

**HOUSE . . . . . No. 1202**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

***Ronald Mariano***

*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 adoption of the accompanying bill:

An Act relative to co-operative banks.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Ronald Mariano</i>	<i>3rd Norfolk</i>	<i>1/20/2011</i>

**HOUSE . . . . . No. 1202**

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By Mr. Mariano of Quincy, a petition (accompanied by bill, House, No. 1202) of Ronald Mariano relative to co-operative banks. Financial Services.

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**The Commonwealth of Massachusetts**

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**In the Year Two Thousand Eleven**  
\_\_\_\_\_

An Act relative to co-operative 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 26 of chapter 170 of the General Laws, as appearing in the 2008  
2 Official Edition, is hereby amended by striking out, in line 5, the word “co-operative”.

3           SECTION 2. The first paragraph of section 29 of said chapter 170, as so appearing, is  
4 hereby amended by striking out, in line 1, the words “savings and loan association” and inserting  
5 in place thereof the following words:- thrift bank.

6           SECTION 3. The first paragraph of said section 29 of said chapter 170, as so appearing,  
7 is hereby further amended by striking out, in lines 4, 7 and 8, the words “such an association”  
8 and inserting in place thereof, in each instance, the following words:- a federal thrift bank.

9           SECTION 4. The first paragraph of said section 29 of said chapter 170, as so appearing,  
10 is hereby further amended by striking out, in lines 5 and 6, the words “federal home loan bank  
11 board or the federal home loan bank” and inserting in place thereof the following words:-  
12 appropriate federal supervising authority.

13 SECTION 5. The first paragraph of said section 29 of said chapter 170, as so appearing,  
14 is hereby further amended by striking out, in line 10, the words “board of bank incorporation”  
15 and inserting in place thereof the following word:- commissioner.

16 SECTION 6. The first paragraph of said section 29 of said chapter 170, as so appearing,  
17 is hereby further amended by inserting the following sentence:- For purposes of this section, a  
18 federal thrift bank is a federally chartered savings bank, savings and loan association or  
19 successor thrift institution chartered under the laws of the United States.

20 SECTION 7. The second paragraph of said section 29 of said chapter 170, as so  
21 appearing, is hereby amended by striking out, in lines 11, 17, 19 and 20, the word “association”  
22 and inserting in place thereof, in each instance, the following words:- federal thrift bank.

23 SECTION 8. The second paragraph of said section 29 of said chapter 170, as so  
24 appearing, is hereby further amended by striking out, in lines 11 and 12, the words “board of  
25 bank incorporation” and inserting in place thereof the following word:- commissioner.

26 SECTION 9. The second paragraph of said section 29 of said chapter 170, as so  
27 appearing, is hereby further amended by striking out, in lines 14 and 18, the words “said board”  
28 and inserting in place thereof, in each instance, the following words:- the commissioner.

29 SECTION 10. Said section 29 of said chapter 170, as so appearing, is hereby further  
30 amended by striking out the third paragraph and inserting in place thereof the following  
31 paragraph:-

32 The commissioner may establish the procedure to be followed by any such federal thrift  
33 bank converting into a co-operative bank; provided, however, that no such conversion shall

34 become effective unless approved in writing by the commissioner; and provided, further, that the  
35 commissioner shall not grant such approval until he has received notice from the share insurance  
36 fund of The Co-operative Central Bank, hereinafter called the central bank, that arrangements  
37 satisfactory to it have been made for such conversion.

38 SECTION 11. The fourth paragraph of said section 29 of said chapter 170, as so  
39 appearing, is hereby amended by striking out, in line 36, the words “such application is approved  
40 by said board” and inserting in place thereof the following words:- an application for conversion  
41 is approved by the commissioner.

42 SECTION 12. The fourth paragraph of said section 29 of said chapter 170, as so  
43 appearing, is hereby further amended by striking out, in lines 37 and 39, the word “association”  
44 and inserting in place thereof, in each instance, the following words:- federal thrift bank.

45 SECTION 13. The fifth paragraph of said section 29 of said chapter 170, as so appearing,  
46 is hereby amended by striking out, in line 42, the words “said board” and inserting in place  
47 thereof the following words:- the commissioner.

48 SECTION 14. The fifth paragraph of said section 29 of said chapter 170, as so appearing,  
49 is hereby further amended by striking out, in line 42, the word “it” and inserting in place thereof  
50 the following word:- him.

51 SECTION 15. The fifth paragraph of said section 29 of said chapter 170, as so appearing,  
52 is hereby further amended by striking out, in line 45, the words “said board” and inserting in  
53 place thereof the following word:- commissioner.

54 SECTION 16. The fifth paragraph of said section 29 of said chapter 170, as so appearing,  
55 is hereby further amended by striking out, in line 46, the word “its” and inserting in place thereof  
56 the following word:- his.

57 SECTION 17. The sixth paragraph of said section 29 of said chapter 170, as so  
58 appearing, is hereby amended by striking out, in line 55, the words “The Co-operative Central  
59 Bank, hereinafter called”.

60 SECTION 18. The sixth paragraph of said section 29 of said chapter 170, as so  
61 appearing, is hereby further amended by striking out, in line 56, the words “, referred to in  
62 section twenty-eight”.

63 SECTION 19. The sixth paragraph of said section 29 of said chapter 170, as so  
64 appearing, is hereby further amended by striking out, in line 58 and 59, the words “, referred to  
65 in said section twenty-eight”.

66 SECTION 20. Said section 29 of said chapter 170, as so appearing, is hereby further  
67 amended by striking out the seventh paragraph and inserting in place thereof the following  
68 paragraph:-

69 In addition to the payment to said reserve fund, the succeeding corporation shall pay to  
70 said share insurance fund or make provision for payment thereto of such a sum as the directors of  
71 the central bank, with the approval of the commissioner, shall determine to be equitable; and  
72 provided, that the succeeding corporation shall pay to said share insurance fund such proportion  
73 of any current annual assessment as shall have accrued to the date of said certificate.

74 SECTION 21. Section 1 of chapter 45 of the acts of 1932 is hereby amended by striking  
75 out the first paragraph, as appearing in section 2 of chapter 323 of the acts of 1956, and inserting  
76 in place thereof the following paragraph:-

77 All the co-operative banks established under the laws of the commonwealth and subject  
78 to the provisions of chapter one hundred and seventy of the General Laws, hereinafter referred to  
79 as member banks, are hereby constituted a corporation under the name of the Co-operative  
80 Central Bank, hereinafter referred to as the central bank to promote the elasticity and flexibility  
81 of the resources of the co-operative banks of the commonwealth by centralizing their reserve  
82 funds, to assist such member banks by providing financial or technical assistance, or holding  
83 investments which cannot readily be liquidated, by making loans to them secured by the pledge  
84 of mortgages or other securities legally held by such member banks. Any co-operative bank  
85 hereafter established under the authority of said chapter one hundred and seventy shall upon its  
86 organization become a member bank. The assets of the central bank shall be divided into two  
87 separate and distinct funds, as follows: (a) the Reserve Fund, which shall consist of all  
88 assessments collected under section six, as amended, and all investments thereof and all income  
89 thereon; and (b) the Share Insurance Fund, established by chapter seventy-three of the acts of  
90 nineteen hundred and thirty-four, as amended.

91 SECTION 22. The second paragraph of said section 1 of said chapter 45, as appearing in  
92 section 10 of chapter 405 of the acts of 1985, is hereby amended by striking out the words “;  
93 provided, however, that within thirty days of the vote of the corporation to dissolve and liquidate  
94 the Share Insurance Fund, declared eligible for distribution, in accordance with section nine of  
95 said chapter seventy-three, and prior to any distribution to member banks, an excise of five  
96 million dollars shall be paid by the corporation to the commissioner of revenue as an excise for

97 the privilege of dissolving and liquidating said fund in whole or in part. No such excise shall be  
98 paid for such privilege subsequent to the initial distribution made in accordance with said section  
99 nine. After payment of such excise, the balance of the proceeds declared eligible for distribution  
100 shall be distributed in accordance with said section nine. Such excise shall be subject to all other  
101 relevant provisions of applicable law consistent with the provisions of this section; provided,  
102 however, that the application of such relevant provisions shall in no way diminish the amount of  
103 such excise. The revenues received by the commonwealth from the excise imposed by this  
104 section shall be placed in a separate fund to be applied solely to defray the cost of the purposes  
105 set forth in chapter twenty-one E of the General Laws”.

106 SECTION 23. Said section 1 of said chapter 45, as most recently amended by said  
107 section 10 of said chapter 405, is hereby further amended by inserting after the second paragraph  
108 the following paragraph:-

109 The term federal deposit insurance agency as used in this act shall mean Federal Deposit  
110 Insurance Corporation or any successor to such corporation.

111 SECTION 24. The first paragraph of section 2 of said chapter 45, as appearing in section  
112 1 of chapter 176 of the acts of 1984, is hereby amended by striking out the first sentence and  
113 inserting in place thereof the following sentence:- There shall be a board of directors of the  
114 central bank consisting of no fewer than nine directors but no more than fifteen directors, who  
115 shall be elected by the member banks in the manner hereinafter provided for terms of three years  
116 except in the case of vacancies.

117 SECTION 25. The sixth sentence of the first paragraph of said section 2 of said chapter  
118 45, as so appearing, is hereby amended striking out the words “eleven members” and inserting in  
119 place thereof the following words:- a majority of the directors.

120 SECTION 26. Subsection (a) of said section 2 of said chapter 45, as appearing in section  
121 11 of chapter 405 of the acts of 1985, is hereby amended by striking out the word “fifteen” and  
122 inserting in place thereof the following words:- no fewer than seven directors but no more than  
123 twelve.

124 SECTION 27. Subsection (b) of said section 2 of said chapter 45, as appearing in section  
125 1 of chapter 176 of the acts of 1984, is hereby amended by striking out the first sentence and  
126 inserting in place thereof the following sentence:- The delegates of the member banks shall elect  
127 from a list of persons nominated by such banks a number of directors equal to one-fifth the total  
128 number of directors serving on the board, rounded up to the nearest whole number, but which  
129 shall be not less than two, none of whom shall be directors, officers, employees or agents of a  
130 member bank or a director, trustee or other officer of any other financial institution.

131 SECTION 28. Section 4 of said chapter 45, as most recently amended by chapter 271 of  
132 the acts of 1991, is hereby further amended by striking out the words “two or more vice  
133 presidents, one of whom may be named as executive vice president,”.

134 SECTION 29. Said section 4 of said chapter 45 is hereby further amended by striking out  
135 the word “corporation”, each time it appears, and inserting in place thereof, in each instance, the  
136 following words:- central bank.

137 SECTION 30. Said section 4 of said chapter 45 is hereby further amended by inserting  
138 after the second sentence the following sentence:- Any person may serve in more than one office.



139 SECTION 31. The first sentence of section 6 of said chapter 45, as most recently  
140 amended by section 79 of chapter 371 of the acts of 1983, is hereby further amended by striking  
141 out the words “a total of not more than seventy-five per cent of such reserve as such member  
142 bank is required to establish and maintain under section twenty-two of said chapter one hundred  
143 and seventy of the General Laws, computed on the basis of its total assets as appearing in its last  
144 preceding annual report to the commissioner” and inserting in place thereof the following  
145 words:- such amount as the directors may determine with the approval of the commissioner.

146 SECTION 32. The third sentence of said section 6 of said chapter 45, as most recently  
147 amended by section 1 of chapter 366 of the acts of 1971, is hereby further amended by striking  
148 out the words “an initial deposit hereunder and from time to time may call for”.

149 SECTION 33. The third sentence of said section 6 of said chapter 45 is hereby further  
150 amended by striking out the word “further”.

151 SECTION 34. The first sentence of the first paragraph of section 7 of said chapter 45 is  
152 hereby amended by striking out the word “shareholders” and inserting in place thereof the  
153 following word:- depositors.

154 SECTION 35. Said section 7 of said chapter 45, as most recently amended by section 1  
155 of chapter 116 of the acts of 1994, is hereby further amended by striking out the third paragraph  
156 and inserting in place thereof the following 7 paragraphs:-

157 The central bank may by a vote of its directors borrow money and pledge its assets as  
158 security therefor.

159 The funds of the central bank may be invested only in:

160 (a) Bankers' acceptances and bills of exchange of the kinds and maturities made eligible  
161 by law for rediscount with federal reserve banks, provided that the same are accepted by a bank,  
162 banking association or trust company incorporated under the laws of the United States or of this  
163 commonwealth;

164 (b) Obligations of the United States and federal agency obligations;

165 (c) Obligations of the commonwealth;

166 (d) Loans to member banks; such loans to be in such amounts and subject to such  
167 conditions as the directors may determine; and

168 (e) Deposits in member banks, national banks and in trust companies established under  
169 the laws of this commonwealth.

170 SECTION 36. The first paragraph of section 10 of said chapter 45, as most recently  
171 amended by section 81 of chapter 371 of the acts of 1983, is hereby further amended by inserting  
172 after the first sentence the following sentence:- In lieu of providing such list, the commissioner  
173 may notify the central bank that the information required in such list is available to the central  
174 bank from a source maintained by the commissioner or a federal deposit insurance agency.

175 SECTION 37. Said chapter 45 is hereby further amended by inserting after section 12 the  
176 following section:-

177 Section 13. The central bank shall have the authority to indemnify its directors, officers,  
178 employees and other agents to whatever extent specified in or authorized by a by-law adopted  
179 pursuant to law. Such indemnification may include payment by the central bank of expenses  
180 incurred in defending a civil or criminal action or proceeding in advance of the final disposition

181 of such action or proceeding upon receipt of an undertaking by the person indemnified to repay  
182 such payment if he shall be adjudicated to be not entitled to indemnification under this section  
183 which undertaking may be accepted without reference to the financial ability of such person to  
184 make repayment. Any such indemnification may be provided although the person to be  
185 indemnified is no longer an officer, director, trustee, employee or agent of the central bank.

186 No indemnification shall be provided for any person with respect to any matter as to  
187 which he shall have been adjudicated in any proceeding not to have acted in good faith in the  
188 reasonable belief that his action was in the best interests of the central bank.

189 The central bank shall have power to purchase and maintain insurance on behalf of any  
190 person who is or was a director, officer, employee or other agent of the central bank, against any  
191 liability incurred by him in any such capacity, or arising out of his status as such, whether or not  
192 the central bank would have the power to indemnify him against such liability.

193 SECTION 38. Chapter 73 of the acts of 1934 is hereby amended by striking out section  
194 1, as most recently amended by section 23 of chapter 405 of the acts of 1985, and inserting in  
195 place thereof the following section:-

196 Section 1. The Co-operative Central Bank, established by chapter forty-five of the acts of  
197 nineteen hundred and thirty-two hereinafter referred to as the central bank, shall in the manner  
198 herein provided establish a fund for the insurance of shares in co-operative banks established  
199 under the laws of the commonwealth, hereinafter referred to as member banks. For such purpose,  
200 in addition to the assessments hereinafter provided for, the directors of the central bank may, by  
201 assessments made from time to time upon the member banks determined in accordance with  
202 section 16 hereof, require each member bank to pay over in cash to the central bank a total of not

203 more than one per cent of the deposits of such member bank as shown by its last preceding  
204 annual report to the commissioner of banks, hereinafter referred to as the commissioner, or as  
205 shown on the records of the federal deposit insurance agency, such assessments to be in addition  
206 to all other payments to the central bank required under said chapter forty-five. When and as  
207 determined by the board of directors of the central bank and approved by the commissioner, such  
208 bank shall pay to the central bank such assessment, if any, as authorized by the board of directors  
209 of the central bank and approved by the commissioner. If any member bank shall fail to pay any  
210 assessment lawfully required under this section, the treasurer of the central bank shall notify the  
211 commissioner of such failure and the commissioner shall forthwith notify such member bank in  
212 writing. The failure of such member bank to make such payment within fifteen days after such  
213 notice from the commissioner shall constitute a violation of law within the meaning of section  
214 twelve of chapter one hundred and sixty-seven of the General Laws. All assessments under this  
215 section and all payments under sections twenty-eight and twenty-nine of chapter one hundred  
216 and seventy of the General Laws shall be held as a fund to be known as the Share Insurance  
217 Fund and shall be in addition to all other payments to the central bank required under said  
218 chapter forty-five and under said section twenty-nine of chapter one hundred and seventy. When  
219 the net fair value of the assets of said fund, as determined by the central bank and the  
220 commissioner, shall equal three per cent of the aggregate deposits of all member banks insured  
221 by the central bank no assessments shall be made, and if at any time or from time to time  
222 thereafter the net fair value of the assets of said fund as so determined shall fall below such three  
223 per cent, the payment of such assessments, as hereinbefore provided, shall be resumed and shall  
224 be continued until the net fair value of such assets as so determined again equals such three per  
225 cent. The Share Insurance Fund shall be invested separately from the other funds of the central

226 bank and shall not be liable for the obligations of the central bank other than those created by or  
227 under this act, as amended. Assets of the central bank not held in the Share Insurance Fund shall  
228 not be liable for any obligations created hereby or hereunder. All cost of administering the Share  
229 Insurance Fund shall be paid therefrom.

230 The term “federal deposit insurance agency” as used in this act shall mean Federal  
231 Deposit Insurance Corporation any successor to such corporation.

232 SECTION 39. The first paragraph of section 1A of said chapter 73, as inserted by section  
233 2 of chapter 179 of the acts of 1980, is hereby amended by striking out the first sentence and  
234 inserting in place thereof the following sentence:- The directors from time to time may, to the  
235 extent which the commissioner deems desirable, review the financial condition of any member  
236 bank as it relates to deposit insurance, and shall report thereon to the commissioner with the  
237 recommendations of the directors.

238 SECTION 40. The first paragraph of said section 1A of said chapter 73 is hereby further  
239 amended by inserting after the second sentence the following 2 sentences:- The commissioner  
240 shall, to the extent permitted by federal law, furnish to the treasurer of the central bank one copy  
241 of the report of any examination of the books, securities, cash, assets and liabilities of any  
242 member bank made by the commissioner, pursuant to section two of chapter one hundred and  
243 sixty-seven, in the form furnished to such bank as provided in that section. Every member bank  
244 shall furnish to the treasurer of the central bank one copy of any report or audit filed with the  
245 commissioner by such bank or caused by the commissioner to be made with respect to such  
246 bank, pursuant to section fourteen of chapter one hundred and seventy, in each case within  
247 fifteen days after such report is filed with or otherwise furnished to the commissioner.

248 SECTION 41. The first sentence of the second paragraph of said section 1A of said  
249 chapter 73 is hereby amended by striking out the word “shareholders” and inserting in place  
250 thereof the following word:- depositors.

251 SECTION 42. The first sentence of the second paragraph of said section 1A of said  
252 chapter 73 is hereby further amended by striking out the word “perscribe” and inserting in place  
253 thereof the following word:- prescribe.

254 SECTION 43. The first sentence of the second paragraph of said section 1A of said  
255 chapter 73 is hereby further amended by striking out after the words “such evidence” the word  
256 “or” and inserting in place thereof the following word:- of.

257 SECTION 44. The second sentence of the third paragraph of said section 1A of said  
258 chapter 73 is hereby amended by striking out the word “corporation” and inserting in place  
259 thereof the following words:- central bank.

260 SECTION 45. Section 3 of said chapter 73 is hereby amended by striking out the first  
261 paragraph, as most recently amended by section 2 of chapter 16 of the acts of 1994, and inserting  
262 in place thereof the following paragraph:-

263 The central bank may pay dividends to member banks and at such times as the directors  
264 may determine, subject to the prior approval of the commissioner of any such payment, rates and  
265 times and subject to his prior approval as to the terms, conditions and use of such payments to  
266 member banks, upon the amounts paid in by such banks to the Share Insurance Fund. The Fund  
267 may be invested by the central bank only as provided in subsections (a), (b), (c) and (e) of  
268 section seven of Chapter 45 of the Acts of 1932, as amended, on such terms and conditions and  
269 at such valuations as the directors may determine. The central bank may by vote of its directors

270 borrow money for the purposes of the Share Insurance Fund and pledge any assets in which such  
271 fund is invested as security for such loans.

272 SECTION 46. The first sentence of the second paragraph of said section 3 of said chapter  
273 73, as appearing in section 23A of chapter 405 of the acts of 1985, is hereby amended by  
274 inserting after the word “In”, the first time it appears, the following word:- the.

275 SECTION 47. The first sentence of the second paragraph of said section 3 of said chapter  
276 73, as so appearing, is hereby further amended by striking out after the word “of”, the first time it  
277 appears, the word “the” and inserting in place thereof the following word:- a.

278 SECTION 48. The first sentence of the second paragraph of said section 3 of said chapter  
279 73, as so appearing, is hereby further amended by striking out after the words “assumption of”  
280 the word “its” and inserting in place thereof the following word:- the.

281 SECTION 49. The first sentence of the second paragraph of said section 3 of said chapter  
282 73, as so appearing, is hereby further amended by striking out after the words “a member of”, the  
283 first time they appear, the word “a” and inserting in place thereof the following word:- the.

284 SECTION 50. The first sentence of the second paragraph of said section 3 of said chapter  
285 73, as so appearing, is hereby further amended by striking out the comma after the words  
286 “federal deposit insurance agency”, the first time they appear.

287 SECTION 51. The second paragraph of said section 3 of said chapter 73, as so appearing,  
288 is hereby further amended by striking out the second sentence.

289 SECTION 52. Said chapter 73 is hereby further amended by striking out section 3A, as  
290 most recently amended by section 12 of chapter 507 of the acts of 1980, and inserting in place  
291 thereof the following section:-

292 Section 3A. Whenever it shall appear to the commissioner that it is inadvisable or  
293 inexpedient for any member bank to continue to transact the business for which it is organized  
294 without receiving financial assistance as provided in this section, he may, in his discretion, so  
295 notify the central bank, and thereupon, if in the judgment of the directors of the central bank  
296 such action may reduce the risk or avert a threatened loss to the central bank, or may facilitate a  
297 merger or consolidation of such member bank with another member bank, or may facilitate the  
298 sale of the assets of such member bank to and the assumption of its liabilities by one or more  
299 other member banks, the central bank may, with the approval of the commissioner and in order  
300 to effect the purposes of this act, do any one or more of the following: (a) purchase from such  
301 member bank the whole or any part of, or any equitable or other interest in, its assets at the book  
302 value thereof, or at some other value mutually agreed upon by such member bank and said  
303 directors, notwithstanding that either of such values may exceed the market value of the assets so  
304 purchased, and upon such terms and conditions as said directors, with the approval of the  
305 commissioner, may determine; (b) make loans to such member bank, secured in whole or in part,  
306 in such amounts, and upon such terms and conditions, as said directors, with the approval of the  
307 commissioner, may determine; (c) pay to such member bank in accordance with an agreement  
308 entered into between such member bank and the central bank, with the approval of the  
309 commissioner, an amount not in excess of the difference between the book value of certain or all  
310 its assets and the fair value thereof as determined by said agreement, in consideration for which  
311 such member bank shall agree to write down such assets to such fair value and to pay over to the



312 central bank so much of any net proceeds realized from the sale or other disposition of each and  
313 all such assets as is in excess of such fair value, such payment to be made in such amounts, at  
314 such times and upon such terms and conditions as said directors, with the approval of the  
315 commissioner, may determine; provided, that any amount paid by the central bank hereunder to  
316 such member bank and the agreement of such member bank to repay the excess, as hereinbefore  
317 provided, shall constitute liabilities of such member bank only to the extent of any such excess  
318 from time to time actually realized; (d) pay into the surplus account of such member bank in  
319 accordance with an agreement entered into between such member bank and the central bank,  
320 with the approval of the commissioner, an amount not in excess of the difference between the  
321 book value of certain or all its assets and the fair value thereof as determined by said agreement,  
322 such member bank being hereby authorized and empowered, notwithstanding any other  
323 provision of law, to repay such amount to the central bank at such time or times and in such  
324 manner as such agreement may prescribe; provided, that any such payment made by the central  
325 bank to such member bank, and any agreement of such member bank to repay the same, shall  
326 constitute liabilities of such member bank only to the extent provided by said agreement; (e)  
327 make a deposit in such bank of such amount as the directors deem advisable which deposit shall  
328 not be subject to limits imposed by section three of chapter one hundred and sixty-seven D of the  
329 General Laws or by the by-laws of the bank, and which may or may not be a subordinated  
330 deposit and may or may not be in accordance with an agreement that dividends thereon will be at  
331 a lower rate than is paid to other depositors. (f) assume any liabilities of such member bank; (g)  
332 make loans or contributions to or deposits in, or purchase any assets of, any financial institution  
333 which will acquire control of or merge or consolidate with such member bank or will purchase  
334 the assets and assume the liabilities of such member bank; (h) guarantee such member bank, or

335 any financial institution which will acquire control of or merge or consolidate with such member  
336 bank or will purchase the assets and assume the liabilities of such member bank, against loss by  
337 reason of such acquisition of control, merger or consolidation or purchase of assets and  
338 assumption of liabilities; (i) take any other action which the directors in their opinion deem  
339 appropriate to carry out the purposes of this section.

340 In addition to or apart from the financial assistance authorized under the preceding  
341 paragraph, the central bank by vote of at least two-thirds of its directors and in order to effect the  
342 purposes of this act may, by agreement with a member bank and with the approval of the  
343 commissioner, grant financial assistance to such member bank by any or all of the methods  
344 prescribed and subject to the terms, conditions and benefits contained in clauses (a) to (i)  
345 inclusive, of this section, for any of the purposes stated in this section or for the purpose of  
346 providing reserve funds for the protection of depositors of such member bank; provided, that the  
347 total financial assistance granted to a member bank under the authority of this paragraph shall  
348 not at any one time exceed a sum equal to the greater of five per cent of the deposits of such  
349 bank or five hundred thousand dollars.

350 Such bank, by vote of at least two thirds of its directors, may take any and all action  
351 necessary or advisable to enable it to carry out any or all provisions of this section.

352 Notwithstanding the provisions of section twenty-seven of chapter one hundred and  
353 seventy of the General Laws relative to voluntary dissolution and liquidation of a co-operative  
354 bank, in order to give effect to the purpose of this section and subject to the approval of the  
355 commissioner and of the central bank, such member bank may be dissolved and liquidate its  
356 affairs if authorized by vote of at least two-thirds of its directors; provided, that another

357 depository institution, the deposits of which are insured by a federal deposit insurance agency,  
358 shall have assumed and agreed to pay the whole of the deposits of such member bank under  
359 section twenty-four of said chapter one hundred and seventy. A liquidating committee of three  
360 persons, subject to the approval of the central bank, shall thereupon be elected by and from said  
361 directors, and, under such regulations as may be prescribed by the commissioner, shall liquidate  
362 the remaining assets, and after satisfying or adjusting all debts of and claims against such  
363 member bank not assumed by such other co-operative bank, shall distribute the remaining  
364 proceeds among those entitled thereto proportionate to their respective interests therein. The  
365 supreme judicial court, or any justice thereof, shall have jurisdiction in equity to enforce the  
366 provisions of this paragraph and to act upon all applications and in all proceedings thereunder.

367         At any time after ten years from the date financial assistance shall have been granted to a  
368 member bank under any of the provisions of this section, any unpaid balance thereof may be  
369 compromised or settled for such cash payment or other consideration as the central bank and the  
370 member bank, with the approval of the commissioner, may agree upon, and upon such  
371 compromise or settlement the member bank shall be deemed to be released and discharged from  
372 any further obligation to repay the unpaid balance of such financial assistance except to the  
373 extent provided by such agreement. The supreme judicial court shall have jurisdiction in equity  
374 to approve any such agreement for compromise or settlement and to enforce the provisions of  
375 this paragraph and to act upon all applications and in all proceedings thereunder.

376         SECTION 53. Section 3B of said chapter 73 is hereby repealed.

377 SECTION 54. Said chapter 73 is hereby further amended by striking out section 4, as  
378 most recently amended by section 2 of chapter 72 of the acts of 1981, and inserting in place  
379 thereof the following section:-

380 Section 4. Whenever it shall appear to the commissioner that any member bank is in an  
381 unsound or unsafe condition to transact the business for which it is organized, or that it is unsafe  
382 and inexpedient for it to continue to transact such business, he may so certify to the central bank,  
383 and upon receipt of such certificate the central bank shall, by notice in writing to the  
384 commissioner and to the bank, take possession and control forthwith of the property and business  
385 of such bank and shall operate such bank, subject to such rules and regulations as the  
386 commissioner may prescribe, until the bank shall be turned back to the member bank pursuant to  
387 Section 5 of this act, be consolidated with or have its assets and liabilities sold to another  
388 financial institution, or until its affairs shall finally be liquidated. The central bank may, while  
389 thus carrying on such business, pay to such bank out of the Share Insurance Fund such sums as  
390 the central bank's directors deem necessary for the protection of the bank's depositors, and may  
391 order the same to be repaid when no longer required for that purpose, or may purchase assets  
392 from said bank to effect the purposes of this act on such terms and conditions and at such  
393 valuations as the directors, with the approval of the commissioner, may determine.

394 SECTION 55. The first sentence of section 5 of said chapter 73 is hereby amended by  
395 striking out the comma after the words "section four", the first time they appear.

396 SECTION 56. The second sentence of said section 5 of said chapter 73 is hereby  
397 amended by striking out the word "it", the first time it appears, and inserting in place thereof the  
398 following words:- the central bank.

399 SECTION 57. The second sentence of said section 5 of said chapter 73 is hereby further  
400 amended by striking out the word “shareholders” and inserting in place thereof the following  
401 word:- depositors.

402 SECTION 58. The second sentence of said section 5 of said chapter 73 is hereby further  
403 amended by striking out the words “of the corporation”.

404 SECTION 59. Said section 5 of said chapter 73 is hereby further amended by striking out  
405 the word “corporation”, each time it appears, and inserting in place thereof, in each instance, the  
406 following words:- central bank.

407 SECTION 60. Said chapter 73 is hereby further amended by striking out section 6, as  
408 most recently amended by chapter 13 of the acts of 1982, and inserting in place thereof the  
409 following section:-

410 Section 6. The central bank, with the approval of the commissioner, may, and at the  
411 request of the commissioner shall, at any time after it has taken over the control, possession and  
412 operation of any member bank under section four, discontinue the business of such bank and  
413 proceed to liquidate its affairs. The central bank shall in such event pay to the depositors of such  
414 bank, or make arrangements with the federal deposit insurance agency to pay, the full amount of  
415 their deposits at the date of the discontinuance of the business of the bank with interest from the  
416 last dividend date to the date of discontinuance at such rate as the directors shall determine, such  
417 payments to be made within three years from such discontinuance and at such times and in such  
418 installments as the directors with the approval of the commissioner shall determine. For such  
419 purpose the central bank shall use, in addition to the assets of the bank, such sums as may be  
420 required from the Share Insurance Fund. In case of liquidation the central bank shall be subject

421 to such orders, rules and regulations as may be prescribed from time to time by the  
422 commissioner. The central bank shall collect all debts due and claims belonging to such bank and  
423 with the approval of the commissioner may sell or compound all bad or doubtful debts and with  
424 like approval may sell all or any part of the real or personal property of the bank on such terms as  
425 the commissioner may approve. To execute and perform the powers and duties conferred upon  
426 the central bank, it may in the name of any such bank prosecute and defend all suits and other  
427 legal proceedings and may in the name of the bank execute, acknowledge and deliver all deeds,  
428 assignments, leases and other instruments necessary and proper to effectuate any sale of real or  
429 personal property or any compromise approved by the commissioner and any deed or other  
430 instrument executed pursuant to the authority hereby given shall be valid and effectual for all  
431 purposes to the same extent as though executed by the officers of the bank by authority of its  
432 board of directors. The compensation of employees, counsel, and other assistants, and all  
433 expenses incurred in connection with the liquidation of any such bank shall be fixed, subject to  
434 the approval of the commissioner, by the directors. The officers of the central bank and any other  
435 persons employed by the directors to liquidate the affairs of any member bank under this section  
436 shall give bond to the directors for the faithful performance of their duties in relation to such  
437 liquidation in such amount and with such surety or sureties as the commissioner may approve.  
438 The persons appointed for the purpose of liquidating the affairs of any such bank shall be subject  
439 to all the penalties to which agents appointed by the commissioner for the purpose of liquidating  
440 the affairs of a bank are now or may hereafter be subject. All accounts for which no claimant can  
441 be found after six years following the discontinuance of the business of any such bank shall, if no  
442 other provisions to care for said claim have been made, be turned over to the commissioner of  
443 revenue pursuant to the provisions of chapter two hundred A of the General Laws. Said accounts

444 may be reclaimed in the manner provided in section ten of said chapter but not interest shall be  
445 paid thereon for the time held by the commissioner.

446 SECTION 61. Section 6A of said chapter 73, inserted by section 5 of chapter 244 of the  
447 acts of 1938, is hereby amended by striking out the word “corporation”, each time it appears, and  
448 inserting in place thereof, in each instance, the following words:- central bank.

449 SECTION 62. Section 7 of said chapter 73, as most recently amended by section 92 of  
450 chapter 371 of the acts of 1983, is hereby further amended by striking out the word  
451 “corporation”, each time it appears, and inserting in place thereof, in each instance, the following  
452 words:- central bank.

453 SECTION 63. The first sentence of said section 7 of said chapter 73 is hereby further  
454 amended by inserting after the words “and may exercise all”, the following word:- the.

455 SECTION 64. The first sentence of said section 7 of said chapter 73 is hereby further  
456 amended by striking out the word “shareholders” and inserting in place thereof the following  
457 word:- depositors.

458 SECTION 65. The first sentence of said section 7 of said chapter 73 is hereby further  
459 amended by striking out the words “sale of assets” and inserting in place thereof the following  
460 word:- merger.

461 SECTION 66. Said section 7 of said chapter 73 is hereby further amended by inserting  
462 after the second sentence the following 2 sentences:- Upon the central bank taking possession of  
463 any member bank under this act, all rights and privileges of stockholders in such member bank  
464 shall terminate and each stockholder of any such member bank shall be entitled only to a pro rata

465 portion of the surplus, if any, of the amount realized by the central bank upon the disposition of  
466 the assets of such member bank, over the total liabilities, including reserves for contingent  
467 liabilities, of such member bank. Upon the approval of the commissioner of the determination of  
468 such surplus, such determination shall become binding upon the central bank and the  
469 stockholders of such member bank.

470 SECTION 67. Section 8 of said chapter 73, as amended by section 4 of chapter 179 of the  
471 acts of 1980, is hereby further amended by striking out the word “corporation” and inserting in  
472 place thereof the following words:- central bank.

473 SECTION 68. Said section 8 of said chapter 73 is hereby further amended by striking out  
474 after the words “and for” the word “such” and inserting in place thereof the following word:- the.

475 SECTION 69. Said section 8 of said chapter 73 is hereby further amended by inserting  
476 after the word “purposes” the following words:- of this act.

477 SECTION 70. Said section 8 of said chapter 73 is hereby further amended by inserting  
478 after the words “with the directors and” the following word:- may.

479 SECTION 71. Said section 8 of said chapter 73 is hereby further amended by striking out  
480 after the words “member bank, as” the word “they” and inserting in place thereof the following  
481 words:- the directors may.

482 SECTION 72. Said chapter 73 is hereby further amended by striking out section 9, as  
483 most recently amended by section 25 of chapter 405 of the acts of 1985, and inserting in place  
484 thereof the following section:-



485           Section 9. The central bank, at a special meeting called for this purpose and held in  
486 accordance with the by-laws and with section five of said chapter forty-five, may determine, by  
487 four-fifths vote of all member banks, that, as a fact, the deposits of all member banks are  
488 adequately insured by a federal deposit insurance agency and that the Share Insurance Fund is no  
489 longer needed for the insurance of deposits of member banks. If the commissioner concurs with  
490 such determination of fact, he shall declare any balance of such fund, after payment of losses,  
491 expenses and obligations of the central bank, eligible for distribution to member banks upon any  
492 dissolution and liquidation of the fund. When voting for the purposes provided in this section,  
493 each such member bank, by a delegate authorized by its board of directors, shall have one vote.  
494 Upon any such vote to dissolve and liquidate the Share Insurance Fund, the central bank shall  
495 distribute, over a period of not more than twelve months, the amount of the fund so voted for  
496 distribution to the then member banks pro rata to the then member banks based upon their total  
497 amounts of assessments paid into said fund.

498           SECTION 73. The first sentence of section 10 of said chapter 73, as appearing in section  
499 6 of chapter 696 of the acts of 1950, is hereby amended by striking out the word “shares” and  
500 inserting in place thereof the following word:- deposits.

501           SECTION 74. The first sentence of said section 10 of said chapter 73, as so appearing, is  
502 hereby further amended by striking out the words “so much of”.

503           SECTION 75. The first sentence of said section 10 of said chapter 73, as so appearing, is  
504 hereby further amended by striking out the word “said”.

505 SECTION 76. The first sentence of said section 10 of said chapter 73, as so appearing, is  
506 hereby further amended by striking out the words “as relates to possession of banks by the  
507 commissioner”.

508 SECTION 77. Said section 10 of said chapter 73, as most recently amended by section 93  
509 of chapter 371 of the acts of 1983, is hereby further amended by striking out the second and third  
510 sentences.

511 SECTION 78. Section 11 of said chapter 73 is hereby repealed.

512 SECTION 79. Section 12 of said chapter 73 is hereby repealed.

513 SECTION 80. Section 14 of said chapter 73 is hereby repealed.

514 SECTION 81. The introductory paragraph of section 16 of said chapter 73, as most  
515 recently amended by section 31 of chapter 405 of the acts of 1985, is hereby further amended by  
516 striking out the words “shares and accounts” and inserting in place thereof the following word:-  
517 deposits.

518 SECTION 82. The introductory paragraph of said section 16 of said chapter 73 is hereby  
519 further amended by striking out the words “ten thousand dollars or of such other sums as from  
520 time to time shall be insured by a” and inserting in place thereof the following words:- the  
521 amount covered by the insurance of the.

522 SECTION 83. The introductory paragraph of said section 16 of said chapter 73 is hereby  
523 further amended by striking out the word “accounts” and inserting in place thereof the following  
524 word:- deposits.

525 SECTION 84. Said section 16 of said chapter 73 is hereby further amended by striking  
526 out paragraph (a) and inserting in place thereof the following 5 paragraphs:-

527 (a) The board of directors may require each member bank to pay to the Share Insurance  
528 Fund an annual excess deposit insurance assessment on July 1 of a year computed upon such  
529 member bank's excess deposits as of the preceding June 30, or such other date as shall be fixed  
530 by directors and approved by the commissioner, as shown by a statement filed with the central  
531 bank and attested to by an authorized officer of such bank. The annual excess deposit insurance  
532 assessment, if any, for any year may be established as a single, uniform rate for all member  
533 banks or as a schedule of differing rates to be assessed on the basis of risk classifications  
534 established by the central bank and assigned to member banks. Any such risk-based  
535 classifications, assessments and assignments shall become effective upon the approval thereof by  
536 the commissioner. The criteria for such classifications of risk may include, but need not be  
537 limited to, the following: the bank's so-called CAMELS rating; foreign country activity; types of  
538 deposit accounts held; amount of excess deposits held; level of capital; balance sheet  
539 composition; diversification and quality of loan and investment portfolios; level, severity and  
540 trend of classified assets; level, trend and stability of earnings; ability to meet liquidity needs;  
541 compliance with law, regulations, and regulatory and supervisory actions and classifications; and  
542 such other factors as, in the opinion of the directors and the commissioner, are deemed  
543 necessary, including a classification of greater than normal loss exposure risk.

544 Whenever the central bank, by a two-thirds vote of the full membership of its board of  
545 directors, determines that a member bank constitutes a greater than normal loss exposure risk to  
546 the Share Insurance Fund, it shall inform the commissioner of such determination and the basis  
547 therefor. If the commissioner concurs in such determination, the directors may require such

548 member bank to do any one or more of the following: (i) pay an additional, non-refundable  
549 excess deposit insurance risk assessment; (ii) pay a capital contribution which shall be retained  
550 as additional capital; (iii) provide collateral acceptable to the directors to minimize any loss  
551 which might be incurred; (iv) secure reinsurance, naming the Share Insurance Fund as loss  
552 payee, in such form and amount and issued by such reinsurers as the directors shall deem  
553 acceptable or, in lieu thereof, to reimburse the Share Insurance Fund for the cost of its  
554 acquisition of such reinsurance; (v) reduce the amount of excess deposits held by such member  
555 bank in such amount and in such time period as the directors shall prescribe; or (vi) take such  
556 other actions as the directors deem appropriate. The amount, terms and conditions of any such  
557 required actions shall become effective when approved by the commissioner.

558           Whenever a member bank has been so determined to constitute a greater than normal loss  
559 exposure risk to the Share Insurance Fund, the directors shall notify such bank in writing thereof,  
560 including an explanation of the basis for said determination, and advise said bank of any of the  
561 requirements imposed pursuant to the preceding paragraph. In any such event, said member bank  
562 shall have the option (a) of complying therewith within 60 days following such written  
563 notification, or (b) notifying the central bank of its intention to withdraw from membership  
564 therein. Upon such notification of intent to withdraw, such bank shall if state-chartered convert  
565 to a state-chartered trust company charter in the manner hereinafter prescribed. Upon said  
566 conversion, such bank shall be referred to as a former member bank, and its membership and  
567 excess deposit insurance coverage shall cease on a date set by the directors, with the approval of  
568 the commissioner, subject to the following conditions: (1) each insured excess deposit in such  
569 bank on the date of cessation of insurance coverage, other than a term deposit, shall continue to  
570 be insured for one year after said date; and (2) each term deposit in said bank on said date shall

571 continue to be insured until maturity; provided, however, that such bank shall be liable to the  
572 central bank for the cost of such coverage during said time periods at the assessed rate approved  
573 by the commissioner; and provided, further, that with the approval of the commissioner, the  
574 central bank may make arrangements with the holders of term deposits for an early withdrawal  
575 of such term deposits without penalty; and (3) said bank shall give written notice to its depositors  
576 of the cessation of its excess insurance coverage in such manner as the commissioner shall  
577 prescribe.

578           Upon any such withdrawal from membership, a former member bank shall not retain,  
579 succeed to or acquire any rights with respect to the assets of the central bank, except as otherwise  
580 provided herein. All amounts paid by the withdrawing bank pursuant to section 1 and paragraph  
581 (a) and all amounts paid by such bank pursuant to section 6 of chapter 45 of the acts of 1932  
582 shall be retained by the central bank as a charge for the insurance of such bank's deposits and for  
583 the availability of liquidity assistance while it was a member bank; provided, however, that such  
584 bank shall participate in any distribution made under the provisions of section 9, and may, with  
585 the approval of the commissioner, receive dividends on such retained assessments and deposits  
586 declared pursuant to section 5 of said chapter 45.

587           The establishment of said risk classifications, the assignment thereof to member banks  
588 and the notice of any additional actions to be taken, as provided for herein, shall be completed  
589 and effective not later than 90 days after the effective date of this act.

590           SECTION 85. Paragraph (b) of said section 16 of said chapter 73 is hereby amended by  
591 inserting after the words "except as" the following word:- hereinbefore.

592 SECTION 86. Paragraph (b) of said section 16 of said chapter 73 is hereby further  
593 amended by striking out the words “in section twelve and”.

594 SECTION 87. Paragraph (c) of said section 16 of said chapter 73 is hereby amended by  
595 inserting a comma after the word “inclusive”.

596 SECTION 88. Paragraph (c) of said section 16 of said chapter 73 is hereby further  
597 amended by striking out the word “accounts” and inserting in place thereof the following word:-  
598 deposits.

599 SECTION 89. Paragraph (d) of said section 16 of said chapter 73 is hereby amended by  
600 striking out the word “parts” and inserting in place thereof the following word:- part.

601 SECTION 90. Paragraph (d) of said section 16 of said chapter 73 is hereby further  
602 amended by striking out the word “account”, each time it appears, and inserting in place thereof,  
603 in each instance, the following word:- deposit.

604 SECTION 91. Paragraph (d) of said section 16 of said chapter 73 is hereby further  
605 amended by inserting a comma after the words “Share Insurance Fund”, the second time they  
606 appear.

607 SECTION 92. Said section 16 of said chapter 73 is hereby further amended by inserting  
608 after paragraph (d) the following paragraph:-

609 (e) Notwithstanding any other provisions hereof, if the federal deposit insurance agency  
610 is at any time a depositor, either directly or through any other governmental agency, in any  
611 member bank which is a member of a federal deposit insurance agency, the amounts deposited,

612 directly or indirectly, by the federal deposit insurance agency shall not be deemed insured to any  
613 extent by the Share Insurance Fund.