HOUSE DOCKET, NO. 2923 FILED ON: 1/21/2011

HOUSE . . . . . No. 2073

The Commonwealth of Massachusetts

PRESENTED BY:

James M. Murphy

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

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

An Act relative to creation of a reserve fund for credit unions.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
James M. Murphy	*4th Norfolk*

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HOUSE . . . . . No. 2073

By Mr. Murphy of Weymouth, a petition (accompanied by bill, House, No. 2073) of James M. Murphy relative to creation of a reserve fund for credit unions. Financial Services.

The Commonwealth of Massachusetts

An Act relative to creation of a reserve fund for credit unions.

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

SECTION 1. Chapter 294 of the Acts of 1961, as amended, is hereby amended by inserting the following definition after the definition of "regular member" in Section 1A:

"Reserve Fund," the reserve fund for regular members and excess members authorized by Section 8A.

SECTION 2. Chapter 294 of the Acts of 1961, as amended is hereby further amended by inserting the following section after Section 8 thereof:

8A Deposits of Reserves by Members. The Corporation may establish a separate and distinct fund to be known as the Reserve Fund for the purpose of promoting liquidity and elasticity and flexibility of the resources of its members. The Reserve Fund shall be funded with term and regular deposits voluntarily made by regular members and excess members. No member shall have on deposit more than 10 % of its assets in the Reserve Fund. After the Reserve Fund attains a total asset basis of $30,000,000, deposits of any one member shall not exceed 10% of all deposits in the Reserve Fund.

The directors of the corporation shall determine the terms and conditions upon which deposits by members may be accepted.

The corporation may, in accordance with its by-laws, loan monies in the Reserve Fund only to regular members and excess members, and any loan so made shall constitute a debt against the borrowing member and, in the case of its liquidation, shall be satisfied before any distribution of its assets is made to members. No member may borrow from the Reserve Fund in excess of ten per cent of its assets unless said loan is secured as required by the directors of the corporation.

22 The pledging of any mortgage by a member as security for a loan shall constitute a valid
23 assignment thereof at law and the corporation may effect its collection in the manner provided by
24 law.

25 The resources of the Reserve Fund shall be invested only in investments permitted under
26 Section 12 of Chapter 294 of the Acts of 1961, as amended.

27 SECTION 3. Section 67 of Chapter 171 of the General Laws as appearing in the
28 2008 Official Edition, is hereby amended by striking subparagraph (e) and substituting in its
29 place the following:

30 "(e) in deposits in the Reserve Fund of the Massachusetts Credit Union Share Insurance
31 Corporation authorized by Chapter ____ of the Acts of 2011;"

32 SECTION 4. Section 12 of Chapter 294 of the Acts of 1961, as amended, is
33 hereby further amended by inserting the following after clause (t) and redesignating current
34 clause (5) as clause (w): -

35 "(t) in obligations, deposits or loans to the Reserve Fund of the corporation authorized by
36 section 8A."