
3835 issue a certificate authorizing such corporation to begin the transaction of business. No such
3836 corporation shall begin the transaction of business until such a certificate has been granted.

3837 Section 9A. After notice of intent, application and hearing as the commissioner may
3838 require and with his written permission and under conditions he may impose, the commissioner
3839 may, if he is satisfied that public convenience and advantage will be promoted and that
3840 competition among banking institutions will not be unreasonably affected, grant a certificate to
3841 establish a limited purpose trust company for the purpose of conducting trust and fiduciary
3842 business authorized under chapter 167G and other law applicable to a state-chartered bank;
3843 provided, however, that it will have sufficient capital to support its business operations; provided
3844 further that any such limited purpose trust company shall not accept deposits, make loans or
3845 otherwise carry on a banking business in the commonwealth; and provided, further, that this
3846 section shall not apply to an attorney licensed to practice law in the commonwealth or to a
3847 person exercising trust or fiduciary powers in the commonwealth under lawful authority.

3848 A person seeking authority to establish a limited purpose trust company under this
3849 section shall file a notice and an application for a certificate with the commissioner, together
3850 with a fee, the amount of which shall be determined by the commissioner of administration under
3851 the provisions of section 3B of chapter 7. The application shall include the following:—

- 3852 (a) the name under which the corporation will conduct business;
- 3853 (b) the name, residence and post office address of each officer of the corporation;
- 3854 (c) the location of the principal office thereof which shall be within the commonwealth;
- 3855 (d) the purpose for which the corporation is formed and the nature of the business to be
3856 transacted;
- 3857 (e) the amount and classes of its capital stock, and the number of shares into which any
3858 class is to be divided; and
- 3859 (f) such other information as the commissioner considers necessary.

3860 Upon receipt of the certificate from the commissioner, the corporation shall file its
3861 articles of organization with the state secretary and shall thereupon become eligible to conduct
3862 business; but, the certificate shall be considered to be revoked if the corporation does not
3863 commence business within 1 year after the date of issuance thereof by the commissioner.

3864 In the transaction of business, a limited purpose trust company shall be subject to sections
3865 10 to 13, inclusive, and other applicable sections of this chapter, section 36A of chapter 167,
3866 sections 13 and 14 of chapter 167I, and sections 2 to 6, inclusive, 8 to 11, inclusive and 14 to 20,
3867 inclusive of chapter 167J.

3868 A limited purpose trust company may establish and maintain a trust office or a
3869 representative trust office in any state other than the commonwealth. A company intending to
3870 establish a trust office or representative trust office in the other state shall file a notice with the
3871 commissioner. The notice shall be in a form prescribed by the commissioner and shall contain
3872 the name and address of the limited purpose trust company, the location of the proposed office,
3873 and be accompanied by a copy of the resolution of its board of directors authorizing the
3874 establishment of the out-of-state office.

3875 The company may commence business at the out-of-state trust office or representative
3876 trust office upon the expiration of 30 days from the date the required notice is received by the
3877 commissioner; but, the 30 day period may be extended by the commissioner upon notice in
3878 writing to the company that additional information is required to be submitted to him. For the
3879 purposes of this section, a trust office shall mean the business office of the limited purpose trust
3880 company at which its licensed business activities are transacted; and a representative trust office
3881 shall mean an office established by the company in order to market and solicit business and
3882 provide administrative support but at which, licensed business activities of the company could
3883 not be conducted.

3884 A limited purpose trust company, or any similar institution as determined by the
3885 commissioner, established under the laws of any other state or the United States may, with the

3886 approval of the commissioner, establish and maintain an office in the commonwealth; if the laws
3887 of the state in which such company or similar institution was established expressly authorize,
3888 under conditions no more restrictive than those imposed by the laws of the commonwealth, as
3889 determined by the commissioner, the establishment of an office in said state by a limited purpose
3890 trust company chartered in the commonwealth.

3891 The commissioner may establish rules and regulations necessary to carry out this section
3892 and to govern the affairs of the company, including an examination thereof by him. The
3893 regulations may specify which provisions of chapters 167 through 167G, chapters 183 and 184,
3894 and other laws of the commonwealth shall be applicable to any such limited purpose trust
3895 company.

3896 A limited purpose trust company may be merged, consolidated, converted, liquidated,
3897 dissolved or its charter cease to exist in such manner as the commissioner may prescribe and
3898 subject to such terms and conditions he may impose.

3899 Section 4 of chapter 167A relative to the Massachusetts Housing Partnership Fund shall
3900 apply to any subsequent transaction involving an unaffiliated entity and a limited purpose trust
3901 company that had converted from a trust company to a limited purpose trust company and that,
3902 but for such conversion, would have been subject to said section 4. The commissioner shall not
3903 approve any transaction subject to this paragraph until the commissioner has received notice
3904 from the Massachusetts Housing Partnership Fund that satisfactory arrangements have been
3905 made.

3906 Section 10. Such corporation may adopt by-laws for the proper management of its affairs
3907 and as appropriate to exercise all powers necessary, convenient or incidental to the purposes for
3908 which the corporation was formed. It may also establish regulations controlling the assignment
3909 and transfer of its shares. A majority in interest of the stockholders entitled to vote shall
3910 constitute a quorum at any meeting unless the by-laws require more than a majority.

3911 Section 11. Stockholders entitled to vote may vote in person or by proxy. No proxy dated
3912 more than 6 months before the date of the meeting named therein shall be valid, and no proxy
3913 shall be valid after the final adjournment of such meeting. A proxy with respect to stock held in
3914 the name of 2 or more persons shall be valid if executed by any one of them unless at or prior to
3915 the exercise of the proxy such corporation receives a specific written notice to the contrary from
3916 any one of them. A proxy purporting to be executed by or on behalf of a stockholder shall be
3917 deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity
3918 shall rest on the challenger. Except as otherwise provided in the articles of organization or by-
3919 laws of the corporation, special meetings of the stockholders may be called pursuant to the
3920 provisions of section 7.02 of chapter 156D.

3921 Section 12. The business of such corporation shall be managed by a board of not less than
3922 7 nor more than 25 directors. A majority of the directors shall be citizens of the commonwealth

3923 and resident therein. The directors shall be elected, in such manner as is provided in the by-laws,
3924 by the stockholders at their annual meeting or at a special meeting called for the purpose;
3925 provided, however, that if the by-laws so prescribe, a number of directors, not exceeding 2, may
3926 be elected by vote of a majority of the directors then in office. The directors shall hold office for
3927 such term, not exceeding 3 years, as is provided in the by-laws and until their successors are
3928 selected and have qualified. A director shall be eligible for reelection. Any vacancy in the board
3929 may be filled by appointment by the remaining directors and any director so appointed shall hold
3930 his office until the next election.

3931 Each director shall own, in his own right and free of any lien or encumbrance, common
3932 stock, either of such corporation or of a company owning 75 per cent or more of the stock of
3933 such corporation, having a par value, or a fair market value on the date the person became a
3934 director, of not less than \$1,000. Any director who ceases to be the owner of the required
3935 number of shares of stock, or who becomes in any other manner disqualified, shall vacate his
3936 office forthwith. Each director, when appointed or elected, shall take an oath that he will
3937 faithfully perform the duties of his office and that he is the owner, in his own right and free of
3938 any lien or encumbrance, of the amount of stock required by this section. The oath shall be taken
3939 before a notary public or justice of the peace, and a record of the oath shall be made a part of the
3940 records of such corporation.

3941 The office of any director who seeks, or against whom, an order of relief is entered in a
3942 personal capacity, pursuant to Title 11 of the United States Code, or who, on examination in a
3943 supplementary process proceeding, has been found unable to pay a judgment, shall thereby be
3944 vacated. A record of any such vacancy shall be entered upon the books of the corporation. Any
3945 director whose office is so vacated shall again be eligible to serve as or director upon the receipt
3946 of a discharge in bankruptcy under Chapter 7 of said Title 11; the completion of all payments
3947 required pursuant to a plan of reorganization under Chapter 11 thereof; the completion of all
3948 payments under a plan of debt adjustment under Chapter 13 thereof; or the payment of said
3949 judgment.

3950 In determining what he or she reasonably believes to be in the best interests of such
3951 corporation, in considering proposed business combinations, as defined in paragraph (c) of
3952 section 3 of chapter 110F, a director may consider the interests of the corporation's employees,
3953 suppliers, creditors and customers; the economy of the state, region and nation, community and
3954 societal considerations, and the long-term and short-term interests of the corporation and its
3955 stockholders, including the possibility that these interests may be best served by the continued
3956 independence of the corporation.

3957 Each such corporation shall have an executive committee of not less than 3 members,
3958 who shall be elected by and from the directors and shall hold office during their pleasure. An
3959 executive committee may take any action that could be taken by the board of directors except
3960 that an executive committee may not: (1) authorize dividends or other distributions to

3961 shareholders; (2) approve or propose to the corporation's shareholders actions that require the
3962 approval of the corporation's shareholders; (3) change the number of members of the board of
3963 directors, remove directors from office or fill vacancies on the board of directors; (4) amend the
3964 corporation's articles of organization; (5) adopt, amend or repeal the corporation's by-laws; (6)
3965 authorize or approve reacquisition of shares of capital stock, except according to a formula or
3966 method prescribed by the board of directors; (7) take any action specifically required by law or
3967 regulation to be taken by the entire board of directors, or (8) approve a transaction described in
3968 section 8 of chapter 167I.

3969 Section 13. The clerk or secretary shall be elected by the stockholders at their annual
3970 meeting or at a special meeting duly called for the purpose.

3971 The president shall be elected by and from the board of directors and shall be chairman
3972 thereof unless the board designates a director in lieu of the president to be chairman. The
3973 directors shall elect the treasurer and any other officers including an executive vice president.
3974 The president as may be required or permitted by law or by-law may select other officers. The
3975 officers elected by the board shall hold their respective offices during the pleasure of the
3976 directors. The directors may fill a vacancy in the office of clerk or secretary until the next
3977 meeting of the stockholders.

3978 Section 14. The following provisions shall apply to meetings of the board and its
3979 committees.

3980 (a) The board of directors shall meet at intervals, that shall not be less frequent than
3981 quarterly, but, upon application in writing by the corporation, the commissioner may waive or
3982 modify this requirement. Unless the articles of organization, the by-laws, or a resolution by the
3983 board otherwise provide, members of the board of directors or a committee designated thereby
3984 may participate in a meeting of the board or committee by means of a conference telephone or
3985 similar communications equipment by means of which all persons participating in the meeting
3986 may simultaneously hear each other, and participation by those means shall constitute presence
3987 in person at a meeting. Members may transmit written authorizations that may be required during
3988 the meeting by electronic facsimile or other commercially acceptable transmission.

3989 (b) Unless the articles of organization or bylaws provide that action required or permitted
3990 by this chapter or other provisions of the General Laws to be taken by the directors may be taken
3991 only at a meeting, the action may be taken without a meeting if the action is taken by the
3992 unanimous consent of the members of the board of directors. The action must be evidenced by 1
3993 or more consents describing the action taken, in writing, signed by each director, or delivered to
3994 the corporation by electronic transmission, to the address specified by the corporation for the
3995 purpose or, if no address has been specified, to the principal office of the corporation, addressed
3996 to the secretary or other officer or agent having custody of the records of proceedings of

3997 directors, and included in the minutes or filed with the corporate records reflecting the action
3998 taken.

3999 (c) Action taken under this section is effective when the last director signs or delivers the
4000 consent, unless the consent specifies a different effective date.

4001 (d) A consent signed or delivered under this section has the effect of a meeting vote and
4002 may be described as such in any document.

4003 (e) The provisions of this section shall also apply to committees and their members.

4004 SECTION 63. Section 2 of chapter 183C of the General Laws in the 2012 Official
4005 Edition, is hereby amended by striking out, in lines 5 to 6, the words “Federal Reserve Board”
4006 and inserting in place thereof the words:— bureau of consumer financial protection.

4007 SECTION 64. Said section 2 of said chapter 183C, as so appearing, is further amended
4008 by striking out, in line 31, the citation “12 C.F.R. 226.32(a)(1)(i)” and inserting in place thereof
4009 the citation:— 12 C.F.R. 1026.226.32(a)(1)(i).

4010 SECTION 65. Said section 2 of said chapter 183C is further amended by striking out, in
4011 lines 67 to 68, the citations “226.4(a) and 226.4(b)” and inserting in place thereof the citation:—
4012 1026.4(a) and 1026.4(b).

4013 SECTION 66. Said section 2 of said chapter 183C is further amended by striking out, in
4014 line 72, the citation “226.4(c)(7)” and inserting in place thereof the citation:— 1026.4(c)(7).

4015 SECTION 67. Said section 2 of said chapter 183C is further amended by striking out, in
4016 line 100, the citation “226.4(d)(2)” and inserting in place thereof the citation:— 1026.4(d)(2).

4017 SECTION 68. Section 1 of chapter 255F of the General Laws, as so appearing, is hereby
4018 amended by striking out, in lines 17 to 18, the words:— the Director of the Office of Thrift
4019 Supervision,.