HOUSE . . . . . No. 4110

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, May 27, 2014.

The committee on Ways and Means, to whom was referred the Bill modernizing the banking laws and enhancing the competitiveness of state-chartered banks (House, No. 3881), reports recommending that the same ought to pass with an amendment substituting therefor the accompanying bill (House, No. 4110).

For the committee,

BRIAN S. DEMPSEY.

HOUSE . . . . . No. 4110

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:

SECTION 1. Section 54 of chapter 44 of the General Laws, as appearing in the 2012 Official Edition, is hereby amended by striking out the first sentence and inserting in place thereof the following sentence:-Trust funds, including cemetery perpetual care funds, unless otherwise provided or directed by the donor thereof, shall be deposited in a trust company, co-operative bank or savings bank, if such bank or trust company is organized or exists under the laws of the commonwealth or any other state or is otherwise authorized to transact business in the commonwealth and has its main office or a branch office in the commonwealth; a national bank, federal savings bank, federal savings and loan association, if such bank is authorized to transact business and has its main office or a branch office in the commonwealth; provided that any such state-chartered or federally chartered bank shall be insured by the Federal Deposit Insurance Corporation or its successor; or invested by cities and towns in participation units in a combined investment fund under section 38A of chapter 29, or in bonds or notes which are legal investments for savings banks.

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

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

24 section 38A of chapter 29, or, in the case of the city of Boston, in accordance with the provisions
25 of section 55 in a national bank or trust company in the city of New York; provided, however,
26 that any such state-chartered or federally chartered bank shall be insured by the Federal Deposit
27 Insurance Corporation or its successor; shall not be personally liable to the city, town, district or
28 regional school district for any loss of such money by reason of the closing or liquidation of any
29 such depository institution described above.

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

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

34 SECTION 5. Section 1 of chapter 140D of the General Laws, as appearing in the 2012
35 Official Edition, is hereby amended by striking out the definition of "board" and and inserting in
36 place thereof the following definition:-

37 "Bureau", the bureau of consumer financial protection.

38 SECTION 6. Subsection (a) of section 3 of chapter 140D of the General Laws, as so
39 appearing, is hereby amended by inserting at the end thereof the following 2 paragraphs:-

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

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

53 SECTION 7. Section 3 of said chapter 140D, as so appearing, is hereby amended by
54 striking out, in lines 13, 16, 21 and 23, the word "board", in each instance, and inserting in place
55 thereof the following word:- bureau.

56 SECTION 8. Section 18 of said chapter 140D, as so appearing, is hereby amended by
57 striking out, in lines 5 and 11, the word "board", in each instance and inserting in place thereof
58 the following word:- bureau.

59 SECTION 9. Section 19 of said chapter 140D of the General Laws, as so appearing, is
60 hereby amended by striking out, in line 3, the word “fifteen” and inserting in place thereof the
61 following figure:- 14.

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

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

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

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

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

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

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

83 Said rules and regulations shall fix the time limit within which each such credit union
84 shall comply with the standards so established and may require the submission, in writing, of
85 periodic reports and other information necessary to ensure compliance with such rules and
86 regulations. A credit union which violates any rule or regulation promulgated pursuant to this
87 section shall forfeit to the commonwealth $100 for each day during which such violation
88 continues, to be recovered by an information in equity in the name of the attorney general at the
89 request of the commissioner, commenced in the supreme judicial court for Suffolk county.

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

91 SECTION 16. Section 2 of said chapter 167, as appearing in the 2012 Official Edition, is
92 hereby amended by inserting after the word "section" , in line 5, thefollowing words:-, or as
93 authorized under subsection (d).

94 SECTION 17. Section 2 of said chapter 167 of the General Laws, as so appearing, is
95 hereby amended by striking out, in lines 54 to 55, the words "Office of Thrift Supervision" and
96 inserting in place thereof the following words:- Bureau of Consumer Financial Protection.

97 SECTION 18. Section 2 of said chapter 167, as so appearing, is hereby further amended
98 by inserting the following subsection:-

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

109 SECTION 19. Said chapter 167, as so appearing, is hereby amended by inserting after
110 section 2G the following 3 sections:-

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

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

125 (1) The Expedited Funds Availability Act 12 USC 4001 et seq. and regulations
126 promulgated thereunder;

127 (2) The Federal Fair Credit Billing Act 15 USC 1666 to 1666j, inclusive and the
128 regulations promulgated thereunder;

129 (3) The Electronic Fund Transfer Act 15 USC 1693 et seq. and the regulations
130 promulgated thereunder; provided, however, the maximum liability of a consumer under 15 USC
131 1693g shall be limited to $50;

132 (4) A bank shall comply with the regulations of a federal banking agency of which it is a
133 member or by which its deposits or accounts are insured which regulations govern the manner of
134 safeguarding the bank's monies and securities and the deposit of its securities or substantially the
135 same subject matter;

136 (5) A bank shall comply with the provisions of 12 CFR Part 326 which govern the
137 minimum security devices and procedures and Bank Secrecy Act compliance or other applicable
138 regulations of a federal banking agency of which the bank is a member or by which its deposits
139 or accounts are insured which regulations govern substantially the same subject matter; and

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

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

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

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

163 SECTION 20. Said chapter 167 is hereby further amended by striking section 6, as so
164 appearing, and inserting in place thereof the following section:-

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

170 SECTION 21. Section 15 of said chapter 167, as so appearing, is hereby amended by
171 striking out, in lines 17 to 18, the words "Federal Home Loan Bank Board" and inserting in place
172 thereof the following words:- Board of Governors of the Federal Reserve System.

173 SECTION 22. Said chapter 167 is hereby further amended by striking sections 15A and
174 15B, as so appearing, and inserting in place thereof the following 11 sections:—

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

177 (b) On or before July 1 of each year, the commissioner shall prepare a list of all stocks,
178 bonds, notes and other interest-bearing obligations which are then legal investments under any
179 provision of sections 15B to15K, inclusive, provided that all privately placed or held issues may,
180 in the discretion of the commissioner, be omitted. An entity issuing such an instrument shall
181 identify itself directly to the commissioner as being eligible to be included on such list under the
182 authorities specified in section 15E to 15K, inclusive; provided, however, that the commissioner
183 shall have the discretion as to whether to add any such entity and instrument to the list. Such list
184 shall include the name of any investment fund, approved by the commissioner, which invests
185 only in such stocks, bonds, notes and other interest bearing obligations. The shares of any such
186 investment fund so approved shall be legal investments pursuant to this section to the same
187 extent as any such stocks, bonds, notes and other interest bearing obligations. Said list shall at all
188 times be public. In the preparation of any such list which the commissioner is required to
189 prepare or furnish, the commissioner may employ such expert assistance as the commissioner
190 believes proper or may rely upon information contained in publications which the commissioner
191 believes authoritative in reference to such matters, and the commissioner shall not be held
192 responsible or liable for the omission from such list of the name of any state or political
193 subdivision or authority thereof or of any corporation or association the stocks, bonds, notes or
194 other interest bearing obligations of which conform or any investment fund which conforms to
195 this chapter, or for the omission of any investment funds, stocks, bonds, notes or other interest
196 bearing obligations which so conform; nor shall the commissioner be held responsible or liable
197 for the inclusions in such list of any such names or of nonconforming investment funds, stocks,
198 bonds, notes or other interest bearing obligations..

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

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

207 (e) Before making an investment under this section, an entity shall conduct an appropriate
208 level of due diligence to determine if an investment is both permissible and appropriate. This
209 may include both internal as well as external analysis. For debt instruments, such analysis shall
210 not rely solely on 1 or more credit rating agencies and such entity shall determine that such
211 instrument has both a low risk of default by the obligor and that the full and timely repayment is
212 expected over the expected life of the investment.

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

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

225 (c) Upon application by 3 credit unions which have been chartered pursuant to chapter
226 171, which have submitted in such form and under such conditions as the commissioner may
227 require, requesting authority to invest their deposits and the income derived therefrom in any of
228 the interest bearing obligations or stocks referred to in subsection (b) said credit unions may
229 request that the commissioner, in such form and under such conditions as in the commissioner's
230 discretion may require, authorize, notwithstanding any general or special law to the contrary, the
231 investment in any such interest bearing obligations or stock.

232 (d) If the commissioner grants such authority the commissioner shall immediately add the
233 name of such investment to the list provided for in section 15A. At any time thereafter the
234 commissioner may, on the commissioner's own initiative, revoke such authority.

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

248 (f) In determining that any investments authorized under this section should be included
249 in the list of legal investments or deleted from said list, the commissioner may employ such
250 expert assistance as the commissioner believes proper or may rely upon information contained in
251 publications which the commissioner believes authoritative.

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

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

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

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

261 (3) legally issued, assumed or unconditionally guaranteed bonds, notes or other
262 interest bearing obligations of any state other than this commonwealth, which has, not within the
263 20 years prior to the making of such investment, defaulted for a period of more than 120 days in
264 the payment of any part of either principal or interest of any legally issued or assumed
265 obligation; provided, that the full faith and credit of such state is pledged for the payment of the
266 principal and interest of such obligations;

267 (4) bonds, notes or other obligations issued or guaranteed as to both principal
268 and interest by the Dominion of Canada or any of its provinces: provided; (a) that such bonds,
269 notes or obligations shall be payable in United States funds either unconditionally or at the
270 option of the holder thereof; and (b) that at the date of investment the said Dominion of Canada

271 or the applicable province of Canada shall not have been in default in the payment of interest or
272 principal of any of its obligations for a period in excess of 31 days at any time within the 20
273 years preceding such date of investment. Not more than 5 per cent of the assets of an entity
274 authorized to invest pursuant to section 15A or the legal list, so called, may be invested in
275 obligations authorized under this paragraph;

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

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

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

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

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

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

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

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

304 (13) obligations of any person, including any form of mortgage backed security,
305 as to which the payment of principal and interest according to the terms of such obligations is

306 guaranteed by the Government National Mortgage Association under the provisions of the
307 National Housing Act, as amended;

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

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

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

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

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

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

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

329 (b) With respect to bonds, such obligations shall be those of a railroad
330 incorporated in the United States or any statedoing business principally within the United States
331 and shall contain an unconditional promise to pay the interest thereon regularly and to pay the
332 principal at a specified date, which promise may be modified, if at all, only by vote of holders of
333 at least 75 per cent in amount of such bonds.

334 Not more than 20 per cent of the assets of such entity shall be invested in such
335 railroad obligations.

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

339 Section 15F. (a) As used in sections 15F and 15G, the term “bond” includes a
340 note or debenture.

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

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

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

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

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

365 (b) In the common stock, provided there is no preferred stock outstanding, of a
366 bank in stock form incorporated under the laws of and doing business within the commonwealth,
367 or in the common stock, provided there is no preferred stock outstanding, of a federally chartered
368 bank in stock form doing business within the commonwealth. Such state-chartered or federally-
369 chartered bank shall be well capitalized under bank regulatory criteria.

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

373 (d)(1) In the common stock of a bank holding company, as defined in chapter
374 167A, provided such stock is received pursuant to an offer made by such bank holding company
375 to exchange shares of its common stock for shares of a bank in stock form incorporated under the
376 laws of the commonwealth or for shares of a federally-chartered bank doing business in the
377 commonwealth, or provided that such stock is received pursuant to a plan for the merger or
378 consolidation of any such bank with or into, or the transfer, sale or exchange of property or of
379 assets of such bank or with a bank in stock form incorporated under the laws of the
380 commonwealth or a federally-chartered bank doing business in the commonwealth the stock of
381 such bank, as the case may be, is at the time owned by such bank holding company.

382 (2) In the common stock of a bank holding company, as defined in chapter
383 167A, acquired otherwise than as set forth in the foregoing provisions of subsection (a), or in the
384 common stock of a bank holding company, as defined in the federal Bank Holding Company Act
385 of 1956. The holding company shall own 80 per cent or more of the voting stock of the
386 qualifying bank. If at any time after an investment in the common stock of any such bank
387 holding company, no bank of such holding company meets the requirements of paragraph (1) or
388 (2), such holding company's stock shall be disposed of within such reasonable time as the
389 commissioner shall determine.

390 (e) In the common stock of a company as defined in chapter 167A or in the
391 federal Bank Holding Company Act of 1956, provided such banking institution or bank is of the
392 kind referred to in paragraph (1) or (2) and such stock of such banking institution or bank
393 represents at least 50 per cent of such company's assets at book value at the end of its fiscal year
394 immediately preceding the date of investment or at the date of investment in the case of a newly
395 formed company.

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

400 Section 15J. An entity authorized to invest pursuant to section 15A or the legal
401 listmay invest in the capital stock of any insurance company authorized to conduct a fire and
402 casualty insurance business in the commonwealth; provided, thatno insurance stock shall be
403 purchased if the cost thereof added to the cost of insurance stocks and bank stocks already owned
404 shall exceed 66 2/3 per cent of the total of the assets of such entity.

405 Section 15K. An entity authorized to invest pursuant to section 15A or the legal
406 list, so called, may invest in securities of any of the following classes: debentures, convertible
407 debentures, notes or other evidences of indebtedness of: (a) a banking corporation in the
408 common stock of which such corporation may invest pursuant to paragraph 1 of section 15H;
409 provided, however, that such entity authorized to invest pursuant to section 15A or the legal list,

410 so called, is well capitalized under regulatory criteria; or (b) a banking corporation in the
411 common stock of which such corporation may invest pursuant to paragraph 2 of said section 15H
412 is well capitalized under regulatory criteria.

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

414 SECTION 24. Section 40 of said chapter 167, as so appearing in the 2012 Official
415 Edition, is hereby amended by striking out, in line 31 the words "Office of Thrift Supervision"
416 and inserting in place thereof the following words:- Bureau of Consumer Financial Protection.

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

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

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

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

433 SECTION 27. Said chapter 167A is hereby further amended by adding the following
434 section:-

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

445 If any such banking institution, bank holding company, or company requests confidential
446 treatment for information that the board determines not to be confidential, the board may include
447 that information in the public file after notifying the banking institution, bank holding company,
448 company or mutual holding company.

449 SECTION 28. Chapter 167B of the General laws is hereby amended by striking out
450 section 1, as appearing in the 2012 Official Edition, and inserting in place thereof the following
451 section:-

452 Section 1. The following words as used in this chapter, unless the context otherwise
453 requires, shall have the following meanings:-

454 "Accepted access device", an access device to a consumer's account for the purpose of
455 initiating electronic fund transfers when the consumer to whom such card, code, or other means
456 of access was issued has requested, received and signed a receipt for, or has signed, or has used,
457 or authorized another to use such card, code, or other means of access for the purpose of
458 transferring money between accounts or obtaining money, property, labor or services.

459 "Access device", a card, code, or other means of access or any combination thereof, other
460 than a check, draft or similar paper instrument, by the use of which a consumer may initiate an
461 electronic fund transfer.

462 "Account", demand deposit, negotiable withdrawal order account, savings deposit, share
463 account or other consumer asset account, other than an occasional or incidental credit balance in
464 an open end credit plan as defined in chapter 140D, established primarily for personal, family or
465 household purposes; provided, however, such term shall not include an account held by a
466 financial institution pursuant to a bona fide trust agreement.

467 "Bureau", the bureau of consumer financial protection.

468 "Business day", any day on which the offices of the consumer's financial institution
469 involved in an electronic fund transfer are open to the public for carrying on substantially all of
470 its business functions.

471 "Central routing unit", a facility where electronic impulses or other indicia of a
472 transaction originating at an electronic branch are received and are routed and transmitted to a
473 financial institution, or to a data processing center, or to another central routing unit, wherever
474 located.

475 "Commissioner", the commissioner of banks.

476 "Consumer", a natural person.

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

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

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

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

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

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

500 (d) any transfer under an agreement between a consumer and a financial institution which
501 provides that the institution will initiate individual transfers without a specific request from the
502 consumer, (1) between a consumer’s accounts within the financial institution, such as a transfer
503 from a checking account to a savings account; (2) into a consumer’s account by the financial
504 institution, such as the crediting of interest to a savings account, provided that the financial
505 institution shall be subject to clause (2) of section 7 and sections 20 and 21; or (3) from a
506 consumer’s account to an account of the financial institution, such as a loan payment, provided
507 that the financial institution shall be subject to clause (1) of section 7 and sections 20 and 21.

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

511 “Error”, an error consists of:

512 (1) an unauthorized electronic fund transfer;

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

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

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

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

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

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

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

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

530 "Non-bank ATM provider", a person holding a consumer's account, providing or making
531 available electronic fund transfer services to consumers through a non-bank electronic branch.
532 "Non-bank ATM provider" shall not include a bank, a federal bank, an out-of-state bank and an
533 out-of-state federal bank, as defined in section 1 of chapter 167, or a credit union, a federal credit
534 union and a foreign credit union, as defined in section 1 of chapter 171.

535 "Non-bank electronic branch", an electronic branch owned, leased or operated by a non-
536 bank ATM provider. A "non-bank electronic branch" shall not include a point of sale terminal
537 owned or operated by a merchant.

538 "Official bureau interpretation", a formal interpretation issued by the bureau and
539 designated by the bureau as constituting an official bureau interpretation.

540 "Official staff interpretation", an interpretation issued by an official duly authorized by
541 the bureau to issue such interpretation, and designated by the official as constituting an official
542 staff interpretation.

543 "Organization", any person, corporation, association of partnership which assists or
544 provides services to a financial institution or merchant in order to make available electronic fund
545 transfers. A financial institution or merchant shall not be considered an organization.

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

556 "Preauthorized electronic fund transfers", an electronic fund transfer authorized in
557 advance to recur at substantially regular intervals.

558 "Unauthorized electronic fund transfer", an electronic fund transfer from a consumer's
559 account initiated by a person other than the consumer without actual authority to initiate such
560 transfer and from which the consumer receives no benefit, provided, however, the term shall not
561 include any electronic fund transfer (a) initiated by a person other than the consumer who was
562 intentionally furnished with the access device to such a consumer's account by such a consumer
563 unless the consumer has notified the financial institution involved that transfers by such other
564 person are no longer authorized, or (b) initiated with fraudulent intent by the consumer or any
565 person acting in concert with the consumer.

566 SECTION 29. Section 2 of said chapter 167B, as so appearing, is hereby amended by
567 striking out, in lines 5, 7, 10, 18, 22, 25, 29, 31, 55, 71 and 73, the word "board", in each
568 instance, and inserting in place thereof the following word:- bureau.

569 SECTION 30. Said section 2 of said chapter 167B, as so appearing, is hereby further
570 amended by striking out, in lines 9, 10, 12 and 75, the word "board's", in each instance, and
571 inserting in place thereof the following word:- bureau's.

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

574 SECTION 32. Subsection (d) of section 20 of said chapter 167B, as so appearing, is
575 hereby amended by striking out paragraphs (1) and (2) and inserting in place thereof the
576 following 2 paragraphs:-

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

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

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

589 Section 24. The commissioner of banks shall make an assessment in each fiscal year
590 against all electronic branches established and operated under the provisions of this chapter or
591 chapters 167C or 171. Said assessments shall be made a rates as shall be determined by the
592 commissioner as sufficient to produce revenue to reimburse the commonwealth for all costs and
593 expenses incurred by the division of banks for such fiscal year in meeting the requirements
594 imposed under this chapter, including, but not limited to, costs and expenses incurred in
595 examining entities and organizations in their operations and use of electronic branches, in hiring
596 personnel, acquiring additional equipment and such other costs and expenses determined by the
597 commissioner as reasonable and necessary to meet such requirements.

598 In determining the rates of assessments, the commissioner shall consider the amounts of
599 the other assessments and fees paid by banks and credit unions to state and federal bank
600 regulators for the supervision, regulation and examination of their banking operations. The rate
601 of the assessment on such banks and credit unions shall not exceed 50 per cent of the amount
602 assessed by the commissioner on non-bank ATM providers for a non-bank electronic branch.

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

605 The amount assessed annually under this section shall not be less than the average of the
606 amount assessed in the last 3 fiscal years.

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

611 SECTION 34. Chapter 167C of the General Laws is hereby amended by striking out
612 section 1, as appearing in the 2012 Official Edition, and inserting in place thereof the following
613 section:-

614 Section 1. As used in this chapter, the following words shall, unless the context otherwise
615 requires, have the following meanings:-

616 "Bank", an association or corporation chartered by the commonwealth under chapter 168,
617 170 and 172.

618 "Commissioner", the commissioner of banks.

619 "Electronic branch", an electronic device, other than a telephone operated by a consumer,
620 through which a consumer may initiate an electronic fund transfer. Such term includes, but is not
621 limited to, automated teller machines and cash dispensing machines. Such term shall not include
622 a teller machine or similar device located on the premises of and operated solely by an employee
623 of a financial institution or a point-of-sale terminal as hereinafter defined. An "electronic branch"
624 shall not be considered a main office or a branch office for purposes of this chapter.

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

630 "Foreign bank", an association or corporation authorized to do a banking business in the
631 commonwealth, the main office of which is located outside the commonwealth and which exists
632 by authority of a country other than the United States.

633 "Governing board", the board of directors, the board of trustees or similar board of a
634 bank.

635 "Organization", any person, corporation, association of partnership which assists or
636 provides services to a financial institution or merchant in order to make available electronic fund
637 transfers. A financial institution or merchant shall not be considered an organization.

638 "Out-of-state bank", an association or corporation authorized to do a banking business in
639 the commonwealth, the main office of which is located outside the commonwealth, and which
640 exists by the authority of a state of the United States except the commonwealth.

641 "Out-of-state branch", a branch of a bank located outside the commonwealth.

642 "Out-of-state federal bank", a national banking association, savings and loan association
643 or savings bank that exists by authority of the United States, the main office of which is located
644 outside the commonwealth.

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

655 SECTION 35. Said chapter 167C is hereby further amended by striking out section 2, as
656 so appearing, and inserting in place thereof the following section:—

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

664 SECTION 36. The fourth paragraph of section 3 of said chapter 167C, as so appearing, is
665 hereby amended by striking out the first sentence.

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

668 Section 6. A bank, upon approval by the commissioner of an application therefor in
669 prescribed manner and form and in accordance with applicable law, may establish and maintain
670 branches through a merger or consolidation with or by the purchase of the whole or any part of
671 the assets or stock of a foreign bank, out-of-state bank or out-of-state federal bank. A request for
672 the approval by the commissioner shall be accompanied by an investigation fee the amount of
673 which shall be determined annually by the commissioner of administration under the provisions
674 of section 3B of chapter 7.

675 The offices of a foreign bank, out-of-state bank or out-of-state federal bank merged or
676 consolidated with or whose assets or stock were purchased pursuant to this section, may be
677 maintained as branch offices of the bank; provided, however,, the resulting branch outside the
678 commonwealth shall be considered to be an out-of-state branch and subject to the supervision of
679 the commissioner and the applicable laws of the jurisdiction in which the out-of-state branch is
680 located.

681 SECTION 38. Said chapter 167C, as so appearing, is hereby further amended by adding
682 the following 6 sections:-

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

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

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

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

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

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

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

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

748 Section 14. A foreign bank, out-of-state bank, or out-of-state federal bank, if such bank
749 does not operate a branch in the commonwealth, may, upon approval by the commissioner of an
750 application thereof in prescribed manner and form and in accordance with the requirements of
751 section 13 establish and maintain a branch de novo in the commonwealth or may purchase a
752 branch of a bank without purchasing the bank; provided, however, that in each instance the laws
753 of the jurisdiction in which such bank has its principal place of business expressly authorize,
754 under conditions no more restrictive than those imposed by this chapter as so determined by the
755 commissioner, a bank to establish therein a branch de novo or to acquire a branch of a bank

756 without acquiring the bank. Any foreign bank or out-of-state bank shall operate the same as a
757 branch under the supervision of the commissioner and in accordance with all applicable laws
758 which govern such activities by banks.

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

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

777 In deciding whether or not to issue such certificate, the commissioner shall determine
778 whether the applicant is adequately capitalized, as defined in the Federal Deposit Insurance Act
779 12 USC 1811 et seq., whether competition among banking institutions will be unreasonably
780 affected and whether public convenience and advantage will be promoted. In making such
781 determination, the commissioner shall consider, but not be limited to, the applicant's record of
782 compliance with all applicable community reinvestment requirements and a showing of net new
783 benefits. For the purposes of this section, the term "net new benefits" shall mean initial capital
784 investments, job creation plans, consumer and business services including small business loans,
785 farm loans, commitments to maintain and open branch offices within a bank's delineated local
786 community, as such term is used within section 14 of chapter 167, and such other matters as the
787 commissioner may deem necessary or advisable.

788 The commissioner shall not issue such certificate until the commissioner has received
789 notice from the Massachusetts Housing Partnership Fund established by section 35 of chapter
790 405 of the acts of 1985, that arrangements satisfactory to such fund have been made for such
791 foreign bank to make ninety hundredths of 1 per cent of its assets in the commonwealth available
792 for call by said fund for a period of 10 years for the purpose of providing loans to said fund for
793 financing, down payment assistance, share loans, closing costs and other costs related to creating

794 affordable rental housing, limited equity cooperatives and affordable home ownership
795 opportunities, and tenant management programs and tenant unit acquisition or ownership
796 programs in state funded public housing developments. All of the benefits and assistance
797 provided by said fund under funds made available by this section shall be to persons with
798 incomes of less than 80 per cent of the area-wide median income as determined from time to
799 time by the United States Department of Housing and Urban Development; provided, however,
800 that at least 25 per cent of such assistance shall be to persons with incomes of less than 50 per
801 cent of said area-wide median income. All loans made to the fund by such banks shall be deemed
802 to be legal investments for such banks; provided, however, that (a) such loans shall be evidenced
803 by notes, or other evidence of indebtedness of the fund, which shall bear interest at rates
804 approved by the commissioner which shall be based upon the costs, not to include any so-called
805 lost opportunity costs, incurred by the bank in making funds available to the fund; provided,
806 however, that the fund may, by agreement with such bank, accept a reduction in the amount of
807 said call based upon a lower rate of interest; and (b) no loan to the fund shall be secured in any
808 manner unless all outstanding loans to the fund shall be secured equably and ratably in
809 proportion to the unpaid balance of such loans and in the same manner.

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

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

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

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

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

839 Any merger, consolidation or purchase of assets shall comply with all applicable
840 provisions of law relative to filing requirements of out-of-state non-banking corporations doing
841 business in the commonwealth. The commissioner shall not approve any such application if the
842 bank or federal bank sought to be acquired thereby has been in existence for a period of less than
843 3 years or if, as a result thereof, the applicant would control in excess of 30 per cent of the total
844 deposits, exclusive of foreign deposits, of all depository institutions in the commonwealth
845 insured by the Federal Deposit Insurance Corporation, or any successor corporation thereto;
846 provided, however, that the commissioner may waive either said age requirement or
847 concentration limit, or both, if it is deemed that economic conditions warrant granting a waiver.
848 For the purposes of this section, the term "foreign deposits" shall mean deposits received in a
849 foreign country and deposits in Edge and Agreement subsidiaries and international banking
850 facilities.

851 Section 17. The commissioner may, subject to any conditions as he may prescribe, grant
852 to an out-of-state bank, an out-of-state federal bank, or a foreign bank a certificate authorizing it
853 to act in a fiduciary capacity under the provisions, so far as applicable, of chapter 167G;
854 provided, however, that such bank is authorized so to act by the laws of the jurisdiction where its
855 principal office is located; and provided, further, that the laws of such jurisdiction, as determined
856 by the commissioner, grant a similar privilege or privileges to a bank. Any out-of-state bank, out-
857 of-state federal bank, or a foreign bank holding a certificate as aforesaid and appointed a
858 fiduciary shall be subject to the provisions of General Laws with respect to the appointment of
859 agents by fiduciaries and to the same taxes, obligations and penalties, with respect to its activities
860 as fiduciary and the property held by it in its fiduciary capacity, as banks, and no certificate shall
861 be issued to any out-of-state bank, out-of-state federal bank, or a foreign bank until it has filed
862 with the commissioner an agreement in writing in which it binds itself to perform said
863 obligations and pay any such taxes and penalties as aforesaid as may be levied or imposed upon
864 it in this commonwealth. A bank, to the extent only that it acts as fiduciary as hereinbefore
865 authorized, shall not be deemed to transact business in the commonwealth for the purposes of
866 sections 40 to 42, inclusive, of chapter 167.

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

869 CHAPTER 167D

870 DEPOSITS AND ACCOUNTS

871 Section 1. In this chapter, unless the context otherwise requires, the following words shall
872 have the following meanings:-

873 "Bank", a savings bank, co-operative bank or trust company incorporated as such in the
874 commonwealth.

875 "Board", the board of trustees or directors, as the case may be in a bank.

876 "Commissioner", the commissioner of banks.

877 "Federally-chartered bank", a national bank association, a federal savings and loan
878 association, a federal savings bank or a federal credit union authorized to do business in the
879 commonwealth.

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

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

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

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

893 (a) Any bank or federally-chartered bank may receive deposits in the name of 2 or more
894 persons as joint tenants, payable to 2 or more persons or the survivor or survivors of them, and
895 any part or all of the deposits and interest represented by joint accounts may be withdrawn,
896 assigned or transferred in whole or in part by any of the individual parties. Payments to any of
897 the parties to a joint account while all of them are living shall discharge the liability of the bank
898 or federally chartered bank to all persons and, in the event of the death of any of them, the bank
899 or federally chartered bank shall be liable only to the survivor or survivors and the payment to
900 any of the survivors shall discharge the liability of the bank or federally chartered bank to all
901 persons.

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

905 Such deposits or any part thereof, or any interest thereon, may be paid to any of such
906 persons or to any assignee or pledgee of any of such persons, whether the other such persons be
907 living or not; provided that they are not then attached at law or in equity in a suit against any
908 such person, and the bank or federally chartered bank then has no notice in writing of any
909 assignment or pledge of the account by any of such persons to any person other than the person
910 to whom payment is being made hereunder. All such payments shall be valid and discharge the
911 liability of the bank to all persons.

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

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

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

937 (b) Notwithstanding subsection (a), a holder of the account may provide for limited
938 access to the account by another person to act as a signatory to the account pursuant to a

939 declaration of intent in the form of a written statement, signed and sworn to by the account
940 holder, evidencing his intent to designate another person as signatory to the account for the
941 purpose of exercising, on behalf of the account holder, such powers with respect to the account
942 as shall be expressed in the declaration.

943 The declaration of intent shall include the following:

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

945 (2) the account number;

946 (3) the date of execution;

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

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

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

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

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

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

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

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

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

969 (f)(1) In the event of the incapacity or death of the principal, and receipt of written notice
970 by the financial institution holding the account, withdrawals shall not be permitted, except by a

971 court appointed fiduciary, unless otherwise provided for in the declaration of intent. Notice of the
972 death or incapacity of the principal of a limited access deposit account shall be given, in the case
973 of a bank or federally chartered bank, to the main office of the bank.

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

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

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

985 Section 5. A natural person 18 years of age or under or 65 years of age or older may
986 choose 1 demand deposit account and 1 savings account which, in each instance, shall include a
987 joint account in which the spouse of the eligible depositor, regardless of age, is the joint tenant
988 therein or the joint tenant would otherwise be an eligible depositor, and which has been
989 established and used for personal, family or household purposes, upon which no service,
990 maintenance or other similar charge shall be imposed. No such account shall be subject to: (i) a
991 minimum balance requirement; (ii) a charge for a deposit or withdrawal; or (iii) a fee for the
992 initial order or subsequent refills of the basic line of checks offered by the bank, which shall
993 include the name of the depositor. For the purposes of this section, the term "savings account"
994 shall include a regular passbook, regular statement savings or regular NOW account, so-called. A
995 savings account in trust for another person shall be covered by the notice, services, fee and
996 charge provisions of this section only if the trustee is a person 18 years of age or under or 65
997 years of age or older. A consumer shall notify a bank of his eligibility for such accounts and
998 provide proof of age in a form acceptable to the bank. A bank may, however, assess a fee for
999 certain services in accordance with the bank's published service charge schedule which shall
1000 include, stop payment orders, wire transfers, certified or bank checks, money orders, deposit
1001 items returned, transactions at electronic branches and through other electronic devices a
1002 reasonable charge, as determined by the commissioner, against any such account when payment
1003 on a check or other transaction on the account has been refused because of insufficient funds or
1004 paid despite insufficient funds. A bank shall post in each of its banking offices a notice
1005 informing consumers of the availability of the banking services prescribed by this section. A
1006 bank shall, in addition to the notice posting requirement, disclose annually to all depositors, in a
1007 manner of its choosing, the provisions of this section applicable to a person 18 years of age or
1008 younger or 65 years of age or older. For the purposes of this section, the term "check or other

1009 transaction" shall include, but not be limited to, a check for purposes of the Check Clearing for
1010 the 21st Century Act, 12 USC Sec. 5001 et seq., an electronic funds transfer as defined in section
1011 1 of chapter 167B or regulations thereunder or a transaction processed by an automated
1012 clearinghouse.

1013 Section 6. No bank shall assess any fee, charge or other assessment against any account,
1014 established for personal, family or household purposes, of a depositor who, as the payee of a
1015 check, draft or money order, of which the payee is not also the maker, deposits the same therein
1016 and payment on any such instrument is refused by the depository institution upon which it is
1017 drawn because of insufficient funds or because the maker thereof did not have an account at such
1018 depository institution; provided, further, that a bank may assess a reasonable fee, charge or
1019 assessment that represents its direct costs, as established annually by the commissioner, incurred
1020 for processing such check, draft or money order.

1021 Section 7. A bank or federally-chartered bank which accepts a deposit for demand deposit
1022 or other account subject to withdrawal by negotiable or transferable instrument for the purpose of
1023 making a transfer to a third party shall, if requested by the depositor, provide without charge not
1024 less than 25 cancelled instruments or legible copies of the fronts and backs thereof per calendar
1025 year; provided, however, if requested by a depositor who is blind the bank shall make additional
1026 accommodations to provide additional cancelled instruments or information thereon as is
1027 possible in accordance with the Check Clearing for the 21st Century Act, 12 USC 5001 et seq.,
1028 and regulations promulgated thereunder. Section 4-406 of chapter 106 shall be subject to this
1029 section.

1030 Section 8. No bank shall give collateral or other security for a deposit of money received
1031 in its banking department, except that such bank may make such a deposit of securities or satisfy
1032 any provision as may be required by the laws of the United States or the rules and regulations of
1033 any department, agency or instrumentality thereof as security for deposits of funds made by the
1034 United States or any department, agency or instrumentality thereof with such bank and may give
1035 such collateral or other security for deposits of public or other funds as may be required by any
1036 public authority making such deposits or controlling the terms upon which they may be made
1037 and except as provided in section 8 of chapter 167G.

1038 Section 9. Any bank or federally-chartered bank may establish an account to receive
1039 deposits from a lessor acting as a trustee for funds received and held by such trustee pursuant to
1040 paragraph (a) of subsection (3) of section 15 B of chapter 186. Such account may be established
1041 as required by said section 15 B for the purpose of holding security deposits taken by a lessor of
1042 residential dwelling units owned or managed by said lessor, provided, that, the terms of said
1043 account shall be such as to place said deposit beyond the claim of a creditor of the lessor,
1044 including a foreclosing mortgagee or trustee in bankruptcy, and as will provide for the transfer of
1045 said deposit to a subsequent owner of any property for which such security deposit was taken.
1046 Interest accruing on said deposit shall be paid to the lessor pursuant to the terms of the deposit.

1047 Withdrawals and payments made by the corporation from said account shall discharge the
1048 liability of said corporation to all persons.

1049 Section 10. Any bank or federally-chartered bank may establish an account or accounts to
1050 receive deposits from a manager or managing agent acting as a trustee for funds received and
1051 held by such trustee pursuant to paragraph (2) of subsection (f) of section 10 of chapter 183A.
1052 Such account or accounts may be established as required by said section 10 for the purpose of
1053 holding condominium funds taken by a manager or managing agent, provided, that the terms of
1054 said account or accounts shall be such as to place said deposit beyond the claim of a creditor of
1055 the manager or managing agent, including a foreclosing mortgagee or trustee in bankruptcy, and
1056 as will provide for the transfer of said deposit to the organization of unit owners or subsequent
1057 manager or managing agent, as determined by the organization of unit owners. Interest accruing
1058 on said deposit shall be paid to the organization of unit owners pursuant to the terms of the
1059 deposit. Withdrawals and payments made by the bank or federally chartered bank from said
1060 account or accounts shall discharge the liability of said bank or federally chartered bank to all
1061 persons.

1062 Section 11. When a passbook or other instrument as evidence of a depositor's account
1063 issued by any bank has been lost, stolen or destroyed, the person in whose name it was issued, or
1064 in the case of a joint account, by the joint owners thereof may make written application to such
1065 bank for payment of the amount of the deposit represented by said book or other instrument or
1066 for issuance of a duplicate book or other instrument therefor. The application shall include an
1067 affidavit signed and sworn to that the person, or persons, making such application is a lawful
1068 owner, or are the lawful owners, of said passbook or other instrument, that said passbook or
1069 other instrument has been lost, stolen or destroyed, and that no lawful owner has, in any way,
1070 transferred, pledged or assigned said passbook or other instrument or any interest in the deposits
1071 therein. The application shall further include an agreement, in writing, to indemnify the bank
1072 from and against any and all claims, expenses and liabilities in any way resulting from the bank's
1073 action on the application by the payment of amounts due on said passbook or other instrument or
1074 by the issuance of a duplicate book or other instrument therefor. All signatures contained with
1075 such application shall be duly notarized. Upon receipt of such application, the bank may pay the
1076 amount due on said passbook or other instrument or may issue a duplicate book or other
1077 instrument therefor. The provisions of this section shall apply to passbooks and other instruments
1078 issued by a bank which subsequently has merged in, consolidated with or transferred its deposit
1079 liabilities to another bank.

1080 When payment is made or a duplicate book or other instrument is issued in accordance
1081 with this section and after presentation of reasonable identification, a bank shall not be liable to
1082 any person on account of its action on the application, payments of the amount due on said
1083 passbook or other instrument or issuance of a duplicate book or other instrument therefor, except
1084 that a bank may be liable to a transferee, pledgee or assignee who, prior to such action, payment
1085 or issuance, has given the bank written notice of the transfer, pledge or assignment.

1086 Section 12. Deposits standing in the individual name of a deceased depositor of a bank or
1087 federally chartered bank shall be paid to his legal representative, but if the deposit does not
1088 exceed $10,000 and there has been no demand for payment from a duly appointed executor or
1089 administrator, payment may be made, in the discretion of the treasurer or other duly authorized
1090 officer of the bank or federally chartered bank, or pursuant to special vote of its board, after the
1091 expiration of 30 days from the death of such depositor, to the surviving spouse of said deceased
1092 depositor or if there be no surviving spouse, to the next of kin of such deceased upon
1093 presentation of a copy of the decedent's death certificate and the surrender of the deposit book or
1094 other instrument, if any, evidencing the deposit. Any such bank or federally-chartered bank may
1095 pay an order, drawn by a person who has funds on deposit to meet the same, notwithstanding the
1096 death of the drawer, if presentation is made within thirty days after the date of such order, and at
1097 any time if the corporation has not received written notice of the death of the drawer; provided,
1098 however, that in either event, that such funds would, on the date of such payment, have been
1099 subject to withdrawal by the drawer if living. Payments made under authority of any provision of
1100 this section shall discharge the liability of the bank or federally chartered bank to all persons to
1101 the extent of such payments.

1102 Section 13. Whenever in the judgment of the board there is an unusual demand by such
1103 depositors for withdrawals the bank may, with the approval of the commissioner, and whenever
1104 in the opinion of the commissioner there is such an unusual demand the bank shall upon his
1105 order, require such a depositor to give written notice of his intention to withdraw the whole or
1106 any part of such deposits or to apply for a loan secured by such deposit, such notice to be for
1107 such period not exceeding 6 months, as may be determined by the commissioner, which period
1108 may, in his discretion, be extended but not beyond 1 year from the date of notice, and until such
1109 a requirement has been revoked by the commissioner, the foregoing limitations as to payments
1110 by way of withdrawal or loan applicable in case of a general requirement as aforesaid shall apply
1111 to such deposits.

1112 Such bank shall not advertise for such deposits in newspapers, by posters or other written
1113 solicitation, while any requirement of notice of intention to withdraw is in effect, unless the
1114 advertisement shall contain, in type not smaller than the largest type thereof, a statement that
1115 such deposits may not be paid out, by way of withdrawal or loan, except in accordance with the
1116 terms of the requirement, which terms shall be set forth in such statement.

1117 Section 14. Any agreement between a depositor and any bank which exculpates such
1118 bank when a deposit account, or any part thereof, is paid by such bank to a person unlawfully
1119 presenting a passbook, or other instrument as evidence of such account is hereby declared to be
1120 contrary to public policy and void.

1121 Section 15. Any designation of any beneficiary in connection with and as provided by an
1122 instrument intended to establish a pension, profit-sharing, or other deferred compensation or
1123 retirement plan, trust or custodial account described in 1 or more of the following sections of the

1124 Internal Revenue Code of the United States, and in effect from time to time, shall be effective
1125 according to its terms, notwithstanding any purported testamentary disposition allowed by
1126 statute, by operation of law or otherwise to the contrary; section 401(a), section 401(f), section
1127 403(b)(7), section 405(a), section 408(a), and section 408(h). Nothing in this section is intended
1128 to limit, by implication or otherwise, any nonstatutory right of an employee to designate 1 or
1129 more beneficiaries of the employee's interest under any retirement plan not described in this
1130 section or under any other employee benefit plan.

1131 Section 16. Whenever a bank as a consequence of a default of a debt owed to said bank
1132 by a depositor or shareholder, makes a transfer of funds of such depositor or shareholder to
1133 reduce or extinguish said debt, such depositor or shareholder shall be notified forthwith of such
1134 transfer by written notice sent by first class mail directed to the last known address of such
1135 depositor; provided, however, that no such transfer shall be made if such debt is the result of
1136 consumer credit granted under the Truth-in-Lending act, 15 USC 1601 et. seq. A depositor or
1137 shareholder to whom such notice has not been sent shall be entitled to recover the amount of any
1138 actual damages.

1139 Section 17. A person indebted to a bank may, when proceeded against for the collection
1140 of such indebtedness or for the enforcement of any security therefor, set off or recoup the amount
1141 of a deposit in such bank held and owned by him at the time of the commencement of such
1142 proceeding; provided, however, that if a proceeding in equity has been commenced to restrain
1143 the bank from doing its actual business, or if possession of such bank has been taken over by the
1144 commissioner as provided in section 22 of chapter 167 or as otherwise provided by law, no
1145 deposit shall be so set off or recouped by any such person unless held and owned by him on the
1146 date of the commencement of such proceeding or of possession so taken, and the right of set off
1147 or recoupment shall be determined as of such date whether the indebtedness of the depositor, or
1148 the deposit, is then due or payable or becomes due or payable at a later date. Any indebtedness
1149 against which a deposit is permitted to be set off or recouped as aforesaid may be secured or
1150 unsecured. Section 3 of chapter 232 shall not apply to a set off hereunder, except that any party
1151 to a joint account may set off the joint deposit against his individual debt to such bank.
1152 Notwithstanding the foregoing, a judgment shall not be rendered against such bank in favor of
1153 the defendant for any balance found due from it if a proceeding in equity has been commenced
1154 against the bank or possession thereof has been taken as aforesaid. The word "deposit", as used
1155 in this section, shall include interest due thereon.

1156 Section 18. If, in an action against a bank for money on deposit therewith, it appears that
1157 the same fund is claimed by another party than the plaintiff, whether by the husband or wife of
1158 the plaintiff, or otherwise, the court in which such action is pending, on the petition of the bank
1159 and on such notice to the plaintiff and to such claimants as the court considers proper, may order
1160 the proceedings to be amended by making such claimants defendants thereto, and thereupon the
1161 rights and interests of the several parties in and to said funds shall be heard and determined. Such
1162 deposits may remain with the bank until final judgment and shall be paid as the court orders, or

1163 may be paid into court to await final judgment, and when so paid into court, the action shall be
1164 discontinued as to such bank and its liability for such deposit shall cease. The taxable costs of the
1165 bank in such actions shall be in the discretion of the court and may be charged upon the fund.

1166 Section 19. No bank, federally-chartered bank or other corporation doing a banking
1167 business in the commonwealth, in this section called the depository, shall be required to
1168 recognize an adverse claim to a deposit standing on his or its books to the credit of or to
1169 securities held for the account of any person, except by virtue of the service upon him or it of
1170 appropriate process issued by a court of competent jurisdiction in a suit or action to which such
1171 person, or his executors or administrators, has been made a party, unless the adverse claimant
1172 gives bond satisfactory to the depository and the adverse claimant to hold harmless and
1173 indemnify it from any liability, loss, damage, costs and expenses whatsoever on account of such
1174 adverse claim, or files with the depository an affidavit setting forth facts showing a reasonable
1175 cause for belief that a fiduciary relationship exists between such person and said adverse
1176 claimant and that such person is about to misappropriate the deposit or securities in question.

1177 Section 20. Notwithstanding the provisions of any general or special law to the contrary,
1178 a bank, a federal bank or a Massachusetts branch as defined in section 1 of chapter 167, shall not
1179 be required to repay any deposit made at a branch of such bank, federal bank or Massachusetts
1180 branch located in a foreign country, or any deposit made with any of the foregoing in the
1181 currency of a foreign country if repayment of such deposit or the use of such assets denominated
1182 in said foreign currency is prevented, prohibited or otherwise blocked due to (a) an act of war,
1183 insurrection or civil strife; or (b) any action by a foreign government or instrumentality, or
1184 authority asserting governmental, military or police power of any kind, whether such authority
1185 be recognized as a de facto or de jure government, or by any entity, political or revolutionary
1186 movement or otherwise that usurps, supervenes or otherwise materially impairs the normal
1187 operation of civil authority; or (c) the closure of such foreign branch in order to prevent, in the
1188 reasonable judgment of the bank, harm to the bank's employees or property.

1189 The obligation to repay any such deposit shall not be transferred to and may not be
1190 enforced against any other branch of such bank, federal bank or Massachusetts branch.

1191 Prior to the opening of any account for a retail customer that is subject to this section and
1192 with respect to any such account in existence on the effective date of this section, upon said
1193 effective date, such bank, federal bank or Massachusetts branch shall disclose to the prospective
1194 account holder the effect of the provisions of this section. Such bank, federal bank or
1195 Massachusetts branch shall also disclose to all current account holders the effect of the
1196 provisions of this section. Any such bank, federal bank or Massachusetts branch which fails to
1197 provide such disclosure shall not be entitled to avail itself of the provisions of this section.

1198 SECTION 40. Section 3 of chapter 167E of the General Laws, as so appearing, is hereby
1199 amended by striking out subsection (f) and inserting in place thereof the following subsection:-

1200 (f) Notwithstanding subsections (a) to (e), inclusive, reverse mortgage loans on owner
1201 occupied dwellings shall be subject to sections 7 and 7A.

1202 SECTION 41. Section 5 of said chapter 167E, as so appearing, is hereby amended by
1203 striking out subsection (a) and inserting in place thereof the following subsection:-

1204 (a) A bank shall inspect the real estate securing a loan in the event that a payment of
1205 interest or principal upon the loan or on account of real estate taxes upon the parcel mortgaged to
1206 secure the same shall be in default. Any such inspection shall be made in a manner consistent
1207 with and no later than the time periods specified in the policy of the bank. Periodic inspection of
1208 the parcel mortgaged shall continue in accordance with the policy until the loan shall no longer
1209 be in default.

1210 SECTION 42. Section 2 of chapter 167F of the General Laws, as so appearing, is hereby
1211 amended by striking out paragraphs 7 and 7A and inserting in place thereof the following 3
1212 paragraphs:—

1213 7. To acquire or invest in, with 10 days' advance notice to the commissioner, the capital
1214 stock or shares of 1 or more wholly-owned subsidiary corporations, limited liability companies
1215 or trusts, including any corporation or trust that is treated as a real estate mortgage investment
1216 conduit under 26 U.S.C. 860D or such other forms of organization permitted by the
1217 commissioner, organized and operated solely for the purpose of performing functions that the
1218 bank itself is empowered to perform directly; provided however, that if the aggregate amount
1219 invested or proposed to be invested in any one subsidiary exceeds 50% of Tier 1 capital of the
1220 bank that excess investment shall be made only with the approval of the commissioner and under
1221 the limitations and conditions imposed by the commissioner. At the time of the notice or at any
1222 time the notice is pending, such a bank may request that the commissioner waive and the
1223 commissioner may waive the remaining notice period.

1224 7A. To invest, subject to the approval of the commissioner and under such limitations or
1225 conditions as he may impose, in the capital stock or shares of 1 or more wholly owned subsidiary
1226 corporations, limited liability companies or trusts or such other forms of organization permitted
1227 by the commissioner, organized and operated solely for the purpose holding or investing in other
1228 real estate owned.

1229 7B. To merge with 1 or more of its nonbank subsidiaries or affiliates with the bank as the
1230 continuing entity.

1231 SECTION 43. Paragraph 22 of said section 2 of said chapter 167F, as so appearing, is
1232 hereby amended by striking out, in lines 256 and 257, the words "subject to such restrictions as
1233 may be imposed by the commissioner, to" and inserting in place thereof the word:— To

1234 SECTION 44. Said section 2 of said chapter 167F, as so appearing, is hereby amended by
1235 striking out paragraphs 31 and 32 and inserting in place thereof the following 2 paragraphs:-

1236 31. To exercise any power and engage in any activity that is permissible for a federal
1237 bank or out-of-state bank, as defined in section 1 of chapter 167, by providing 30 days written
1238 notice in advance to the commissioner; provided, however, that the activity is not otherwise
1239 prohibited under the laws of the commonwealth; provided, further, that the activity shall be
1240 subject to the same limitations and restrictions that are applicable to the federal or out-of-state
1241 bank; and provided, further, that the activity authorized for the out-of-state bank has been
1242 permitted by the Federal Deposit Insurance Corporation under section 24 of the Federal Deposit
1243 Insurance Act and Part 362 of the regulations thereunder. In the event that federal or out-of-state
1244 banks lose the authority to exercise any power or engage in any activity based upon which
1245 comparable authority was granted to state chartered banks pursuant to this paragraph, unless such
1246 authority is authorized by another law of the commonwealth, or a rule, regulation or policy
1247 adopted pursuant to such other law of the commonwealth, or by a judicial decision, the authority
1248 shall be revoked for state chartered banks pursuant to this paragraph. At the time the notice is
1249 filed or at any time the notice is pending, a bank may request that the commissioner waive and
1250 the commissioner may waive the remaining notice period.

1251 32. To engage in an activity and to acquire and retain the shares of any company engaged
1252 in any activity that the bank determines to be financial in nature or incidental to the financial
1253 activity that is complementary to a financial activity and does not pose a substantial risk to the
1254 safety and soundness of the bank by providing 30 days written notice in advance to the
1255 commissioner. At the time the notice is filed or at any time the notice is pending, a bank may
1256 request that the commissioner waive and the commissioner may waive the remaining notice
1257 period. In determining whether an activity is financial in nature or incidental or complementary
1258 thereto, the bank shall consider, but shall not be limited to, those activities considered to be
1259 financial in nature or incidental to the financial activity or an activity that is complementary to a
1260 financial activity under section 103, section 121 and section 122 of Public Law 106-102, entitled
1261 the "Gramm-Leach-Bliley Act of 1999". Notwithstanding any general or special law to the
1262 contrary, this chapter does not authorize a bank or a subsidiary or affiliate of a bank to sell title
1263 insurance.

1264 SECTION 45. Section 3 of said chapter 167F, as so appearing, is hereby amended by
1265 striking out paragraph 1 and inserting in place thereof the following paragraph:-

1266 1. Insurance Company Stocks -- In the capital stock of any insurance company authorized
1267 to conduct fire and casualty business in the commonwealth subject to the following conditions.

1268 No insurance stock shall be purchased if the cost thereof added to the cost of insurance
1269 stocks and bank stocks already owned shall exceed 66 2/3 per cent of the total of the capital
1270 stock and surplus account for a stock corporation or the surplus account for a thrift institution.

1271 SECTION 46. Said section 3 of said chapter 167F, as so appearing, is hereby amended by
1272 striking out paragraph 3 and inserting in place thereof the following paragraph:-

1273 3. Utility Company Stocks -- In the preferred and common stock of any company which,
1274 at the time of such investment, is incorporated under the laws of the United States or any state
1275 thereof, or the District of Columbia, and authorized to engage, and engaging, in the business of
1276 furnishing telephone service in the United States, or any gas, electric light or water company
1277 incorporated or doing business in the commonwealth and subject to the control and supervision
1278 thereof.

1279 No such corporation shall invest in such preferred or common stocks if the cost thereof
1280 added to the cost of such preferred or common stocks, as the case may be, already owned shall
1281 exceed 35 per cent of the total of the capital stock and surplus account for a stock corporation or
1282 the surplus account of a thrift institution. No corporation shall invest more than .5 of 1 per cent
1283 of its deposits in the stock of any one such company.

1284 SECTION 47. Section 6 of said chapter 167F is hereby repealed.

1285 SECTION 48. Said chapter 167F, as appearing in the 2012 Official Edition, is hereby
1286 amended by adding the following section:—

1287 Section 10. A bank may or in participation with a federal bank, a foreign bank, an out-of-
1288 state bank or an out-of state federal bank, as defined in section 1 of chapter 16,7 invest in,
1289 establish, operate or subscribe for services from another bank, federal bank, foreign bank, out-of-
1290 state bank or out-of-state federal bank or a subsidiary thereof or any other business entity for the
1291 purpose of obtaining for or furnishing to the bank technology, trust services, financial planning,
1292 compliance, internal audits, human resource or other operation functions, management or staff
1293 generally required by a bank.

1294 SECTION 49. Section 3 of chapter 167G, as so appearing, is hereby amended by striking
1295 out paragraphs 1 and 2 and inserting in place thereof the following 2 paragraphs:—

1296 1. To hold money or property in trust or on deposit from, personal representatives,
1297 voluntary personal representatives, assignees, conservators and trustees upon such terms and
1298 conditions as may be agreed upon;

1299 2. To be appointed and to act as personal representative, voluntary personal
1300 representative of a will of the estate of any person, receiver, assignee, guardian, conservator or
1301 trustee under a will or instrument creating a trust for the care and management of property, under
1302 the same circumstances, in the same manner, and subject to the same control by the court having
1303 jurisdiction of the same, as a legally qualified individual; to act in any other fiduciary capacity
1304 not expressly prohibited by the laws of this commonwealth.

1305 SECTION 50. Said section 3 of said chapter 167G, as so appearing, is hereby further
1306 amended by striking out the second paragraph of paragraph 9 and inserting in place thereof the
1307 following paragraph:-

1308 Any such collective investment fund shall be administered in accordance with a written
1309 declaration of trust which shall provide that if property is held by such corporation or association
1310 as a fiduciary together with a co-fiduciary or co-fiduciaries, such property may be invested in
1311 such collective investment fund only with the written consent of such co-fiduciary or co-
1312 fiduciaries, but that in no case shall any other notice or consent be required for the making of any
1313 such investment. An account of the administration of each such collective investment fund shall
1314 be prepared annually, shall be audited by an independent certified public accountant and a copy
1315 of such account and of the audit report thereon shall be made available to any interested party
1316 upon written request. All expenses of the administration of such collective investment fund,
1317 including the cost of the annual audit, shall be borne by the fund, but the corporation or
1318 association shall absorb the costs of establishing any such collective investment fund.

1319 SECTION 51. Said section 3 of said chapter 167G, as so appearing, is hereby further
1320 amended by striking out paragraph 11 and inserting in place thereof the following paragraph:-

1321 11. Any association or corporation authorized to do a banking business and to exercise
1322 trust powers in the commonwealth while acting as a fiduciary is authorized, in the absence of an
1323 express provision to the contrary in the instrument, judgment, decree or order creating a trust or
1324 other fiduciary relationship, to purchase for the fiduciary estate, directly from underwriters or
1325 distributors or in the secondary market, bonds, or other securities which are underwritten or
1326 distributed by such association or corporation or an affiliate thereof or by any syndicate which
1327 includes such association or corporation or affiliate thereof and securities of any investment
1328 company or investment trust for which such association or corporation or any affiliate thereof
1329 acts as adviser, distributor, transfer agent, registrar, sponsor, manager, shareholder servicing
1330 agent, custodian, broker, dealer or lender of money or securities; provided, however, that (i)
1331 nothing in this section shall affect the degree of prudence which is required of fiduciaries
1332 generally under the common law of the commonwealth or the charging of reasonable
1333 compensation and (ii) any such bonds or securities so purchased shall have sufficient liquidity
1334 and quality to satisfy the principles of fiduciary investment. Any such association or corporation
1335 purchasing bonds or securities pursuant to this paragraph shall, in any written communication or
1336 account statement reflecting such purchase, disclose the fact that it or an affiliate may have an
1337 interest in the underwriting or distribution of such bonds or securities and any capacities in
1338 which it or an affiliate acts for the issuer of such securities. Any such association or corporation
1339 purchasing securities of an investment company or investment trust pursuant to this paragraph
1340 shall disclose the provision of the stated services, and the receipt of compensation for such
1341 services, annually by mailing a statement or letter describing the same, to the last known address
1342 of each person to whom statements for the fiduciary estate are rendered.

1343 SECTION 52. Said chapter 167G is hereby further amended by striking out section 8, as
1344 so appearing, and inserting in place thereof the following section:-

1345 Section 8. Notwithstanding any provision of section 4, funds held in the trust department
1346 of any bank awaiting investment or distribution may be deposited in its banking department if
1347 such bank shall first transfer to its trust department, to be held as security therefor, bonds, notes,
1348 bills and certificates of indebtedness of the United States, of the commonwealth, or of any of the
1349 states or any other securities in which the bank may legally invest, of an aggregate value of not
1350 less an amount than funds so deposited, and such bank shall at all times maintain the value of
1351 such security at such amount; provided, however, that such security shall not be required to the
1352 extent that the funds so deposited are insured by the Federal Deposit Insurance Corporation.

1353 SECTION 53. Section 1 of chapter 167H of the General Laws, as so appearing, is hereby
1354 amended by inserting after the definition of "Commissioner" the following definition:-

1355 "Interim Bank", a Massachusetts or federal bank, out-of-state bank or out-of-state federal
1356 bank organized solely to participate in and facilitate an acquisition, reorganization or other
1357 corporate transaction. A Massachusetts bank which is an interim bank shall be organized under
1358 chapter 167I.

1359 SECTION 54. Section 2 ofsaid chapter 167H of the General Laws, as so appearing, is
1360 hereby amended by striking out said section 2 and inserting in place thereof the following
1361 section:-

1362 Section 2. (a) Notwithstanding the provisions of any general or special law to the
1363 contrary, a mutual banking institution that is a savings bank may reorganize so as to become a
1364 mutual holding company by: (1) establishing a subsidiary banking institution as a stock savings
1365 bank in accordance with section 3, and transferring to such subsidiary banking institution the
1366 substantial part of its assets and liabilities, including all of its deposit liabilities, or (2) by
1367 structuring the reorganization under any procedures acceptable to the commissioner, including
1368 but not limited to, the merger of the existing mutual bank with and into a savings bank
1369 established for the purpose of completing the reorganization; provided, that for the purpose of
1370 facilitating a multi-step reorganization the commissioner may, subject to such terms and
1371 conditions as he may impose, grant any and all certificates and approvals to establish and control
1372 a new mutual savings bank. Upon such reorganization, all persons who prior thereto held
1373 depository rights with respect to or other rights as creditors of such mutual banking institution
1374 shall have such rights solely with respect to the said subsidiary banking institution and the
1375 corresponding liability or obligation of the mutual banking institution to such persons shall be
1376 assumed by the subsidiary banking institution. All persons who had liquidation rights pursuant to
1377 section 33 of chapter 168 with respect to the mutual banking institution shall continue to have
1378 such rights solely with respect to said mutual holding company.

1379 (b) Notwithstanding the provisions of any general or special law to the contrary, a mutual
1380 banking institution that is a cooperative bank may reorganize so as to become a mutual holding
1381 company by: (1) establishing a subsidiary banking institution as a stock cooperative bank in
1382 accordance with section 3, and transferring to such subsidiary banking institution the substantial
1383 part of its assets and liabilities, including all of its deposit liabilities, or (2) by structuring the
1384 reorganization under any procedures acceptable to the commissioner, including but not limited
1385 to, the merger of the existing mutual bank with and into a cooperative bank established for the
1386 purpose of completing the reorganization; provided, that for the purpose of facilitating a multi-
1387 step reorganization the commissioner may, subject to such terms and conditions as he may
1388 impose, grant any and all certificates and approvals to establish and control a new cooperative
1389 bank. Upon such reorganization, all persons who prior thereto held depository rights with respect
1390 to or other rights as creditors of such mutual banking institution shall have such rights solely
1391 with respect to the said subsidiary banking institution and the corresponding liability or
1392 obligation of the mutual banking institution to such persons shall be assumed by the subsidiary
1393 banking institution. All persons who had liquidation rights pursuant to section 27 of chapter 170
1394 with respect to the mutual banking institution shall continue to have such rights solely with
1395 respect to said mutual holding company.

1396 (c) Any reorganization of a mutual banking institution pursuant to subsection (a) shall be
1397 approved by a majority of the board of trustees and by a majority of the corporators present and
1398 voting in each case at the annual meeting or at a special meeting called, in accordance with the
1399 by-laws, for such purpose. Any such reorganization pursuant to subsection (b) shall be approved
1400 by a majority of the board of directors and by a majority of the shareholders present and voting
1401 in each case at the annual meeting or at a special meeting called, in accordance with the by-laws,
1402 for such purpose.

1403 SECTION 55. Said chapter 167H, as so appearing, is hereby further amended by striking
1404 out sections 6 and 7 and inserting in place thereof the following 2 sections:-

1405 Section 6. Upon the reorganization of a mutual banking institution into a mutual holding
1406 company, the mutual holding company shall (i) continue to possess and exercise all the rights,
1407 powers and privileges, except deposit-taking powers, of a mutual banking institution, and (ii)
1408 shall be subject to the limitations and restrictions imposed on bank holding companies by chapter
1409 167A and by applicable federal law and regulations.

1410 To the extent not inconsistent with the above, a mutual holding company may elect to
1411 follow the corporate governance procedures of the General Laws and shall designate in its by-
1412 laws the body of law selected for its corporate governance procedures.

1413 Section 7. A mutual holding company organized under this chapter may:

1414 (1) invest in the stock of 1 or more banking institutions as defined in section 1 of chapter
1415 167A or a limited purpose trust company as defined in section 1 of chapter 167I, which conducts
1416 trust and fiduciary business but does not take deposits or otherwise carry on a banking business;

1417 (2) acquire a mutual banking institution, a credit union, as defined in chapter 171, a
1418 federal credit union, as defined in chapter 171, a federal bank, as defined in section 1 of chapter
1419 167 in mutual form, and an out-of-state federal bank, as defined in section 1 of chapter 167 in
1420 mutual form through consolidation or merger of such institution with its subsidiary banking
1421 institution;

1422 (3) merge with or acquire another state or federal mutual holding company or merge with
1423 and into or be acquired by another state or federal mutual holding company, provided that any
1424 such mutual holding company has, as one of its subsidiaries, a subsidiary banking institution or a
1425 federally-chartered or state-chartered bank which was in mutual form until it reorganized into a
1426 mutual holding company under federal law or the law of another state;

1427 (4) merge with or acquire a bank holding company, as defined in section 1 of chapter
1428 167A or a company in stock form controlling one bank that was organized or converted to stock
1429 form; provided that the mutual holding company is the continuing entity;

1430 (5) invest in a corporation, the purchase of the capital stock of which is permitted for a
1431 banking institution under state law;

1432 (6) exercise any other power or engage in any activity permitted to a mutual banking
1433 institution chartered by the commonwealth;

1434 (7) engage directly or indirectly only in such activities as are now or may hereafter be
1435 proper activities for bank holding companies under chapter 167A or by applicable federal law or
1436 regulations; and

1437 (8) exercise any rights, waive any rights or take or waive any other action with respect to
1438 any securities of any subsidiary banking institution which are held by such mutual holding
1439 company.

1440 SECTION 56. Said chapter 167H, as so appearing, is hereby further amended by adding
1441 the following section:-

1442 Section 12. A mutual company directly or indirectly controlling or owning 1 or more
1443 wholly owned stock bank subsidiaries or stock holding companies may elect to convert from a
1444 mutual holding company to a mutual banking institution organized under the original charter of
1445 its subsidiary banking institution subject to approval of the commissioner and subject to the
1446 following conditions:

1447 (a) The conversion of the mutual holding company to a mutual banking institution shall
1448 be effected pursuant to a plan of conversion approved by the commissioner and a vote of two-
1449 thirds of the corporators of the mutual holding company;

1450 (b) All direct or indirect wholly owned stock bank subsidiaries and stock holding
1451 companies of the mutual holding company shall be merged into the resulting mutual banking
1452 institution;

1453 (c) The reorganized mutual banking institution shall assume all assets and liabilities of
1454 any direct or indirect wholly owned stock bank subsidiary or stock holding company and shall
1455 retain deposit insurance from the Federal Deposit Insurance Corporation and the excess deposit
1456 insurer of its subsidiary banking institution; and

1457 (d) Such other provisions as the commissioner may require.

1458 The commissioner may promulgate rules and regulations to carry out the provisions of
1459 this section.

1460 SECTION 57. The General Laws are hereby amended by inserting after chapter 167H the
1461 following two chapters:—

1462 CHAPTER 167I

1463 CORPORATE BANK TRANSACTIONS: MERGERS, CONSOLIDATIONS,
1464 PURCHASE OF ASSETS AND CONVERSIONS

1465 Section 1. As used in this chapter, the following words shall, unless the context otherwise
1466 requires, have the following meanings:-

1467 "Bank", an association or corporation chartered by the commonwealth under chapter 168,
1468 170 or 172.

1469 "Board", the board of trustees or directors, as the case may be, of a bank or thrift
1470 institution, and the board of directors of a federally chartered stock bank.

1471 "Capital stock", the sum of the par value of the preferred and common shares of capital
1472 stock of a stock bank, issued and outstanding.

1473 "Commissioner", the commissioner of banks.

1474 "Co-operative bank", a bank governed by the provisions of chapter 170.

1475 "Credit union", a corporation organized under chapter 171 or corresponding provisions of
1476 earlier law.

1477 “Federally-chartered bank”, a national banking association, or federal savings and loan
1478 association or federal savings bank in stock form, the main office of which is located in the
1479 commonwealth or in another state.

1480 “Federally-chartered credit union”, a credit union organized under the Federal Credit
1481 Union Act.

1482 “Foreign bank”, an association or corporation authorized to do banking business which
1483 exists by authority of a country other than the United States.

1484 “Limited purpose trust company”, an entity chartered by the commonwealth pursuant to
1485 section 9A of chapter 172 or by any state or a federal agency that conducts trust and fiduciary
1486 business but does not accept deposits or otherwise carry on a banking business.

1487 “Mutual bank”, a savings bank chartered by the commonwealth pursuant to chapter 168
1488 or a co-operative bank chartered by the commonwealth pursuant to chapter 170 in mutual form.

1489 “Mutual holding company” a holding company organized pursuant to chapter 167H.

1490 “Out-of-state bank”, an association or corporation in stock form authorized to do banking
1491 business, the main office of which is located outside the commonwealth and which exists by
1492 authority of a state of the United States other than the commonwealth.

1493 “Savings bank”, a bank governed by the provisions of chapter 168.

1494 “Stock bank”, an association or corporation chartered in stock form by the
1495 commonwealth under the provisions of chapter 168 or 170, or which has reorganized or
1496 converted to become a stockholder form of organization pursuant to the provisions of chapter
1497 168 or 170, or a trust company, as defined in chapter 172.

1498 “Subsidiary banking institution”, the banking institution which is the direct or indirect
1499 subsidiary of a mutual holding company.

1500 “Surplus account”, an account so designated on the books of a bank and consisting of
1501 amounts required by law.

1502 “Thrift institution”, a banking institution in mutual or cooperative form organized under
1503 the laws of another state or a federal savings and loan association or federal savings bank in
1504 mutual form the main office of which is located in the commonwealth or in another state.

1505 “Trust company”, a bank governed by the provisions of chapter 172.

1506 “Voting body”, corporators of a savings bank in mutual form, shareholders of a co-
1507 operative bank not in stock form, and the stockholders of a stock bank with rights to vote in
1508 corporate transactions.

1509 Section 2. One or more mutual banks may merge or consolidate into a single mutual
1510 bank, and 1 or more mutual banks and 1 or more thrift institutions may merge or consolidate into
1511 a single mutual bank or thrift institution , upon such terms as shall have been approved by a vote
1512 of at least two-thirds of the board of each mutual bank and, in the case of a merger or
1513 consolidation of 1 or more mutual banks and thrift institutions, by the board of each thrift
1514 institution in accordance with the laws under which each such thrift institution is organized, and
1515 as shall have been approved in writing by the commissioner. The terms of any such merger or
1516 consolidation shall be approved by a two-thirds vote of the voting body of each mutual bank and,
1517 in the case of a merger or consolidation of 1 or more mutual banks and thrift institutions, by the
1518 depositors, corporators, shareholders or members, as applicable, of each thrift institution in
1519 accordance with the laws under which such thrift institution is organized. A request for such
1520 approval by the commissioner shall be accompanied by an investigation fee the amount of which
1521 shall be determined annually by the commissioner of administration under the provisions of
1522 section 3B of chapter 7, a copy of the terms of any definitive merger or consolidation agreement
1523 reached by the merging or consolidating institutions, and certified copies of the vote of the board
1524 of each mutual bank and, in the case of a merger or consolidation of 1 or more mutual banks and
1525 thrift institutions, certified copies of the vote of the board of each thrift institution. If the
1526 commissioner, after such notice and hearings as the commissioner may require, is satisfied that a
1527 merger or consolidation can be effected on terms approved by the commissioner and finds that
1528 such a merger or consolidation is in the interests of the depositors of any merging or
1529 consolidating savings bank and the shareholders of any merging or consolidating co-operative
1530 bank, such merger or consolidation may be approved by the commissioner subject to the
1531 commissioner's direction. Before becoming effective, any merger or consolidation authorized by
1532 this section, hereinafter referred to as a "consolidation", shall have been approved by a vote of at
1533 least two-thirds of the voting body of each mutual bank at meetings specially called to consider
1534 the subject and, in the case of a merger or consolidation of 1 or more mutual banks and thrift
1535 institutions, approved by a vote of the depositors, corporators, shareholders or members, as
1536 applicable, of each such thrift institution in accordance with the laws under which each such
1537 thrift institution is organized; provided, however, that in the case of a co-operative bank the
1538 consolidation shall be approved by vote of at least two-thirds of those shareholders present,
1539 qualified to vote and voting at each such meeting.

1540 Notice of such meetings shall be given in accordance with applicable law and the by-laws
1541 of such merging or consolidating institutions. A certificate under the hands of the presidents and
1542 clerks or other duly authorized officers of all merging or consolidating institutions setting forth
1543 that each institution, respectively, has complied with the requirements of this section shall be
1544 submitted to the commissioner who, if approving such consolidation, shall endorse such
1545 approval upon such certificate. No such transaction under this section shall be consummated
1546 until arrangements satisfactory to any excess deposit insurer of each mutual bank have been
1547 made and notice thereof has been received by the commissioner.

1548 The offices and depots of any mutual bank and the offices of any thrift institution merged
1549 or consolidated under the provisions of this section, may be maintained as branch offices or
1550 depots, respectively, of the continuing institution with the written permission of, and under such
1551 conditions, if any, as may be approved by the commissioner.

1552 If the merging or consolidating corporations or thrift institutions are chartered by or, in
1553 the case of federal savings and loan associations or federal mutual savings banks, have their main
1554 offices located in and are authorized to do business in different states, then from and after the
1555 effective date of the merger or consolidation, the citizenship and residency requirements set forth
1556 in the General Laws shall no longer apply, and any citizen of the United States may serve the
1557 continuing corporation.

1558 In making a finding that such merger or consolidation is in the interests of depositors and
1559 shareholders, the commissioner shall also determine whether or not competition among banking
1560 institutions will be unreasonably affected and whether or not public convenience and advantage
1561 will be promoted. In making such determination, the commissioner shall consider, but not be
1562 limited to, a showing of net new benefits. For the purpose of this section, the term "net new
1563 benefits" shall mean initial capital investments, job creation plans, consumer and business
1564 services, commitments to maintain and open branch offices within the continuing institution's
1565 Community Reinvestment Act assessment area, and such other matters as the commissioner may
1566 determine.

1567 Section 3. One or more stock banks may merge or consolidate into a single stock bank,
1568 and 1 or more stock banks, federally-chartered banks, out-of-state banks, and limited purpose
1569 trust companies may merge or consolidate into a single stock bank, federally-chartered bank or
1570 out-of-state bank upon such terms as shall have been approved by a vote of at least two-thirds of
1571 the board of each stock bank and, in the case of a merger or consolidation of 1 or more stock
1572 banks with 1 or more federally-chartered banks or out-of-state banks, by the board of each out-
1573 of-state bank or federally-chartered bank in accordance with the laws under which each such out-
1574 of-state bank or federally-chartered bank is organized, and as shall have been approved in
1575 writing by the commissioner. The terms of any such merger or consolidation shall be approved
1576 by a two-thirds vote of the voting body of each stock bank and, in the case of a merger or
1577 consolidation of 1 or more stock banks with 1 or more federally-chartered banks or out-of-state
1578 banks, by the stockholders of such out-of-state bank or federally-chartered bank with rights to
1579 vote on the merger or consolidation in accordance with the laws under which such out-of-state
1580 bank or federally-chartered bank is organized. A request for approval by the commissioner of
1581 such a consolidation or merger shall be accompanied by an investigation fee, the amount of
1582 which shall be determined annually by the commissioner of administration under the provision
1583 of section 3B of chapter 7, a copy of the terms of any definitive merger or consolidation
1584 agreement reached by the merging or consolidating institutions, and certified copies of the vote
1585 of the board of each stock bank and, in the case of a merger or consolidation of 1 or more stock
1586 banks with 1 or more out-of-state banks or federally-chartered banks, certified copies of the vote

1587 of the board of each out-of-state bank or federally-chartered bank. If the commissioner, after
1588 such notice and hearings as the commissioner may require, is satisfied that a merger or
1589 consolidation can be effected on terms consistent with the standards set forth in this section, such
1590 merger or consolidation may be approved by the commissioner subject to the commissioner's
1591 direction. Before becoming effective, any merger or consolidation authorized by this section,
1592 hereinafter referred to as a "consolidation", shall have been approved by a vote of at least two-
1593 thirds of the voting body of each stock bank at meetings specially called to consider the subject
1594 and, in the case of a merger or consolidation of 1 or more stock banks with 1 or more out-of-state
1595 banks or federally-chartered banks, by the stockholders of such out-of-state bank or federally-
1596 chartered bank with rights to vote on the merger or consolidation in accordance with the laws
1597 under which such out-of-state bank or federally-chartered bank is organized. A certificate under
1598 the hands of the presidents and clerks or other duly authorized officers of all merging or
1599 consolidating institutions setting forth that each institution, respectively, has complied with the
1600 requirements of this section shall be submitted to the commissioner who, if approving such
1601 consolidation, shall endorse such approval upon such certificate. No such transaction under this
1602 section shall be consummated until arrangements satisfactory to any excess deposit insurer of
1603 each stock bank, if applicable, have been made and notice thereof has been received by the
1604 commissioner. The offices and depots of any stock bank and the offices of any other institution
1605 merged or consolidated under this section may be maintained as branch offices or depots,
1606 respectively, of the continuing institution with the written permission of and under such
1607 conditions, if any, as may be approved by the commissioner.

1608 If a federally-chartered bank or out-of-state bank is the continuing institution, then from
1609 and after the effective date of the merger or consolidation, the citizenship and residency
1610 requirements for directors set forth in the General Laws shall no longer apply.

1611 For the purposes of this section, the value of the stock of stockholders of a stock bank
1612 who have, as provided in section 13.21 and section 13.23 of chapter 156D, objected to any action
1613 authorized herein shall be ascertained in the manner provided in sections 13.01 and 13.03 to
1614 section 13.31 inclusive, of chapter 156D.

1615 The provisions of section 11.07 of chapter 156D shall apply to consolidations and
1616 mergers of state-chartered stock corporations authorized under this section; provided that, for
1617 this purpose, references in said section 11.07 to said chapter 156D shall be deemed to be the
1618 chapter of the General Laws governing such stock corporation, and references in said section
1619 11.07 to articles of organization shall be deemed to be to the articles of organization, including
1620 any special act of incorporation, as from time to time amended.

1621 In deciding whether or not to approve such consolidation or merger, the commissioner
1622 shall determine whether or not competition among banking institutions will be unreasonably
1623 affected and whether or not public convenience and advantage will be promoted. In making such
1624 determination, the commissioner shall consider, but not be limited to, a showing of net new

1625 benefits. For the purpose of this section, the term "net new benefits" shall mean initial capital
1626 investments, job creation plans, consumer and business services, commitments to maintain and
1627 open branch offices within the continuing institution's Community Reinvestment Act assessment
1628 area, and such other matters as the commissioner may determine.

1629 Section 4. Any 1 or more mutual banks or subsidiary banking institutions and any 1 or
1630 more credit unions, or federal credit unions may merge or consolidate into a single mutual bank
1631 or subsidiary banking institution upon such terms as shall have been approved by a vote of at
1632 least two-thirds of the board of each mutual bank and the board of directors of each credit union,
1633 and shall have been approved in writing by the commissioner. The terms of any such merger or
1634 consolidation shall be approved by the voting body of each mutual bank and the shareholders of
1635 each credit union in the manner prescribed herein. A request for such approval by the
1636 commissioner shall be accompanied by an investigation fee, the amount of which shall be
1637 determined annually by the commissioner of administration under the provisions of section 3B of
1638 chapter 7, a copy of the terms of any agreement reached by the respective boards, and certified
1639 copies of the votes of such boards. If the commissioner, after such notice and hearing as the
1640 commissioner may require, is satisfied that a merger or consolidation can be effected on terms
1641 approved by the commissioner and finds that such merger or consolidation is in the interests of
1642 the depositors and shareholders of the institutions concerned, such merger or consolidation may
1643 be approved by the commissioner subject to the commissioner's direction. In making a finding
1644 that any such merger or consolidation is in the interests of depositors and shareholders, the
1645 commissioner shall also determine whether or not competition among banking institutions will
1646 be unreasonably affected and whether or not public convenience and advantage will be
1647 promoted. In making such determination, the commissioner shall consider, but not be limited to,
1648 a showing of net new benefits. For the purposes of this section, the term "net new benefits" shall
1649 mean initial capital investments, job creation plans, consumer and business services,
1650 commitments to maintain and open branch offices within the bank's delineated community, as
1651 such term is used within section 14 of chapter 167, and such other matters as the commissioner
1652 may determine.

1653 Before becoming effective, any merger or consolidation authorized by this section,
1654 hereinafter sometimes referred to as a "consolidation", shall have been approved by a vote of at
1655 least two-thirds of the voting body of each mutual bank or subsidiary banking institution present,
1656 qualified to vote and voting at a meeting specially called to consider the subject and approved by
1657 a vote of at least a majority of the shareholders of each credit union present, qualified to vote,
1658 and voting at a meeting specially called for that purpose. Notice for such meetings shall be given
1659 in accordance with the relevant provisions of law. A certificate under the hands of the presidents
1660 and clerks or other duly authorized officers of all merging or consolidating corporations and
1661 credit unions setting forth that each institution, respectively, has complied with the requirements
1662 of this section shall be submitted to the commissioner who, if approving such consolidation, shall
1663 endorse his approval upon such certificate. No such transaction under this section shall be

1664 consummated until arrangements satisfactory to any excess deposit insurer of each such bank or
1665 credit union, if applicable have been made and notice thereof has been received by the
1666 commissioner.

1667 The offices and depots of any credit union merged or consolidated under this section may
1668 be maintained as branch offices or depots of the continuing corporation with the written
1669 permission of, and under such conditions, if any, as approved by the commissioner.

1670 Section 5. If the commissioner has certified to the Depositors Insurance Fund or the Co-
1671 operative Central Bank that it is unsafe or inexpedient for a member bank to continue to transact
1672 business, as provided in section 4 of chapter 43 of the acts of 1934 or section 4 of chapter 73 of
1673 the acts of 1934, such member bank may be consolidated with or sell its assets to another savings
1674 bank or co-operative bank as applicable on an expedited basis, notwithstanding any inconsistent
1675 provisions contained in any general or special law governing such transactions, provided that the
1676 following conditions are satisfied:

1677 (1) The terms and conditions of the proposed consolidation or purchase and sale of assets
1678 are set forth in a written plan or agreement between the continuing corporation and the
1679 Depositors Insurance Fund or the Co-operative Central Bank on behalf of the certified member
1680 bank.

1681 (2) The consolidation or purchase and sale of assets and the written plan or agreement
1682 setting forth such arrangement be approved by a vote of at least two-thirds of the board of the
1683 continuing corporation at a meeting duly called for such purpose and by a vote of at least two-
1684 thirds of the board of directors of the Depositors Insurance Fund or the Co-operative Central
1685 Bank at a meeting duly called for such purpose.

1686 (3) The commissioner determines that (a) failure to take immediate action to effect a
1687 consolidation or sale of assets of the certified member bank with or to another savings bank or
1688 co-operative bank, as applicable, is likely to undermine public confidence in banks, (b) the best
1689 interests of the depositors of the certified member bank, the depositors of the continuing
1690 corporation and the Depositors Insurance Fund or the Co-operative Central Bank will be served
1691 by an expedited consolidation or sale of assets, and (c) the public convenience and advantage
1692 will be served by the proposed consolidation or sale of assets.

1693 (4) The commissioner approves in writing the proposed consolidation or purchase and
1694 sale of assets, subject to such terms and conditions as may be deemed appropriate.

1695 Upon the effective date of any consolidation pursuant to this section, the rights and
1696 obligations of the certified member bank, the continuing corporation and their respective
1697 depositors, debtors and creditors shall be governed by section 7.

1698 A certificate endorsed by the president and clerk, or 2 other duly authorized officers of
1699 the continuing corporation and the Depositors Insurance Fund or the Co-operative Central Bank
1700 on behalf of the certified member bank stating that each corporation, respectively, has complied
1701 with the requirements of this section, shall be submitted to the commissioner who, if approving
1702 such consolidation or sale of assets, shall endorse said approval upon such certificate and
1703 thereupon such consolidation or sale of assets shall become effective at the close of business on
1704 such date.

1705 At any time, and from time to time after the consolidation has become effective, copies of
1706 the certificate may be certified and issued by the commissioner and may be filed in the several
1707 registries of deeds and land court registry districts of the commonwealth and in any filing offices
1708 established under chapter 106. Such certification shall be conclusive evidence for all purposes of
1709 the succession by the continuing corporation to all rights and interests of the certified
1710 corporation.

1711 In the event the Deposit Insurance Fund of the Depositors Insurance Fund or the Share
1712 Insurance Fund of the Co-operative Central Bank ceases to insure the deposits or shares of a
1713 member bank and the commissioner determines that grounds exist to require the commissioner's
1714 immediate assumption of possession and control of its assets under section 22 of chapter 167, the
1715 commissioner shall, upon assumption of possession and control of such member bank's assets,
1716 have all powers granted in this section to the Deposit Insurance Fund or the Co-operative Central
1717 Bank to effect a consolidation or sale of assets on behalf of such corporation.

1718 For the purposes of this section, the term "member bank" shall mean a savings bank in
1719 the Depositors Insurance Fund and a co-operative bank in the Co-operative Central Bank.

1720 Section 6. The commissioner shall not approve an application for a merger or
1721 consolidation pursuant to this chapter if the bank sought to be acquired has been in existence for
1722 a period of less than 3 years or if, as a result of any such merger, the applicant would control in
1723 excess of 30 per cent of the total deposits, exclusive of foreign deposits, of all depository
1724 institutions in the commonwealth insured by the Federal Deposit Insurance Corporation, or any
1725 successor corporation thereto; provided, however, that either said age requirement or
1726 concentration limit, or both, may be waived by the commissioner if economic conditions warrant
1727 such waiver. For the purposes of this section, the term "foreign deposits" shall mean deposits
1728 received in a foreign country and deposits in Edge and Agreement subsidiaries and international
1729 banking facilities.

1730 Section 7. For any consolidation or merger under the preceding sections, articles of
1731 consolidation or merger shall be filed with the state secretary which shall set forth the due
1732 adoption of an agreement of consolidation or merger and shall state: (i) the names of the
1733 corporations and the name of the resulting or surviving corporation; (ii) the effective date of the
1734 consolidation or merger determined pursuant to the agreement of consolidation or merger; and

1735 (iii) any amendment to the articles of organization of the surviving corporation to be effected
1736 pursuant to the agreement of merger. Such articles of consolidation or merger shall be signed by
1737 the president or a vice president and the clerk or an assistant clerk of each corporation, who shall
1738 state under the penalties of perjury that the agreement of consolidation or merger has been duly
1739 executed on behalf of such corporation and has been approved as required.

1740 The form on which articles of consolidation or merger are filed shall also contain the
1741 following information which shall not for any purpose be treated as a permanent part of the
1742 articles of organization of the resulting or surviving corporation:

1743 (1) the post office address of the initial principal office of the resulting or surviving
1744 corporation in the commonwealth;

1745 (2) the name, residence and post office address of each of the initial trustees or directors
1746 and the president, treasurer and clerk of the resulting or surviving corporation;

1747 (3) the fiscal year of the resulting or surviving corporation initially adopted;

1748 (4) the date initially fixed in the by-laws for the annual meeting of the shareholders or
1749 members of the resulting or surviving corporation.

1750 The consolidation or merger shall become effective when the articles of consolidation or
1751 merger are filed in accordance with sections 1.23 and 1.25 of chapter 156D, unless said articles
1752 specify a later effective date, in which event the consolidation or merger shall become effective
1753 on such later date. Upon consolidation of any such institutions, as herein provided:

1754 1. The corporate existence of all but one of the consolidating institutions shall be
1755 discontinued and consolidated into that of the remaining institution, which shall continue. All
1756 and singular the rights, privileges and franchises of each discontinuing institution and its right,
1757 title and interest to all property of whatever kind, whether real, personal or mixed, and things in
1758 action, and every right, privilege, interest or asset of conceivable value or benefit then existing
1759 which would inure to it under an unconsolidated existence, shall be deemed fully and finally, and
1760 without any right of reversion, transferred to or vested in the continuing institution, without
1761 further act or deed, and such continuing institution shall have and hold the same in its own right
1762 as fully as if the same was possessed and held by the discontinuing institution from which it was,
1763 by operation of the provisions hereof, transferred, and other provisions of law relative to
1764 limitations on the number of directors, corporators or trustees and on the investment of funds of
1765 such institutions shall not apply.

1766 2. A discontinuing institution's rights, obligations and relations to any shareholder, or
1767 depositor, creditor, trustee or beneficiary of any trust, or other person, as of the effective date of
1768 the consolidation, shall remain unimpaired, and the continuing institution shall, by the
1769 consolidation, succeed to all such relations, obligations and liabilities, as though it had itself

1770 assumed the relation or incurred the obligation or liability; and its liabilities and obligations to
1771 creditors existing for any cause whatsoever shall not be impaired by the consolidation; nor shall
1772 any obligation or liability of any shareholder or depositor in any such institution, continuing or
1773 discontinuing, which is party to the consolidation, be affected by any consolidation; provided,
1774 however, that such obligations and liabilities shall continue as fully and to the same extent as the
1775 same existed before the consolidation, and the provisions relative to the limitations on shares and
1776 deposits shall not apply.

1777 3. A pending action or other judicial proceeding to which any of the consolidating
1778 institutions is a party shall not be deemed to have abated or to have discontinued by reason of the
1779 consolidation, but may be prosecuted to final judgment, order or decree in the same manner as if
1780 the consolidation has not been made; or the continuing institution may be substituted as a party
1781 to any such action or proceeding to which the discontinuing institution was a party, and any
1782 judgment, order or decree may be rendered for or against the continuing institution that might
1783 have been rendered for or against such discontinuing institution if such consolidation had not
1784 occurred.

1785 4. After such consolidation, a foreclosure of a mortgage begun by any discontinuing
1786 institution may be completed by the continuing institution, and publication begun by the
1787 discontinuing institution may be continued in the name of the discontinuing institution. Any
1788 certificate of possession, affidavit of sale or foreclosure deed relative to such foreclosure shall be
1789 executed by the proper officers in behalf of whichever of such institution actually took
1790 possession or made the sale, but any such instrument executed in behalf of the continuing
1791 institution shall recite that it is the successor of the discontinuing institution which commenced
1792 the foreclosure.

1793 5. A new name may be adopted as the name of the continuing institution at the special
1794 meetings called as herein provided, and it shall become the name of the continuing institution
1795 upon the approval of the consolidation, without further action under the laws of the
1796 commonwealth as to change or adoption of a new name on the part of the continuing institution.

1797 6. Any consolidation may be approved and effected pursuant to this section,
1798 notwithstanding that the percentage which the aggregate value of the guaranty fund, surplus and
1799 other reserves, of any of the consolidating institutions, bears to its liabilities including share
1800 liabilities, exceeds such percentage of any of the other consolidating institutions, and any
1801 consolidating institution having such an excess of percentage shall not be required to make any
1802 distribution to its shareholders or depositors.

1803 Section 8. With the approval of the commissioner, any bank may advance or loan upon or
1804 purchase the whole or any part of the assets or stock of any bank, out-of-state bank, federally-
1805 chartered bank, thrift institution, limited purpose trust company, credit union or federally-
1806 chartered credit union including any state-chartered bank in possession of the commissioner

1807 under sections 22 to 36, inclusive, of chapter 167 and any state-chartered bank assisted by or in
1808 possession of its insurer and may participate in such an advance, loan or purchase with 1 or more
1809 banks so located. The request for such approval shall be accompanied by an investigation fee, the
1810 amount of which shall be determined annually by the commissioner of administration under the
1811 provision of section 3B of chapter 7. Such advance, loan or purchase may be made upon such
1812 terms and conditions as shall have been approved by vote of at least two-thirds of the board of
1813 the bank and the applicable board of such other bank or federally chartered bank.

1814 Such bank or banks making or participating in such an advance, loan or purchase for the
1815 purpose of effecting the same, may assume and agree to pay the whole or any part of the deposit
1816 and other liabilities of any other bank, out-of-state bank, federally-chartered bank, thrift
1817 institution, limited purpose trust company, credit union or federally-chartered credit union upon
1818 such terms and conditions and subject to such adjustments as may be approved by the
1819 commissioner. In the event of such approval by the commissioner, other provisions of law
1820 applicable to the investment of funds of a savings bank therein shall not apply.

1821 No such transaction under this section shall be consummated until arrangements
1822 satisfactory to any excess deposit insurer of each such bank, if applicable, have been made and
1823 notice thereof has been received by the commissioner.

1824 The commissioner may impose such conditions and restrictions as may be deemed
1825 necessary or advisable in respect to the deposit or other liabilities, as hereinbefore provided. In
1826 the case of any new bank formed for the purpose of purchasing any or all the assets and
1827 assuming any or all the liabilities of any bank in possession or assisted as aforesaid, the
1828 commissioner may impose such other and further conditions and restrictions concerning the
1829 business, investments and operations of such new bank as he may deem necessary or advisable.
1830 So much of section 8 of chapter 167J as provide that no person shall hold an office in 2 banks at
1831 the same time shall not prevent an officer, trustee or director of any other bank from serving as
1832 an officer, trustee or director of such new bank, or of a bank or federally-chartered bank the
1833 assets and liabilities or stock of which shall have been purchased and assumed by a bank
1834 hereunder.

1835 Before all or substantially all of the assets or stock of any bank shall be sold, such action
1836 shall be approved by the voting body of the bank, out-of-state bank, federally-chartered bank,
1837 thrift institution, credit union or federally-chartered credit union at a special meeting called for
1838 that purpose, of the corporation proposing to sell its assets or stock by a two-thirds vote of the
1839 voting body present, qualified to vote and voting of a mutual bank and by the voting body in a
1840 stock bank. Notice of such special meeting shall be given by the clerk in accordance with the
1841 provisions of applicable law.

1842 In deciding whether or not to approve any such advance, loan or purchase, the
1843 commissioner shall determine whether or not competition among banking institutions will be

1844 unreasonably affected and whether or not public convenience and advantage will be promoted. In
1845 making such determination, the commissioner shall consider, but not be limited to, a showing of
1846 net new benefits. For the purpose of this section, the term "net new benefits" shall mean initial
1847 capital investments, job creation plans, consumer and business services, commitments to
1848 maintain and open branch offices within a bank's delineated local community, as such term is
1849 used within section 14 of chapter 167, and such other matters as the commissioner may
1850 determine.

1851 Section 9. Notwithstanding any general or special law to the contrary, a mutual bank,
1852 subject to approval of the commissioner, may convert to a stock bank.

1853 Any mutual bank which converts to a stock bank shall have all the powers and privileges
1854 of a savings bank or co-operative bank, as applicable.

1855 The commissioner shall have the authority to conduct a supervisory conversion of a
1856 mutual bank to stock form if the commissioner determines that upon liquidation of the mutual
1857 bank there would be no equity value realizable by the depositors of the mutual bank.

1858 The commissioner shall prescribe from time to time such rules and regulations as may be
1859 necessary or proper in carrying out the provisions of this section.

1860 Section 10. A credit union may convert to a mutual bank pursuant to section 80A of
1861 chapter 171. A federally-chartered credit union may convert to a mutual bank pursuant to the
1862 provisions of the Federal Credit Union Act subject to the approval of the commissioner under
1863 such conditions as may be imposed by the commissioner and applicable provisions of subsection
1864 (m) of section 80A of chapter 171.

1865 Section. 11. A mutual bank or stock bank, by vote of at least two-thirds of its voting
1866 body, at a meeting duly called for the purpose, preceded by a notice in writing sent to each
1867 member of the voting body and to the commissioner by mail at least 60 days before said meeting,
1868 may consolidate or merge into or convert into a federally-chartered bank or thrift institution in
1869 accordance with the laws of the United States and without the approval of any authority of the
1870 commonwealth.

1871 Section 12. By any votes required under federal law and the filing of such documents as
1872 the commissioner shall prescribe and under such terms and conditions as the commissioner may
1873 impose, a federally-chartered bank or thrift institution, upon approval by the commissioner, shall
1874 be converted into a bank chartered under chapters 168, 170 or 172, and shall not, in connection
1875 with or upon such conversion, be subject to the requirements of the General Laws with respect to
1876 the organization and commencement of business of such a bank; provided, however, that such
1877 conversion shall not be in contravention of the laws of the United States.

1878 Section 13. A company having capital stock which desires to acquire all the capital stock
1879 of any stock bank shall, together with such stock bank, submit, to the commissioner a written
1880 plan of acquisition of such stock. Such plan shall be in a form satisfactory to the commissioner,
1881 shall specify the stock bank the stock of which is to be acquired by the company shall prescribe
1882 the terms and conditions of the acquisition and the mode of carrying it into effect, including the
1883 manner of exchanging the shares of the corporation for shares or other securities of the company.
1884 Any such plan may provide for the payment of cash in lieu of the issuance of fractional shares of
1885 the company. At the time of submitting said written plan of acquisition, an investigation fee, the
1886 amount of which shall be determined annually by the commissioner of administration under the
1887 provisions of section 3B of chapter 7, shall be paid to the commissioner of banks by the
1888 company.

1889 There shall also be submitted with said plan of acquisition of stock, a certificate of any
1890 officer or duly authorized representative, certifying that such plan has been approved by the
1891 board of directors or other governing body of the company by a majority vote of all the members
1892 thereof, and a certificate of any officer or duly authorized representative of each stock bank, the
1893 acquisition of all the capital stock of which is provided for, certifying that such plan has been
1894 approved by the board of directors of such corporation by a majority vote of all the members
1895 thereof, and that such plan was thereafter submitted to the stockholders of such stock bank at a
1896 meeting thereof held upon notice of at least 15 days, specifying the time, place and object of
1897 such meeting and addressed to each stockholder at the address appearing upon the books of the
1898 corporation and that such plan has been approved at such meeting by the vote of stockholders
1899 owning at least two-thirds in amount of the stock of such corporation.

1900 The commissioner shall examine the plan of acquisition of stock so submitted, and after
1901 making such investigation thereof as the commissioner deems appropriate, the commissioner
1902 shall, within 60 days after receipt thereof approve or disapprove such plan of acquisition in case
1903 such company is not, and would not upon the effectiveness of such plan become, a bank holding
1904 company. In approving any such plan, the commissioner may attach such conditions thereto as
1905 he deems advisable.

1906 If the commissioner finds that competition among banking institutions will not be
1907 unreasonably affected and that public convenience and advantage will be promoted, the
1908 commissioner shall approve such plan of acquisition, and shall endorse the approval thereon and
1909 a copy of the plan bearing such endorsement shall be filed within 30 days thereafter in the office
1910 of the commissioner. Upon such filing, the plan, and the acquisition provided for therein, shall
1911 become effective, unless a later date is specified in the plan, in which event the plan and such
1912 acquisition shall become effective upon such later date.

1913 A stockholder of any such corporation which shall have approved such plan of
1914 acquisition, who objects to such action, in the manner provided in sections 13.21 and 13.23 of
1915 chapter 156D, shall be entitled, if such plan shall have become effective, to demand payment for

1916 the stockholder's stock from such corporation and an appraisal thereof in accordance with the
1917 provisions of sections 13.01 and 13.03 to 13.31, inclusive, of chapter 156D, which provisions, as
1918 modified for the purposes of this paragraph by the provisions hereof, are hereby made applicable
1919 in all such cases, and such stockholder and such corporation shall have the rights and duties and
1920 follow the procedure set forth in said sections.

1921 Any stock bank shall have the power to organize a company for the purposes
1922 contemplated by this section; and in connection with such organization and the development of a
1923 plan of acquisition, any such corporation may incur organization and other expenses in such
1924 amounts, in the aggregate, not exceeding 2 per cent of its capital stock, surplus account and
1925 undivided profits as the commissioner may approve.

1926 Any such company shall engage directly or indirectly only in such activities as are now
1927 or may hereafter be proper activities for bank holding companies registered under the Bank
1928 Holding Company Act of 1956, including, without limiting the generality of the foregoing, the
1929 issuance and sale of commercial paper and acquiring, managing or controlling a bank, a
1930 federally-chartered bank or an out-of-state bank.

1931 The provisions of the following section shall not apply to an acquisition under this
1932 section. A company which acquires any such corporation under this section shall be deemed a
1933 bank holding company subject to the provisions of section 5 of chapter 167A. For the purposes
1934 of this section, the word "company" shall have the same meaning as defined in subparagraph (c)
1935 of section 1 of chapter 167A.

1936 Section 14. No person, acting directly or indirectly or through or in concert with 1 or
1937 more other persons, shall acquire control of any stock bank, through a purchase, assignment,
1938 transfer, pledge or other disposition of voting stock of such bank unless the commissioner has
1939 been given 60 days prior written notice of such proposed acquisition and within said 60 days the
1940 commissioner has not issued a notice disapproving the proposed acquisition or extending for up
1941 to another 30 days the period during which such a disapproval may issue. The period for
1942 disapproval may be further extended only if the commissioner determines that the acquiring
1943 party has not furnished all the material required hereinafter for a notice of proposed acquisition
1944 or that in the commissioner's judgment any material information submitted is substantially
1945 inaccurate. An acquisition may be made prior to expiration of the disapproval period if the
1946 commissioner issues written notice of the commissioner's intent not to disapprove the action. A
1947 notice of proposed acquisition filed pursuant to this section shall contain the following
1948 information:

1949 (1) The identity, personal history, business background and experience of each person by
1950 whom or on whose behalf the acquisition is to be made, including his material business activities
1951 and affiliations during the past 5 years, and a description of any material pending legal or

1952 administrative proceedings in which he is a party and any criminal indictment or conviction of
1953 such person by a state or federal court.

1954 (2) A statement of the assets and liabilities of each person by whom or on whose behalf
1955 the acquisition is to be made, as of the end of the fiscal year for each of the 5 fiscal years
1956 immediately preceding the date of the notice, together with related statements of income and
1957 source and application of funds for each of the fiscal years then concluded, all prepared in
1958 accordance with generally accepted accounting principles consistently applied, and an interim
1959 statement of the assets and liabilities for each such person, together with related statements of
1960 income and source and application of funds, as of a date not more than 90 days prior to the date
1961 of the filing of the notice.

1962 (3) The terms and conditions of the proposed acquisition and the manner in which the
1963 acquisition is to be made.

1964 (4) The identity, source and amount of the funds or other consideration used or to be used
1965 in making the acquisition, and if any part of these funds or other consideration has been or is to
1966 be borrowed or otherwise obtained for the purpose of making the acquisition, a description of the
1967 transaction, the names of the parties, and any arrangements, agreements, or understandings with
1968 such persons.

1969 (5) Any plans or proposals which any acquiring party making the acquisition may have to
1970 liquidate the stock bank, to sell its assets or merge it with any company or to make any other
1971 major change in its business or corporate structure or management.

1972 (6) The identification of any person employed, retained, or to be compensated by the
1973 acquiring party, or by any person on his behalf, to make solicitations or recommendations to
1974 stockholders for the purpose of assisting in the acquisition, and a brief description of the terms of
1975 such employment, retainer or arrangement for compensation.

1976 (7) Copies of all invitations or tenders or advertisements making a tender offer to
1977 stockholders for purchase of their stock to be used in connection with the proposed acquisition.

1978 (8) Any additional relevant information and in such form as the commissioner may
1979 require by specific request in connection with any particular notice.

1980 The commissioner may disapprove any proposed acquisition if: (1) the proposed
1981 acquisition of control would result in a monopoly; (2) the effect of the proposed acquisition of
1982 control may be substantially to lessen competition or to tend to create a monopoly or the
1983 proposed acquisition of control would in any other manner be in restraint of trade and the anti-
1984 competitive effects of the proposed acquisition of control are not clearly outweighed in the
1985 public interest by the probable effect of the transaction in meeting the convenience and needs of
1986 the community to be served; (3) the financial condition of any acquiring person is such as might

1987 jeopardize the financial stability of the stock bank or prejudice the interests of the depositors of
1988 such bank; (4) the competence, experience or integrity of any acquiring person or of any of the
1989 proposed management personnel indicates that it would not be in the interest of the depositors of
1990 such bank or in the interest of the public to permit such person to control the stock bank; or (5)
1991 any acquiring person neglects, fails or refuses to furnish all the information required by the
1992 commissioner. Any disapproval shall be in writing to the acquiring party and shall include a
1993 statement of the basis for such disapproval. Within 10 days of the receipt of a notice of
1994 disapproval the acquiring party may request a hearing to be held by the commissioner or a
1995 designee. Such hearing shall be held under the provisions of chapter 30A and regulations issued
1996 thereunder.

1997 For the purposes of this section, the term "person" shall mean an individual or a
1998 corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship,
1999 unincorporated organization, or any other form of entity not specifically listed herein; and the
2000 term "control" shall mean the power, directly or indirectly, to direct the management or policies
2001 of any such corporation or to vote 25 per centum or more of any class of voting securities of any
2002 such corporation.

2003 The provisions of this section do not alter or amend the authorities of the commissioner
2004 or the board of bank incorporation set out in any other sections of law.

2005 Whoever violates the provisions of this section shall be punished by a fine of not more
2006 than $500 or by imprisonment for not more than 6 months, or both such fine and imprisonment.

2007 Section 15. Subject to the written approval of the commissioner, a bank may be dissolved
2008 and liquidate its affairs if authorized by a vote passed, at a meeting specially called to consider
2009 the subject, by at least two-thirds of the voting body of the bank. A committee of 3 members
2010 shall thereupon be elected, and, under such regulations as may be prescribed by the
2011 commissioner, shall liquidate the assets, and after satisfying all debts of the bank shall distribute
2012 the remaining proceeds among those entitled thereto in proportion to their respective interests
2013 therein.

2014 For the purposes of this section, the word "members" shall mean trustees in a savings
2015 bank in mutual form; shareholders in a co-operative bank in mutual form; and stockholders in a
2016 bank in stock form.

2017 Section 16. (a) Upon a merger or a consolidation by a savings bank with and into a bank,
2018 a federally-chartered bank or an out-of-state bank, other than a savings bank, such savings bank,
2019 hereinafter referred to as a former member bank, shall cease to be a member bank in the
2020 Depositors Insurance Fund. Notwithstanding any general or special law, upon any such merger
2021 or consolidation, such savings bank shall not succeed to or acquire any rights including, but not
2022 limited to, rights to dividends or to the proceeds of any distribution in complete or partial

2023 dissolution or liquidation, in the Depositors Insurance Fund or in its Liquidity Fund or Deposit
2024 Insurance Fund.

2025 A savings bank shall send a notice in writing by registered mail to the Depositors
2026 Insurance Fund at least 60 days before the meeting of the corporators or stockholders, as
2027 applicable, to vote on the merger or consolidation with and into a bank, a federally-chartered
2028 bank or an out-of-state bank, other than a savings bank.

2029 (b) Upon the acceptance by a savings bank of a federal charter it shall cease to be a
2030 member bank in the Depositors Insurance Fund. Notwithstanding any other provision of law,
2031 following its acceptance of a federal charter such corporation shall not retain, succeed to or
2032 acquire any rights including, but not limited to, rights to dividends or to the proceeds of any
2033 distribution in complete or partial dissolution or liquidation, in the Depositors Insurance Fund or
2034 in its Liquidity Fund or Deposit Insurance Fund, except to the extent specifically provided in this
2035 paragraph. In the event that such corporation shall, subsequent to its acceptance of a federal
2036 charter, (i) convert to a Massachusetts-chartered savings bank and become a member of the
2037 Depositors Insurance Fund, or (ii) become a federal member of the Depositors Insurance Fund,
2038 such corporation shall, for so long as it shall remain a member or federal member bank of the
2039 Depositors Insurance Fund, participate in any dividends paid pursuant to section 3 of chapter 43
2040 of the acts of 1934 and in any distributions made pursuant to section 10 of said chapter 43, and in
2041 any dividends paid and any withdrawals or returns of deposits authorized pursuant to section 4 of
2042 chapter 44 of the acts of 1932, in each case based upon the retained amounts paid in by such
2043 corporation to the Deposit Insurance Fund and the Liquidity Fund, respectively, without regard
2044 to whether such amounts were paid before or after acceptance of a federal charter, or upon the
2045 unexpended portion thereof, in the same manner and to the same extent as it would have been
2046 entitled to participate if such corporation had not accepted a federal charter.

2047 Upon the conversion of any such corporation into a federal charter, the corporate
2048 existence of such bank shall not terminate, provided, however, that such federally-chartered bank
2049 shall be deemed to be a continuation of the entity of the savings bank so converted and all
2050 property of the converted savings bank, including its rights, titles, and interests in and to all
2051 property of whatsoever kind, whether real, personal or mixed, and things in action, and every
2052 right, privilege, interest and asset of any conceivable value or benefit then existing, or pertaining
2053 to it or which would inure to it, shall immediately, by act of law and without any conveyance or
2054 transfer and without any further act or deed, remain and be vested in and continue and be the
2055 property of such federally-chartered bank into which the savings bank has converted itself, and
2056 such federal bank shall have, hold and enjoy the same in its own right as fully and to the same
2057 extent as the same was possessed, held and enjoyed by the converting savings bank, and such
2058 federal bank as of the time of the taking effect of such conversion shall continue to have and
2059 succeed to all the rights, obligations and relations of the converting savings bank. All pending
2060 actions and other judicial proceedings to which the converting savings bank is a party shall not
2061 be deemed to have been abated or to have been discontinued by reason of such conversion, but

2062 may be prosecuted to final judgment, order or decree in the same manner as if such conversion
2063 into such federal bank had not been made and such federal bank resulting from such conversion
2064 may continue such action in its corporate name as a federal bank, and any judgment, order or
2065 decree may be rendered for or against it, which might have been rendered for or against the
2066 converting savings bank theretofore involved in such judicial proceedings.

2067 The predecessor corporation or the succeeding association shall pay to said Deposit
2068 Insurance Fund or make provision for payment thereto of a sum equal to 3 annual assessments, at
2069 the percentage rate in effect at the time the predecessor corporation ceased to be a member bank
2070 and computed on the basis of its deposits as shown by its last annual report to the commissioner
2071 preceding such conversion or, at its option or at the option of the succeeding association, as
2072 shown by the records of the predecessor corporation on the effective date of conversion. Until
2073 such sum shall have been paid in full, payments on account thereof shall be made annually or
2074 more often by the predecessor corporation or the succeeding association; provided, that not less
2075 than one-third of such sum shall be paid annually. If any such one-third shall not be so paid or if,
2076 at the end of 3 years from the time the predecessor corporation ceased to be a member bank such
2077 sum shall not have been paid in full, the entire balance thereof may be recovered by the Fund,
2078 together with interest thereon, in any manner provided by law for the collection of debts. The
2079 predecessor corporation or the succeeding association may authorize the deduction of such sum
2080 in whole or in part, from the amount, if any, of the portions of said other assessments to which
2081 the succeeding association may be entitled as hereinbefore provided. If, however, by federal law
2082 or regulation, a federal bank converting therefrom to a savings bank, is required to pay to the
2083 Federal Deposit Insurance Corporation a sum equal to annual premiums or assessments for other
2084 than a period of 3 years, then the number of annual assessments payable to said share insurance
2085 fund under this section shall be for the same number of years as is so required.

2086 Any such corporation which accepts or has accepted a federal charter after January 1,
2087 1983 may apply to the Depositors Insurance Fund for insurance coverage of its deposits in
2088 excess of the amount insured by a federal deposit insurance agency, hereinafter referred to as
2089 "excess insurance", in accordance with the requirements of chapter 44 of the acts of 1932 and
2090 chapter 43 of the acts of 1934; provided, however, that no such corporation shall apply for such
2091 excess insurance unless such corporation shall have capital and surplus if a stock institution or
2092 surplus if a mutual institution, less any intangible asset value, equal to or greater than 6 per cent
2093 of total assets. The Depositors Insurance Fund shall not accept for excess insurance coverage any
2094 such corporation which fails to meet the requirements specified above or the requirements set out
2095 in section 19 of said chapter 43. For purposes of this section, "federal deposit insurance agency"
2096 shall mean Federal Deposit Insurance Corporation or any successor to such corporation.

2097 The commissioner may establish the procedure to be followed by a federally-chartered
2098 bank converting into a savings bank; provided, however, that no such conversion shall become
2099 effective unless approved in writing by the commissioner; and provided, further, that the
2100 commissioner shall not grant such approval until the commissioner has received notice from the

2101 Depositors Insurance Fund that arrangements satisfactory to it have been made for such
2102 conversion.

2103 (c) Upon the conversion of a federally-chartered bank authorized to conduct business in
2104 the commonwealth the corporate existence of such association or bank shall not terminate,
2105 provided, however, that the state-chartered savings bank shall be deemed to be a continuation of
2106 the entity of the association or bank so converted and all property of the converted association or
2107 bank including its rights, titles and interests in and to all property of whatsoever kind, whether
2108 real, personal, or mixed, and things in action, and every right, privilege, interest, and asset of any
2109 conceivable value or benefit then existing, or pertaining to it, or which would inure to it, shall
2110 immediately by act of law and without any conveyance or transfer and without any further act or
2111 deed remain and be vested in and continue and be the property of such savings bank into which
2112 the federal bank has converted itself, and such savings bank shall have, hold and enjoy the same
2113 in its own right as fully and to the extent as the same was possessed, held and enjoyed by the
2114 converting association or bank and such savings bank as of the time of the taking effect of such
2115 conversion shall continue to have and succeed to all the rights, obligations and relations of the
2116 converting association or bank. All pending actions and other judicial proceedings to which the
2117 converting federal bank is a party shall not be deemed to have been abated or to have been
2118 discontinued by reasons of such conversion, but may be prosecuted to final judgment, order or
2119 decree in the same manner as if such conversion into such savings bank had not been made and
2120 such savings bank resulting from such conversion may continue such action in its corporate
2121 name as a savings bank, and any judgment, order or decree may be rendered for or against it,
2122 which might have been rendered for or against such converting federal association or bank
2123 theretofore involved in such judicial proceedings.

2124 Upon the completion of the conversion of a federal bank into a savings bank under the
2125 provisions of this chapter, said savings bank shall become a member of the Depositors Insurance
2126 Fund, hereinafter called the Fund, and of the Deposit Insurance Fund thereof. Before such
2127 succeeding corporation shall commence business as a savings bank, it shall pay into the
2128 Liquidity Fund of the Fund, an amount equal to the deposit required of a member bank thereof a
2129 similar size, as of the date of said certificate, plus such additional amount based upon the surplus
2130 of said Reserve Fund, as the directors of the Fund, with the approval of the commissioner, shall
2131 determine to be equitable. In addition to the payment to said Reserve Fund, the succeeding
2132 corporation shall pay to the Deposit Insurance Fund such proportion of the current and annual
2133 assessment as shall have accrued to the date of said certificate.

2134 After compliance with the foregoing requirements, the succeeding corporation shall
2135 thereafter be entitled to exercise all of the rights and privileges, and shall be subject to all of its
2136 duties and obligations of a savings bank and shall conduct its business subject to the provisions
2137 of this chapter and of other applicable laws; provided, however, that, with the approval of the
2138 commissioner, the succeeding corporation shall have reasonable time after the effective date of
2139 the conversion within which to comply with any particular provisions of such laws not

2140 hereinbefore specifically provided for and which it shall be unable to comply with on or before
2141 said date.

2142 Section 17. (a) Upon a proposal to merge or consolidate a co-operative bank with and
2143 into a bank, other than a co-operative bank, a federally-chartered bank or an out-of-state bank or
2144 conversion to a federal charter such co-operative bank shall send a notice in writing by registered
2145 mail to the Co-operative Central Bank, hereinafter call the central bank, established by section 73
2146 of the acts of 1934, at least 60 days before the meeting of the directors to vote on the merger,
2147 consolidation or conversion.

2148 (b) Upon the acceptance by a co-operative bank of a federal charter and the commissioner
2149 has received from the state secretary a certificate that such co-operative bank, hereinafter
2150 referred to as the predecessor corporation, has been duly recorded for dissolution, the following
2151 further provisions shall apply:

2152 1. The central bank shall pay to said succeeding association from the fund representing
2153 deposits of member banks made pursuant to chapter 45 of the acts of 1932, hereinafter called the
2154 Reserve Fund, an amount equal to not more than the aggregate of all deposits made by the
2155 predecessor corporation held in said Reserve Fund on the effective date of the conversion, less
2156 all indebtedness of such corporation to the central bank; provided, however, that no part of the
2157 income, surplus, undivided profits or other reserves held by the central bank in said Reserve
2158 Fund shall be so paid.

2159 2. All amounts required to be paid by the predecessor corporation while a member bank
2160 to the Share Insurance Fund of the central bank, pursuant to section 1 of chapter 73, including
2161 the income, surplus, undivided profits and other reserves of the Share Insurance Fund, shall be
2162 retained by the central bank as a charge for insurance of the shares of such corporation while a
2163 member of said Share Insurance Fund. Such corporation shall, participate in any distributions
2164 authorized and made pursuant to section 9 of chapter 73 of the acts of 1934, provided, however,
2165 that the aggregate amount of such distributions shall be limited to an amount equal to the amount
2166 the corporation would have received had the Share Insurance Fund been liquidated at the time
2167 such corporation accepted its federal charter. Thereafter the succeeding bank shall be entitled to
2168 receive from the central bank the portions, if any, of such other assessments not so paid or
2169 required as shall be determined by the central bank with the approval of the commissioner, and
2170 such determination shall be final and conclusive upon the central bank, the predecessor
2171 corporation and the succeeding bank and all other persons then or thereafter interested; provided,
2172 that the supreme judicial court shall have jurisdiction to review and to confirm or modify such
2173 determination upon the petition of the predecessor corporation or the succeeding bank filed
2174 within 10 days after receipt thereby of notice of such determination. The central bank, in its
2175 discretion and subject to the approval of the commissioner, may make disposition of such other
2176 assessments, at any time after such conversion is completed, by adjustment pursuant to an

2177 agreement with the predecessor corporation or the succeeding bank and may pay thereto such
2178 amount as may be so agreed upon.

2179 3. The predecessor corporation or the succeeding bank shall, subject to the last sentence
2180 of this paragraph, pay to said Share Insurance Fund or make provision for payment thereto of a
2181 sum equal to 3 annual assessments, referred to in section 1 of chapter 73 at the percentage rate in
2182 effect at the time the predecessor corporation ceased to be a member bank and computed on the
2183 basis of its share liabilities and notes payable as shown by its last annual report to the
2184 commissioner preceding such conversion or, at its option or at the option of the succeeding
2185 associations, as shown by the records of the predecessor corporation on the effective date of
2186 conversion. Until such sum shall have been paid in full, payments on account thereof shall be
2187 made annually or more often by the predecessor corporation or the succeeding bank; provided,
2188 however, that not less than one-third of such sum shall be paid annually. If any such one-third
2189 shall not be so paid or if, at the end of 3 years from the time the predecessor corporation ceased
2190 to be a member bank such sum shall not have been paid in full, the entire balance thereof may be
2191 incurred by the central bank, together with interest thereon, in any manner provided by law for
2192 the collection of debts. The predecessor corporation or the succeeding bank may authorize the
2193 deduction of such sum in whole or in part, from the amount, if any, of the portions of said other
2194 assessments to which the succeeding bank may be entitled as hereinbefore provided. If, however,
2195 by federal law or regulation a federal bank converting therefrom to a co-operative bank, is
2196 required to pay to the federal deposit insurance corporation a sum equal to annual premiums or
2197 assessments for other than a period of 3 years, then the number of annual assessments payable to
2198 said share insurance fund under this section shall be for the same number of years as is so
2199 required.

2200 (c) The commissioner may establish the procedure to be followed by a federal bank or
2201 federal thrift converting into a co-operative bank; provided, however, that no such conversion
2202 shall become effective unless approved in writing by the commissioner. The commissioner shall
2203 not grant such approval until the commissioner has received notice from the Share Insurance
2204 Fund of the central bankthat arrangements satisfactory to it have been made for such conversion.

2205 If an application for conversion is approved by the commissioner as above provided, such
2206 federal bank or federal thrift shall cause to be filed with the state secretary the name, residence
2207 and post-office address of each of the officers and directors of such federal bank or federal thrift,
2208 a copy of its proposed by-laws amended to conform with the requirements of section 7 and such
2209 other information as said secretary may require.

2210 After approval of such conversion by the commissioner, and receipt by the commissioner
2211 of satisfactory evidence that all federal laws and regulations relative to such conversion have
2212 been or will be duly complied with, the commissioner shall cause to be filed with the state
2213 secretary a certificate of the commissioner's approval. After receipt of such certificate by said
2214 state secretary, if the state secretary finds that the requirements of this section have been

2215 satisfactorily complied with, the state secretary shall so certify and upon receipt of a fee, the
2216 amount of which shall be determined annually by the secretary of administration and finance
2217 under section 3B of chapter 7, said state secretary shall issue to said officers and directors in such
2218 form as the state secretary may prescribe, a certificate of incorporation as a co-operative bank.

2219 Simultaneously with the receipt of such certificate, such bank, hereinafter referred to as
2220 the succeeding corporation, shall become a member of the central bank and of the Share
2221 Insurance Fund thereof. Before such succeeding corporation shall commence business as a co-
2222 operative bank, it shall pay into the Reserve Fund of the central bank, established under chapter
2223 45 of the acts of 1932, an amount equal to the deposit required of a member bank thereof of
2224 similar size, as of the date of said certificate, plus such additional amount based upon the surplus
2225 of said reserve fund, as the directors of the central bank, with the approval of the commissioner,
2226 shall determine to be equitable.

2227 In addition to the payment to said Reserve Fund, the succeeding corporation shall pay to
2228 said Share Insurance Fund or make provision for payment thereto of such a sum as the directors
2229 of the central bank, with the approval of the commissioner, shall determine to be equitable; and
2230 provided, that the succeeding corporation shall pay to said Share Insurance Fund such proportion
2231 of any current annual assessment as shall have accrued to the date of said certificate.

2232 After compliance with the foregoing requirements, the succeeding corporation shall
2233 thereafter be entitled to exercise all of the rights and privileges and shall be subject to all of the
2234 duties and obligations of a co-operative bank and shall conduct its business subject to this
2235 chapter and of other applicable laws; provided that, with the approval of the commissioner, the
2236 succeeding corporation shall have reasonable time after the effective date of the conversion
2237 within which to comply with any particular laws not hereinbefore specifically provided for and
2238 which it shall be unable to comply with on or before said date.

2239 Section 18. Notwithstanding the provisions of any general or special law to the contrary,
2240 the commissioner may, subject to such terms and conditions as the commissioner may impose,
2241 grant a certificate to establish an interim bank, which may be a savings bank, co-operative bank
2242 or a trust company, owned by a bank holding company or a banking institution, as defined in
2243 chapter 167A, or a mutual holding company, as defined in chapter 167H, for the sole purpose of
2244 facilitating a multi-step corporate transaction involving a bank, as defined in chapter 167;
2245 provided, however, that the interim bank under this chapter, chapter 167A, 167H, 167I or any
2246 other chapter shall not receive deposits, or otherwise carry on a banking business under the laws
2247 of the commonwealth.

2248 CHAPTER 167J

2249 CORPORATE GOVERNANCE PROVISIONS AND REQUIREMENTS

2250 Section 1. As used in this chapter, the following words shall, unless the context otherwise
2251 requires, have the following meanings:-

2252 "Bank", an association or corporation chartered by the commonwealth under chapter
2253 167H, 168, 170 or 172.

2254 "Board", the board of trustees or directors, as the case may be, in a bank.

2255 "Capital stock", the sum of the par value of the preferred and common shares of capital
2256 stock of a stock corporation, issued and outstanding.

2257 "Commissioner", the commissioner of banks.

2258 "Mutual bank", an association or corporation chartered by the commonwealth under
2259 chapter 168 or 170 which is in mutual form.

2260 "Stock corporation", a savings bank under the provisions of chapter 168, a cooperative
2261 bank under the provisions of chapter 170, which has been chartered, converted or reorganized to
2262 a stockholder form of corporation, or a trust company under chapter 172.

2263 "Surplus account", an account so designated on the books of a bank and consisting of
2264 amounts required by law.

2265 Section 2. Officers and employees of a bank shall be bonded to the extent and in the form
2266 determined by the board.

2267 Section 3. In addition to the duties imposed by law upon the treasurer of a bank, or the
2268 officer or employee thereof charged with the duties and functions usually performed by the
2269 treasurer, such officer shall also be responsible for the performance of all acts and duties required
2270 of such corporation by the provisions of chapters 167, 167A to 167J, inclusive, 168, 170, 172
2271 and other laws as such provisions are applicable to such officer or to such bank except in so far
2272 as such performance has been expressly imposed on some other officer or employee of such
2273 bank by its regulations or by-laws or by provision of law.

2274 Section 4. Any officer, trustee, director, agent or employee of any bank, who knowingly
2275 and willfully does any act forbidden to him or to such bank by any provision of chapters 167,
2276 167A to 167J, inclusive, 168, 170, 172, and other laws as such provisions are applicable to such
2277 officer or to such bank, or who knowingly and willfully aids or abets the doing of any act so
2278 forbidden to such bank or to any other officer, director, agent or employee thereof, or who
2279 knowingly and willfully fails to do any act required of him by any such provision, or who
2280 knowingly and willfully fails to do any act which is required of such bank by any such provision
2281 the performance of which is imposed on him by the by-laws or regulations of the bank or by law
2282 or the responsibility for the non-performance of which is placed upon him by law shall, if no

2283 other penalty against him in his aforesaid capacity is specifically provided, be punished by a fine
2284 of not more than $1,000 or by imprisonment for not more than 1 year, or both.

2285 Section 5. No officer, director, trustee, employee or attorney of such corporation shall be
2286 a beneficiary of or receive, directly or indirectly, any fee, commission, gift or other consideration
2287 for or in connection with any business of such corporation. This section shall not prohibit any
2288 such officer, director, trustee, employee or attorney from receiving interest on a deposit made by
2289 the usual salary or fee as such director or trustee or a reasonable fee for services rendered to such
2290 corporation or from borrowing from such corporation in accordance with law, or from sharing in
2291 commissions, profits or other benefits derived by any firm, association or corporation, in which
2292 he is interested, arising out of any transaction with said corporation if such transaction is made in
2293 the regular course of business upon terms as favorable to the corporation as those offered to other
2294 persons. The commissioner may require a full disclosure to be made on such forms as may be
2295 prescribed by regulations or otherwise by the commissioner, of all commissions, profits or other
2296 benefits realized in any such transaction.

2297 Section 6. Whoever violates any provisions of sections 5 and 10 shall be punished by a
2298 fine of not more than $5,000 or by imprisonment for not more than 1 year, or both such fine and
2299 imprisonment.

2300 Section 7. A bank may pay interest on deposit accounts in accordance with applicable
2301 law. Rates of interest may vary based on the type of account or on the terms and conditions
2302 applicable to the account. Such corporation by its by-laws, may provide that fractional parts of a
2303 dollar shall not be included in principal in computing interest, and may provide that interest shall
2304 not be paid on deposits of less than $10.

2305 Section 8. A trustee, a director or other officer of bank may at the same time be a
2306 director, trustee or other officer of a savings bank, co-operative bank or credit union, state or
2307 federally chartered savings and loan association, trust company, or national banking association
2308 if, in such case, there is in force a permit therefor issued by the commissioner in writing with the
2309 reasons thereon stating why the public interest warrants its issuance, after reasonable notice and
2310 an opportunity to be heard, who may issue such permit if, in the commissioner's judgment, it is
2311 not incompatible with the public interest, and to revoke any such permit whenever the
2312 commissioner finds, after reasonable notice and opportunity to be heard, that the public interest
2313 warrants its revocation except that the provisions of this section shall not apply to any director or
2314 other officer who held such position at the incorporation of said trust company. Any person
2315 serving as a director, trustee or other officer of a bank that does not make real estate mortgage
2316 loans and does not accept savings deposits from natural persons, may at the same time serve as a
2317 director, corporator, trustee or other officer of a savings bank, co-operative bank, trust company,
2318 state or federally chartered savings and loan association, or national banking association.

2319 Notwithstanding the provisions of this section, a director, officer or employee of a bank
2320 may at the same time be a director, officer or employee of a banking institution if such bank and
2321 banking institution are affiliates of the same bank or mutual holding company. For the purposes
2322 of this section, the terms “banking institution” and “affiliate” shall have the same meanings as set
2323 forth in section 1 of chapter 167A.

2324 Section 9. Each bank shall, annually, within 30 days after the last business day of
2325 December, make a report to the commissioner in such form as the commissioner may prescribe
2326 showing accurately its condition at the close of business on that day, and containing such other
2327 information as the commissioner may require. A statement of condition of a bank shall be
2328 available for examination for reasonable purposes by stockholders or their authorized agents at
2329 the principal office during business hours.

2330 Each such corporation shall prepare a balance sheet, in accordance with generally
2331 accepted accounting principles, which presents fairly its condition as of the last business day of
2332 its fiscal year. A copy of a statement of condition shall be made available to a depositor upon
2333 request.

2334 Section 10. An officer, director or trustee of a bank, except as provided in this section,
2335 shall not borrow from or otherwise become indebted to the bank of which he is an officer,
2336 director or trustee and a bank, except as provided in this section, shall not make a loan or extend
2337 credit in any other manner to any of its officers, directors or trustees. An officer, director or
2338 trustee of a bank may borrow and a bank may make a loan or extend credit to its officers,
2339 directors or trustees subject to the terms and conditions in compliance with subsection (g) of
2340 section 2I of chapter 167.

2341 Section 11. At intervals that shall not be less frequent than quarterly, the treasurer or
2342 other officer or committee designated by the board shall submit to a meeting of the board, or to a
2343 meeting of a committee, if the receipt of the reports has been delegated by the board to that
2344 committee, a written report, over signature of the treasurer, for the period running from the
2345 closing date of the last report to a date not more than 18 days before the date of the meeting at
2346 which the report is submitted. The report shall be filed with the records of the meeting and shall
2347 be retained for a period of 6 years from the date of the meeting. The report shall provide a
2348 summary of the transactions and other information requested by the board.

2349 Section 12. At least once during each 12 months following their elections and more often
2350 if required by the commissioner, the auditing committee of a mutual bank shall have an audit
2351 made of the balance sheet of the bank and such other financial statements as it may prescribe.

2352 The audit shall be made by an independent certified public accountant as set forth in the
2353 last paragraph of section 33 of chapter 13 in accordance with generally accepted auditing
2354 standards and in such other form and manner at such time within said 12 months as the auditing

2355 committee may prescribe. Within 30 days after its election, the auditing committee shall appoint
2356 an accountant.

2357 The accountant shall report in writing to the auditing committee the results of the audit.
2358 At the next meeting of the trustees or directors of the mutual institution thereafter, the auditing
2359 committee shall render a report, which shall be read and signed by the committee, stating the
2360 nature, extent and results of the audit and whether it accepts the accountant's report.

2361 The auditing committee shall file with the commissioner a copy of the accountant's
2362 report within 30 days after its receipt and maintain another copy with the records of the bank. If
2363 the auditing committee fails to have an audit as herein provided, the commissioner shall have an
2364 audit made by an independent certified public accountant as set forth in the last paragraph of
2365 section 33 of chapter 13 in such form and manner as the commissioner may prescribe, and the
2366 expense shall be paid by the bank.

2367 Section 13. A bank shall maintain capital and surplus if a stock corporation or a surplus
2368 account if a mutual institution necessary to be deemed, at a minimum, adequately capitalized as
2369 determined by the federal deposit insurance agency which insures the deposits of the bank or, if
2370 applicable, by the commissioner.

2371 Section 14. The capital stock of a stock corporation shall be subject to the following
2372 provisions:

2373 A. Classes. — The capital stock of such corporation may consist of common stock and 1
2374 or more classes of preferred stock. The issuance of any such capital stock shall require the prior
2375 approval of the commissioner and shall be subject to such conditions as the commissioner may
2376 impose.

2377 B. Preferred Stock. — The preferred stock may contain such provisions relative to
2378 preferences, voting powers, retirement, dividend and conversion rights and participation in
2379 control and management as the by-laws and articles of organization may, with the approval of
2380 the commissioner, provide; provided, however, that the holders thereof shall not be held
2381 individually responsible as such holders for any debts, contracts or engagements of such
2382 corporation and shall not be liable for assessments to restore impairments in its capital. In case
2383 dividends on the preferred stock are to be cumulative, no dividends shall be declared or paid on
2384 common stock until all such cumulative dividends shall have been paid in full and all
2385 requirements of any retirement fund shall have been met; and if such corporation is placed in
2386 voluntary liquidation, or a conservator is appointed therefor, or possession of its property and
2387 business has been taken by the commissioner, no payments shall be made to the holders of the
2388 common stock until the holders of the preferred stock shall have been paid in full such amounts
2389 as may, with the approval of the commissioner, be provided in the articles of organization or
2390 amendments thereof, not in excess of the purchase price or other consideration received by the
2391 corporation for such preferred stock, plus all accumulated unpaid dividends.

2392 C. Issue. — No stock specified in the agreement of association shall be issued until the
2393 par value and pro rata portion of surplus account and undivided profits account shall be paid in
2394 full in cash. No additional stock shall be issued until the par value thereof is paid in full in cash
2395 or such other consideration as shall be approved by the commissioner or is in its possession as
2396 surplus account; provided, that no stock shall be issued against the surplus account unless, after
2397 such issue, the surplus account shall amount to at least 50 per cent of the total capital stock.

2398 D. Increase or Reduction. — Any such corporation may, subject to the approval of the
2399 commissioner, increase or reduce its capital stock in the manner provided by section 10.03 of
2400 chapter 156D; provided, however, that the capital stock shall not be reduced to less than the
2401 minimum amounts set forth by law; and provided, further, that, in the case of reorganization of
2402 any such corporation in possession of the commissioner under section 22 of chapter 167 or in
2403 possession of a conservator under chapter 167, the capital stock outstanding at the time of
2404 possession taken by the commissioner or conservator may be cancelled in whole or in part or
2405 other disposition thereof made in accordance with any plan of reorganization approved by the
2406 commissioner and the supreme judicial court.

2407 E. Change of Par Value. — Any such stock corporation may change the par value of its
2408 shares in the manner provided by section 10.03 of chapter 156D.

2409 F. Rights and Options. — The terms and conditions of any rights or options issued by any
2410 such stock corporation, including those outstanding on the effective date of this section, may
2411 include, without limitation, restrictions or conditions that preclude or limit the exercise, transfer,
2412 receipt or holding of such rights or options by any person or persons owning or offering to
2413 acquire a specified number or percentage of the outstanding stock or other securities of the
2414 corporation, or any transferees of any such persons, or that preclude or limit such actions based
2415 on such other factors, including the nature or identity of such persons, as the directors determine
2416 to be reasonable and in the best interests of the corporation. Nothing contained in this section
2417 shall affect the duties or standard of care of a director. The issuance of any shares of the capital
2418 stock of the corporation upon the exercise of any such options or rights shall require the prior
2419 approval of the commissioner and shall be subject to such conditions as the commissioner may
2420 impose.

2421 Section 15. The registrar, transfer agent or other officer or agent of any such stock
2422 corporation having charge of its stockholders' records or ledger shall, within 10 days after
2423 recording thereon any transfer of stock of the corporation which makes the transferee the owner
2424 of record of 10 per cent or more of the outstanding stock with voting power, report such transfer
2425 to the commissioner. Any agent or broker holding 10 per cent or more of such stock for the
2426 benefit of 1 or more persons shall, upon written request of the commissioner, report to the
2427 commissioner the names of such persons. Whoever violates this section shall be punished by a
2428 fine of not more than $500 or by imprisonment for not more than 6 months, or both.

2429 Section 16. The directors may fix in advance a time, which, unless a shorter period is
2430 provided in the by-laws, shall be not more than 60 days before the date of any meeting of the
2431 stockholders or the date for the payment of any dividend or the making of any distribution to
2432 stockholders or the last day on which the consent or dissent of stockholders may be effectively
2433 expressed for any purpose, as the record date for determining the stockholders having the right to
2434 notice of and to vote at such meeting and any adjournment thereof or the right to receive such
2435 dividend or distribution or the right to give such consent or dissent, and in such case only
2436 stockholders of record on such record date shall have such right, notwithstanding any transfer of
2437 stock on the books of the bank after the record date; or without fixing such record date the
2438 directors may for any of such purposes close the transfer books for all or any part of such period.

2439 Section 17. The board of directors may declare from net profits cash dividends annually,
2440 semi-annually or quarterly, but not more frequently, and noncash dividends at any time. No
2441 dividends shall be declared, credited or paid so long as there is any impairment of capital stock.
2442 No stock corporation having outstanding preferred stock shall, except as otherwise authorized by
2443 the commissioner, declare dividends upon common stock for any period other than a period for
2444 which dividends are declared upon preferred stock.

2445 The approval of said commissioner shall be required if the total of all dividends declared
2446 by a stock corporation in any calendar year shall exceed the total of its net profits for that year
2447 combined with its retained net profits of the preceding 2 years, less any required transfer to
2448 surplus or a fund for the retirement of any preferred stock.

2449 For the purposes of this section, the words “net profits” shall mean the remainder of all
2450 earnings from current operations plus actual recoveries on loans and investments and other assets
2451 after deducting from the total thereof all current operating expenses, actual losses, accrued
2452 dividends on preferred stock, if any, and all federal and state taxes.

2453 Section 18. Such stock corporation may grant options to purchase, issue and sell shares of
2454 its capital stock to its directors, officers and employees, or to a trustee on their behalf, without
2455 first offering the same to its shareholders, for such consideration, not less than par value, and
2456 upon such terms and conditions as shall be approved by its board of directors, by the holders of a
2457 majority of the stock entitled to vote with respect thereto and by the commissioner. In the
2458 absence of fraud, the sufficiency of consideration as so approved shall be conclusively presumed.

2459 Section 19. Such corporation may establish stock purchase plans, restricted stock
2460 purchase plans and stock grant plans for employees, officers and directors thereof, whether such
2461 director is an employee or non-employee of the corporation. Any such plan shall be subject to
2462 such terms and conditions as shall be approved by the board of directors of the bank, by the
2463 holders of a majority of the stock thereof entitled to vote with respect thereto and by the
2464 commissioner. In the absence of fraud, the sufficiency of consideration as so approved shall be
2465 conclusively presumed. Notwithstanding the provisions of subsection C of section 14, stock may

2466 be issued for intangible property or services if permitted by the plan approved as provided in this
2467 section, without the approval of the specific form of such non-cash consideration by the
2468 commissioner.

2469 Section 20. (a) A stock company may, subject to the approval of the commissioner and
2470 upon vote of the holders of at least two-thirds of each class of its capital stock at an annual
2471 meeting or a special meeting duly called for the purpose, preceded in either case by a notice in
2472 writing sent to each stockholder of record by registered mail at least 10 days before said meeting,
2473 issue and sell its capital notes or debentures of any maturity. The indebtedness evidenced by any
2474 such capital notes or debentures, including the principal thereof and premium, if any, and interest
2475 thereon, shall be subordinate to the claims of depositors and other creditors of such corporation,
2476 except claims in respect of other capital notes or debentures of such corporation at least equally
2477 subordinated, in accordance with such provisions for subordination as shall be approved by the
2478 commissioner, and such subordination shall be specifically enforceable by any interested person,
2479 including the commissioner or any conservator appointed by the commissioner whenever
2480 possession of the property and business of such corporation shall have been taken by the
2481 commissioner or such conservator. Any such issue of capital notes or debentures may contain
2482 such other provisions as the commissioner may approve, including provision for conversion
2483 rights. The commissioner may, by regulation, provide that any such capital notes or debentures
2484 shall to the extent set forth in such regulation be treated as part of the capital funds of the issuing
2485 stock corporation for purposes of any of the provisions of this chapter.

2486 (b) Nothing in subsection (a) shall be construed as limiting the power of any such
2487 corporation to borrow money otherwise than through the issuance and sale of such capital notes
2488 or debentures, provided that no such corporation shall engage in the business of issuing and
2489 selling to depositors, customers or others its unsecured promissory notes except in accordance
2490 with such regulations as the commissioner in his discretion may adopt as to the conduct of such
2491 business or, in the absence of such regulations, with the prior approval of the commissioner. Any
2492 regulations adopted by the commissioner in accordance with the foregoing provisions of this
2493 subsection may impose limitations on the aggregate amount of such promissory notes at any time
2494 outstanding, and the interest cost thereof, and may further require that reserves shall be
2495 maintained against the indebtedness evidenced thereby, all by classes of trust companies or
2496 otherwise.

2497 Section 21. A bank's corporate governance procedures shall comply with banking laws
2498 and regulations and safe and sound banking practices. To the extent not inconsistent with the
2499 above, a bank may elect to follow the corporate governance procedures of chapter 156D or the
2500 law of the state in which its holding company is organized. A bank shall designate in its by-laws
2501 the body of law selected or its corporate governance procedures.

2502 SECTION 58. The General Laws are hereby amended by striking out chapter 168, as
2503 appearing in the 2012 Official Edition, and inserting in place thereof the following chapter:-

2504 CHAPTER 168. SAVINGS BANKS

2505 Section 1. The following words as used in this chapter, unless the context otherwise
2506 requires, shall have the following meanings:—

2507 "Board", or "Board of Bank Incorporation" as used in the first 9 sections, a board
2508 consisting of the commissioner of banks, the commissioner of revenue and the state treasurer.

2509 "Capital stock"' the sum of the par value of the preferred and common shares of capital
2510 stock, issued and outstanding.

2511 "Commissioner", the commissioner of banks.

2512 "Corporator"' an original incorporator

2513 "Incorporators", subscribers to the agreement of association for the purpose of forming a
2514 savings bank under the provisions of this chapter.

2515 "Mutual bank", a savings bank, institution for savings or savings institution incorporated
2516 as such in the commonwealth in mutual form.

2517 "Savings bank", a savings bank, institution for savings or savings institution incorporated
2518 as such in this commonwealth.

2519 "Stock bank", a savings bank, institution for savings or savings institution incorporated as
2520 such in the commonwealth in stock form which has been chartered or reorganized or converted
2521 to a stockholder form of corporation.

2522 "Stockholder", a registered owner of shares of capital stock of a stock savings bank

2523

2524 Section 2. A savings bank shall have all the powers expressly granted by law and
2525 whatever further incidental powers may fairly be implied from those expressly conferred and
2526 such as are reasonably necessary to enable it to exercise fully those powers according to common
2527 or accepted banking customs and usages.

2528 Section 3. Any such corporation organized prior to January 1, 1955 shall be subject to
2529 this chapter and chapters 167C to 167G, inclusive, chapter 167I and chapter 167J so far as is
2530 consistent with the provisions of its charter, and may, by vote of its corporators at its annual
2531 meeting or at a meeting called for the purpose, accept any provision of this chapter which is
2532 inconsistent with its charter. Any such corporation organized after January 1, 1955, shall be
2533 subject to this chapter and chapters 167C to 167G, inclusive and chapter 167I and chapter 167J.

2534 Section 4. A savings bank shall upon its incorporation have such capital structure as the
2535 board of bank incorporation shall deem adequate. Such capital structure may vary by the board
2536 based on the application and business plan submitted.

2537 Section 5. Fifteen or more individuals who associate themselves by a written agreement
2538 for the purpose of forming a savings bank may, upon compliance with sections 4 to 9, inclusive,
2539 become a corporation, with all the powers and privileges and subject to all the duties, restrictions
2540 and liabilities set forth in all general laws relating to such corporations. The agreement of
2541 association shall specifically state:

2542 (a) That the incorporators thereto associate themselves with the intention of forming a
2543 corporation;

2544 (b) The name by which the corporation shall be known;

2545 (c) The location of the principal office of the corporation, which shall be within the
2546 commonwealth;

2547 (d) The purposes for which the corporation is formed and the nature of the business to be
2548 transacted;

2549 (e) The amount and classes of its capital stock, and the number of shares into which any
2550 class is to be divided; the amount of the surplus account and the amount of the undivided profits
2551 account for a stock bank, the amount of the surplus account for a mutual bank; and

2552 (f) The name of each incorporator and the number of shares of capital stock, if any, which
2553 such incorporator agrees to take and the class or classes of such shares.

2554 The name of each incorporator shall be subscribed to the agreement of association.

2555 Section 6. A notice of the intention of the incorporators to form such a savings bank shall
2556 be submitted to the board of bank incorporation.

2557 A notice in such form as said board shall approve, shall be published at least once a
2558 week, for 3 successive weeks, in 1 or more newspapers designated by the board, and published in
2559 the city or town in which it is proposed to establish the savings bank, or if there is no newspaper
2560 in such city or town, in a newspaper published in the city or town which is nearest to the
2561 proposed location. Such notice shall specify the names of the proposed incorporators, the name
2562 of the corporation and the location of the same. The incorporators to said agreement shall apply
2563 to the board for a certificate that public convenience and advantage will be promoted by the
2564 establishment of such savings bank. Such an application for a proposed savings bank shall be
2565 accompanied by an investigation fee, the amount of which shall be determined by the
2566 commissioner of administration under the provision of section 3B of chapter 7. In determining
2567 whether the public convenience and advantage will be promoted by the establishment of such

2568 savings bank, the board shall consider the adequacy of its capital structure, the general character
2569 of its management, the adequacy of banking facilities in the area and the convenience and needs
2570 of the community to be served. The board may grant such certificate, which shall be deemed to
2571 be revoked if the applicants therefor do not become incorporated and begin business within 1
2572 year after its date of issue. If the board refuses to issue such certificate, no further proceeding
2573 may be taken by the applicant during the year next following the date of such refusal except with
2574 the approval of the board, provided, however, the applicant may renew his application as of right
2575 after 1 year from the date of such refusal, and may dispense with further notice or publication
2576 unless the board orders such notice or publication.

2577 Section 7. The first meeting of the incorporators shall be called by a notice signed either
2578 by that incorporator who is designated in the agreement for the purpose, or by a majority of the
2579 incorporators, and such notice shall state the time, place and purposes of the meeting. A copy of
2580 the notice shall, at least 7 days before the day appointed for the meeting, be given to each
2581 incorporator or left at each incorporator's residence or usual place of business, or deposited in
2582 the post office, postage prepaid, and addressed to each incorporator at such incorporator's
2583 residence or usual place of business, and another copy thereof and an affidavit of one of the
2584 signers that the notice has been duly served shall be recorded with the records of the corporation.
2585 If all the incorporators shall, in writing endorsed upon the agreement of association, waive such
2586 notice and fix the time and place of the meeting, no notice shall be required. At such first
2587 meeting, or at any adjournment thereof, the incorporators shall organize by the choice by ballot
2588 of a temporary clerk who shall be sworn, by the adoption of by-laws and by the election in such
2589 manner as the by-laws may determine, a clerk or secretary, and such other officers as the by-laws
2590 may prescribe, trustees for a mutual bank or directors for a stock bank. The temporary clerk shall
2591 make and attest a record of the proceedings until the clerk or secretary has been chosen and
2592 sworn, including a record of such choice and qualification.

2593 Section 8. The president, clerk or secretary and a majority of the trustees or directors, as
2594 applicable, elected at such first meeting shall make and sign under penalties of perjury articles of
2595 organization in duplicate, setting forth:-

2596 (a) A true copy of the agreement of association, the names of the incorporators thereto,
2597 and the name of each of the officers and directors or trustees as applicable; and

2598 (b) The date of the first meeting and the successive adjournments thereof, if any.

2599 One duplicate original of the articles so signed shall be submitted to the commissioner,
2600 and the other, together with the records of the proposed corporation, to the state secretary, who
2601 shall examine the same, and who may require such amendment thereof or such additional
2602 information as the state secretary may consider necessary. If the commissioner finds that the
2603 articles conform to the 4 preceding sections relative to the organization of the corporation and
2604 that section 6 has been complied with, the commissioner shall so certify and endorse the

2605 commissioner's approval thereon. The articles shall be filed within 30 days thereafter in the
2606 office of the state secretary, who, upon receipt of a fee, the amount of which shall be determined
2607 annually by the commissioner of administration pursuant to section 3B of chapter 7, said state
2608 secretary shall issue a certificate of incorporation in the following form:

2609 COMMONWEALTH OF MASSACHUSETTS

2610 Be it known that whereas (the names of the subscribers to the agreement of association)
2611 have associated themselves with the intention of forming a corporation under the name of (the
2612 name of the corporation), for the purpose (the purpose declared in the agreement of association),
2613 with a capital stock or surplus, as applicable, of (the amount fixed in the agreement of
2614 association), and have complied with the statutes of the commonwealth in such case made and
2615 provided, as appears from the articles of organization of said corporation, duly approved by the
2616 state secretary and recorded in this office: Now, therefore, I (the name of the state secretary),
2617 secretary of the commonwealth of Massachusetts, do hereby certify that said (the names of the
2618 subscribers to the agreement of association), their associates and successors, are legally
2619 organized and established as, and are hereby made, an existing corporation under the name of
2620 (name of the corporation), with the powers, rights and privileges, and subject to the limitations,
2621 duties and restrictions, which by the law appertain thereto.

2622 Witness my official signature hereunto subscribed and the great seal of the
2623 commonwealth of Massachusetts hereunto affixed, this day of in the year (the date of the filing
2624 of the articles of organization).

2625 The state secretary shall sign the certificate of incorporation and cause the great seal of
2626 the commonwealth to be thereto affixed, and such certificate shall have the force and effect of a
2627 special charter. The existence of every such corporation shall begin upon the filing of the articles
2628 of organization in the office of the state secretary. The state secretary shall also cause a record of
2629 the certificate of incorporation to be made, and such certificate, or such record, or a certified
2630 copy thereof, shall be conclusive evidence of the existence of such corporation.

2631 A bank may amend its articles of organization if approved by its board and submitted to
2632 and approved by the bank's governing body except as provided in sections 10.05, 10.07 and
2633 14.34 of chapter 156D. After approval by the board and governing body, the amendment shall be
2634 submitted to the commissioner for the commissioner's endorsement thereon before delivering the
2635 amendment to the state secretary for filing.

2636 Section 9. When all the capital stock has been issued for a stock bank, a list of the
2637 stockholders, with the name, residence and post office address of each, and the number of shares
2638 in each class held by each stockholder, shall be filed with the board of bank incorporation, which
2639 list shall be verified by the clerk of the corporation. Upon receipt of such list the board shall
2640 cause an examination to be made of the method of payment of the capital stock, or the surplus
2641 account if a mutual bank of the personnel of the corporation, including the officers and directors

2642 or trustees thereof, and if, after such examination, it appears that the whole capital stock, surplus
2643 account and undivided profits account for a stock bank or surplus account for a mutual bank have
2644 been paid in cash, that all requirements of law have been complied with, that the bank is a
2645 member of the Federal Deposit Insurance Corporation and that the qualifications of the personnel
2646 are satisfactory, the board shall, if satisfied that the public convenience and advantage will be
2647 promoted thereby, issue a certificate authorizing such corporation to begin the transaction of
2648 business. No such corporation shall begin the transaction of business until such a certificate has
2649 been granted.

2650 Section 10. A mutual bank shall be subject to sections 11 to 21A, inclusive, and a stock
2651 bank shall be subject to sections 21A to 26, inclusive.

2652 Section 11. Meetings of the corporators, board of trustees and board of investment of a
2653 mutual bank shall be held in the town wherein the main office of the corporation is located or at
2654 any other place within the counties in which the bank has a branch office.

2655 Section 12. A mutual bank shall have at least 25 corporators and may, at a legal meeting
2656 of the corporators, elect by ballot to be a corporator any person who is a resident of the
2657 commonwealth, or any person who resides in another state; provided, however, that not less than
2658 a majority of said corporators shall be citizens of the commonwealth and residents therein at any
2659 one time. Corporators shall be elected for a term of 10 years, provided, however, that a
2660 corporator shall not serve beyond the retirement age as established by the bank's by-laws. No
2661 person shall serve as a corporator of more than 1 savings bank, and no corporator shall, after
2662 January 1, 1975, serve as an officer or director of a national bank, trust company, co-operative
2663 bank, savings and loan association or credit union. A corporator shall, at the time of his election
2664 or within 30 days thereafter, be a depositor of such corporation. Any person serving as a
2665 corporator of a savings bank may at the same time serve as a director or other officer of a trust
2666 company or a national bank that does not make real estate mortgage loans and does not accept
2667 savings deposits from natural persons.

2668 No person shall continue to be a corporator after removing from the commonwealth
2669 unless, at the annual meeting following such removal, the corporators shall vote to continue such
2670 person as a corporator subject to the limitations of this section applicable to nonresident
2671 corporators.

2672 Any person may, at an annual or special meeting of the corporators, cease to be a
2673 corporator if, at least 3 days before such meeting, he has filed with the clerk a written notice of
2674 the corporator's intention so to do. If a corporator fails to attend 2 consecutive annual meetings,
2675 such corporator's membership may, by vote of the corporators at their next annual meeting, be
2676 declared forfeited; and such action and vote when recorded shall be evidence of such forfeiture.
2677 Not more than three-fifths of the corporators of any such corporation shall be trustees or officers
2678 thereof at any one time.

2679 Section 13. The annual meeting of the corporators of a mutual bank shall be held at a
2680 time as the by-laws direct. Special meetings may be held by order of the trustees or upon written
2681 request of at least 10 corporators addressed to the clerk who shall give notice of special meetings
2682 upon that order or request. In the absence or inability of the clerk to serve, the president or a vice
2683 president may give the notice required by this section. At least 7 days before the date of the
2684 meeting, written notice of the meeting shall be mailed to each corporator. The names of those
2685 present at a meeting shall be entered in the records of the corporation. A quorum shall consist of
2686 not less than 13 corporators or 25 per cent of the total number of corporators, whichever is
2687 greater; provided, however, that , not more than 50 corporators shall be necessary to constitute a
2688 quorum.

2689 Section 14. A mutual bank shall have a board of trustees, subject to the following
2690 provisions:-

2691 1. Number. The board shall consist of not less than 11 trustees and such additional
2692 number, if any, as may be provided in the by-laws.

2693 2. Qualifications. The business of the corporation shall be managed by a board of
2694 trustees, of which not less than a majority shall be citizens of the commonwealth. A trustee at the
2695 time of his election, or within 30 days thereafter, shall be a depositor of the corporation. At least
2696 2 trustees of the board at the time of their election shall be residents of the city or town where the
2697 main office or a branch office of the corporation is located.

2698 3. Election. All trustees shall be elected by and from the corporators, except that any
2699 vacancy in the board arising between annual meetings from death, resignation or otherwise, may
2700 be filled by the trustees until the next annual meeting at which the corporators may elect a trustee
2701 for the balance, if any, of the unexpired term. The trustees shall be divided into 3 groups as
2702 nearly equal in number as possible, and 1 of such groups shall be elected annually for a term of 3
2703 years; provided, however, that during the minimum time necessary to accomplish the foregoing,
2704 1 of said groups may be elected for a term of 1 year and 1 for a term of 2 years. Upon the
2705 election as trustee of a person who has not been theretofore a trustee of such corporation, the
2706 clerk shall send forthwith to the commissioner the name and address of such person and the clerk
2707 shall transmit to such person a copy of the laws relating to savings banks. A number of trustees,
2708 not exceeding 2, may be elected by vote of a majority of the trustees then in office if the by-laws
2709 so proscribe.

2710 4. Termination of Office. If a trustee fails to attend 4 consecutive regular quarterly
2711 meetings of the board of trustees, said board may declare such trustee's office to be vacant at its
2712 next regular quarterly meeting, and if a trustee fails to attend 8 consecutive regular quarterly
2713 meetings of said board, it shall declare such trustee's office to be vacant at its next regular
2714 quarterly meeting; provided, however, this provision shall not apply to a trustee while such
2715 trustee is serving on active duty as a member of the Armed Forces of the United States. Any

2716 trustee whose office is declared to be vacant as provided in this paragraph shall not be re-elected
2717 as a trustee except upon vote of at least two-thirds of all the corporators of such corporation
2718 passed at a subsequent annual meeting.

2719 The by-laws may authorize the continuance, as honorary trustees, of those persons who
2720 shall have served as trustee for 10 years or more. Such honorary trustee may be elected for an
2721 indefinite term and shall not be included in determining the minimum number of trustees
2722 provided under paragraph 1, or the number of trustees to be elected annually as provided in
2723 paragraph 4 of this section. Such honorary trustee shall not be deemed to be an officer or
2724 member of the board of trustees of such corporation, shall not receive compensation or be
2725 required to attend meetings or be authorized or required to perform any duties.

2726 The office of any trustee who seeks, or against whom, an order of relief is entered in a
2727 personal capacity, pursuant to Title 11 of the United States Code, or who, on examination in a
2728 supplementary process proceeding, has been found unable to pay a judgment, shall thereby be
2729 vacated. A record of any such vacancy shall be entered upon the books of the corporation. Any
2730 trustee whose office is so vacated shall again be eligible to serve as a trustee upon the receipt of a
2731 discharge in bankruptcy under chapter 7 of said Title 11; the completion of all payments required
2732 pursuant to a plan of reorganization under chapter 11 thereof; the completion of all payments
2733 under a plan of debt adjustment under chapter 13 thereof; or the payment of said judgment.

2734 The commissioner may recommend the removal of any trustee, officer or employee who
2735 in the commissioner's opinion has abused his trust, or has been negligent in the performance of
2736 his duties, and upon such recommendation the trustees may remove or discharge such trustee,
2737 officer or employee. The trustees shall act upon such recommendation within 30 days after
2738 receiving the same and neither such trustees nor the commissioner shall be personally liable for
2739 any action taken by them in good faith in connection with any such recommendation or removal.

2740 Section 15. A regular meeting of the board of trustees of a mutual bank shall be held at
2741 least once in 3 months, for the purposes set forth in this section and for the transaction of other
2742 business. Special meetings may be called by the president or shall be called by the clerk, if
2743 requested in writing by at least 3 trustees. Notices of meetings shall be given in the manner and
2744 to the extent provided in the by-laws. Unless the articles of incorporation, the by-laws or a
2745 resolution of the board otherwise provide, members of the board of trustees or any committee
2746 designated thereby may participate in a meeting of such board or committee by means of a
2747 conference telephone or similar communications equipment by means of which all persons
2748 participating in the meeting may simultaneously hear each other, and participation by such
2749 means shall constitute presence in person at a meeting. Members may transmit any written
2750 authorizations that may be required during the meeting by electronic facsimile or other
2751 commercially acceptable transmission. A quorum shall consist of not less than a majority of the
2752 trustees, and if there be less than a quorum then a majority of those present may adjourn the
2753 meeting until the next regular meeting or until another time or times prior thereto.

2754 A record shall be made by the clerk at each meeting of the transactions of the trustees and
2755 of the names of those present, and a copy of the aforesaid report of the board of investment shall
2756 be filed and preserved with the records of the corporation.

2757 Section 16. (a) A mutual bank shall have a board of investment of not less than 5
2758 members, who shall be trustees of the corporation. Only 1 of the persons holding the office or
2759 performing the duties of president, executive vice president, senior vice president or treasurer
2760 shall at the same time be a member of the board of investment. The board shall elect a clerk who
2761 may, but need not be, a member of the board. The board of investment may invite 1 or more
2762 trustees who are not members of the board to attend its meetings during the monthly, quarterly or
2763 semi-annual periods as the board may determine.

2764 (b) At least quarterly, the treasurer or other officer designated by the board of investment
2765 shall submit to the board of investment, a written report, over his signature, covering the period
2766 for which the report has not yet been submitted.

2767 Section 17. In addition to the trustees and members of the board of investment, the
2768 officers of a mutual bank shall be a president, 1 or more vice presidents, a treasurer, a clerk and,
2769 subject to applicable provisions of the by-laws, such other officers as from time to time may be
2770 determined by the trustees to be necessary for the management of the affairs of such corporation,
2771 provided that the duties of any such other officer shall not be in conflict with those of the
2772 president or treasurer. As used in this section and in section 20 and sections 2 and 5 of
2773 chapter167J, the term "operating officers" shall mean and include the president, vice presidents,
2774 any assistant vice presidents, the treasurer, any vice treasurer, assistant treasurers, any branch
2775 managers, any person performing the duties of auditor, and such other officers as may be
2776 designated as operating officers by vote of the board of trustees.

2777 The president shall be a trustee. A vice president may perform the duties of the president
2778 to the extent authorized in the by-laws. The treasurer may at the same time be a vice president. A
2779 vice treasurer or an assistant treasurer may perform all the duties of the treasurer. The clerk shall
2780 be the clerk of the corporation and clerk of the trustees.

2781 An operating officer of the corporation shall not hold the office or perform the duties of
2782 president, vice president, cashier or treasurer of a national banking association or a trust
2783 company, and the operating officer shall be governed by section 8 of chapter 167J with respect to
2784 holding office in another savings bank or in a co-operative bank or federal savings and loan
2785 association.

2786 Section 18. The clerk of a mutual bank and such members of the board of trustees as may
2787 be required to be elected under the provisions of section 14 shall be elected at the annual meeting
2788 or at a special meeting of the corporators between meetings of the corporation. The president
2789 shall be elected by the trustees. If any such office becomes vacant during the year, the trustees

2790 may, except as otherwise provided in this chapter, fill the vacancy or approve a new officer until
2791 the next annual meeting.

2792 The members of the board of investment, the treasurer, vice treasurer, assistant treasurers,
2793 vice presidents and such other officers as may be determined to be necessary, as provided in
2794 section 17, shall be elected by the trustees and shall hold office during their pleasure and the
2795 trustees may fill vacancies in such offices at any time.

2796 All trustees and other officers shall be sworn and shall hold their several offices until
2797 others are elected and qualified in their stead. A record of such qualification shall be made and
2798 preserved with the records of such corporation. If a person elected as trustee or other officer of
2799 such corporation does not, within 45 days thereafter, take the oath of office,the office thereupon
2800 shall become vacant; provided, that such oath may be taken in person at any office of such
2801 corporation or may be taken in writing before a notary public or justice of the peace and
2802 transmitted to such corporation within said period.

2803 Section 19. Each person elected to office at the annual meeting or at any other meeting of
2804 the corporators or trustees, who is not present at the meeting at which such person was elected
2805 shall be notified, in writing, of the election by the clerk of the corporation. The notice shall be
2806 sent within 10 days after the meeting to the last known address of that person. Within 60 days
2807 after the annual meeting, the clerk shall cause to be filed with the records of the corporation a list
2808 containing the following information: (1) the names of the corporators indicating those who are
2809 trustees; and (2) the names of the president, vice presidents, treasurer, members of the board of
2810 investment and members of the auditing committee. A copy of the list shall be furnished to the
2811 commissioner within 10 days after filing with the records of the corporation.

2812 Section 20. At least once during each 12 month period, the trustees shall elect an auditing
2813 committee of not less than 3 trustees who shall not be operating officers or members of the board
2814 of investment. The members of such committee shall take an oath of office in the manner and
2815 within the period prescribed by section 18, and a record thereof shall be made and preserved as
2816 provided in said section. The trustees may elect or authorize to be appointed such other
2817 committees as the by-laws may provide or as the trustees from time to time may determine. The
2818 trustees shall authorize the compensation, if any, to be paid to the members of the committees.

2819 Section 21. The by-laws of the corporation may provide for any and all matters relative to
2820 the business and affairs of the corporation as appropriate to exercise all powers necessary,
2821 convenient or incidental to the purposes for which the corporation was formed.

2822 Section 21A. The following provisions shall apply to meetings of the board and its
2823 committees for both a savings bank in mutual form or in stock form.

2824 (a) Unless the articles of organization or bylaws provide that action required or permitted
2825 by this chapter or other provisions of the General Laws to be taken by the trustees or directors

2826 may be taken only at a meeting, the action may be taken without a meeting if the action is taken
2827 by the unanimous consent of the members of the board of trustees or directors. The action must
2828 be evidenced by 1 or more consents describing the action taken, in writing, signed by each
2829 trustee or director, or delivered to the corporation by electronic transmission, to the address
2830 specified by the corporation for the purpose or, if no address has been specified, to the principal
2831 office of the corporation, addressed to the secretary or other officer or agent having custody of
2832 the records of proceedings of trustees or directors, and included in the minutes or filed with the
2833 corporate records reflecting the action taken.

2834 (b) Action taken under this section is effective when the last trustee or director signs or
2835 delivers the consent, unless the consent specifies a different effective date.

2836 (c) A consent signed or delivered under this section has the effect of a meeting vote and
2837 may be described as such in any document.

2838 (d) The provisions of this section shall also apply to committees and their members.

2839 Section 22. A stock bank may adopt by-laws for the proper management of its affairs and
2840 as appropriate to exercise all powers necessary, convenient or incidental to the purposes for
2841 which the corporation was formed. It may also establish regulations controlling the assignment
2842 and transfer of its shares. A majority in interest of the stockholders entitled to vote shall
2843 constitute a quorum at any meeting unless the by-laws require more than a majority.

2844 Section 23. Stockholders entitled to vote may vote in person or by proxy. No proxy dated
2845 more than 6 months before the date of the meeting named therein shall be valid, and no proxy
2846 shall be valid after the final adjournment of such meeting. A proxy with respect to stock held in
2847 the name of 2 or more persons shall be valid if executed by any 1 of them unless at or prior to the
2848 exercise of the proxy such corporation receives a specific written notice to the contrary from any
2849 1 of them. A proxy purporting to be executed by or on behalf of a stockholder shall be deemed
2850 valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest
2851 on the challenger. Except as otherwise provided in the articles of organization or by-laws of the
2852 corporation, special meetings of the stockholders may be called pursuant to the provisions of
2853 section 7.02 of chapter 156D.

2854 Section 24. The business of a stock bank shall be managed by a board of not less than 7
2855 nor more than 25 directors. A majority of the directors shall be citizens of the commonwealth
2856 and resident therein. The directors shall be elected, in such manner as is provided in the by-laws,
2857 by the stockholders at their annual meeting or at a special meeting called for the purpose;
2858 provided, however, that if the by-laws so prescribe, a number of directors, not exceeding 2, may
2859 be elected by vote of a majority of the directors then in office. The directors shall hold office for
2860 such term, not exceeding 3 years, as is provided in the by-laws and until their successors are
2861 selected and have qualified. A director shall be eligible for reelection. Any vacancy in the board

2862 may be filled by appointment by the remaining directors and any director so appointed shall hold
2863 such office until the next election.

2864 Each director shall own, in the director'sown right and free of any lien or encumbrance,
2865 common stock, either of such corporation or of a company owning 75 per cent or more of the
2866 stock of such corporation, having a par value, or a fair market value on the date the person
2867 became a director, of not less than $1,000. Any director who ceases to be the owner of the
2868 required number of shares of stock, or who becomes in any other manner disqualified, shall
2869 vacate the office forthwith. Each director, when appointed or elected, shall take an oath that such
2870 director will faithfully perform the duties of the office and that such director is the owner, in the
2871 director's own right and free of any lien or encumbrance, of the amount of stock required by this
2872 section. The oath shall be taken before a notary public or justice of the peace, who is not an
2873 officer of such corporation, and a record of the oath shall be made a part of the records of such
2874 corporation.

2875 The office of any director who seeks, or against whom, an order of relief is entered in a
2876 personal capacity, pursuant to Title 11 of the United States Code, or who, on examination in a
2877 supplementary process proceeding, has been found unable to pay a judgment, shall thereby be
2878 vacated. A record of any such vacancy shall be entered upon the books of the corporation. Any
2879 director whose office is so vacated shall again be eligible to serve as or director upon the receipt
2880 of a discharge in bankruptcy under chapter 7 of said Title 11; the completion of all payments
2881 required pursuant to a plan of reorganization under chapter 11 thereof; the completion of all
2882 payments under a plan of debt adjustment under chapter 13 thereof; or the payment of said
2883 judgment.

2884 In determining what a director reasonably believes to be in the best interests of such
2885 corporation, in considering proposed business combinations, as defined in paragraph (c) of
2886 section 3 of chapter 110F, a director may consider the interests of the corporation's employees,
2887 suppliers, creditors and customers, the economy of the state, region and nation, community and
2888 societal considerations, and the long-term and short-term interests of the corporation and its
2889 stockholders, including the possibility that these interests may be best served by the continued
2890 independence of the corporation.

2891 Each stock bank shall have an executive committee of not less than 3 members, who shall
2892 be elected by and from the directors and shall hold office during their pleasure. An executive
2893 committee may take any action that could be taken by the board of directors except that an
2894 executive committee may not: (1) authorize dividends or other distributions to shareholders; (2)
2895 approve or propose to the corporation's shareholders actions that require the approval of the
2896 corporation's shareholders; (3) change the number of members of the board of directors, remove
2897 directors from office or fill vacancies on the board of directors; (4) amend the corporation's
2898 articles of organization; (5) adopt, amend or repeal the corporation's by-laws; (6) authorize or
2899 approve reacquisition of shares of capital stock, except according to a formula or method

2900 prescribed by the board of directors; (7) take any action specifically required by law or
2901 regulation to be taken by the entire board of directors, or (8) approve a transaction described in
2902 section 8 of chapter 167I.

2903 Section 25. The clerk or secretary shall be elected by the stockholders at their annual
2904 meeting or at a special meeting duly called for the purpose.

2905 The president shall be elected by and from the board of directors and shall be chairman
2906 thereof unless the board designates a director in lieu of the president to be chairman. The
2907 directors shall elect the treasurer and any other officers. The president as may be required or
2908 permitted by law or by-law may select other officers. The officers elected by the board shall hold
2909 their respective offices during the pleasure of the directors. The directors may fill a vacancy in
2910 the office of clerk or secretary until the next meeting of the stockholders.

2911 Section 26. The board of directors shall meet at intervals, that shall not be less frequent
2912 than quarterly, but, upon application in writing by the corporation, the commissioner may waive
2913 or modify this requirement. Unless the articles of organization, the by-laws or a resolution of the
2914 board otherwise provide, members of the board of directors or a committee designated thereby
2915 may participate in a meeting of the board or committee by means of a conference telephone or
2916 similar communications equipment by means of which all persons participating in the meeting
2917 may simultaneously hear each other, and participation by those means shall constitute presence
2918 in person at a meeting. Members may transmit written authorizations that may be required during
2919 the meeting by electronic facsimile or other commercially acceptable transmission.

2920 Section 27. Fifteen or more savings banks may form the Savings Banks Employees
2921 Retirement Association, in this section and in sections 28 and 29 hereinafter referred to as the
2922 association, for the purpose of providing retirement benefits services through retirement plans
2923 that are qualified under section 401 of the federal Internal Revenue Code, to members of the
2924 association and their customers, as hereinafter provided. The association, in its name and by or
2925 through its authorized officers, may: (a) make agreements and investments subject to limitations
2926 as from time to time may be prescribed by law or the by-laws of the association; (b) sue and be
2927 sued, plead and be impleaded; (c) enforce liens and other obligations and foreclose mortgages
2928 held by the association on or with respect to real or personal property situated in the
2929 commonwealth or in any state or territory of the United States; (d) adopt an official seal and alter
2930 the same at pleasure; and (e) do other acts and things necessary to carry out the powers conferred
2931 upon it by law and its by-laws.

2932 Any bank or credit union chartered by the commonwealth, any bank or credit union
2933 which has converted to federal charter and has its main office located in the commonwealth, any
2934 bank or credit union chartered by the federal government, by a state of the United States other
2935 than the commonwealth or by the District of Columbia and which has its main office or a branch
2936 office located in the commonwealth, the Massachusetts Bankers Association and its successors

2937 and any bank which is a voting member thereof, the Savings Banks Employees Retirement
2938 Association, the Depositors Insurance Fund, and other banking institutions with their main office
2939 or any branch office located in the commonwealth, as may from time to time be provided for in
2940 the by-laws of the association, and the respective employees of each of the foregoing, shall be
2941 eligible for membership in the association; provided, however, no bank that was eligible to be a
2942 member of the association before January 1, 2004, shall be eligible to become a member of the
2943 Cooperative Banks Employees Retirement Association or the Credit Union Employees
2944 Retirement Association unless and until the Cooperative Banks Employees Retirement
2945 Association and the Credit Union Employees Retirement Association permits a member to
2946 transfer from any or all of the qualified plans provided by said association, assets and liabilities,
2947 attributed to the member's employees, to 1 or more qualified plans not provided by said
2948 association. For the purposes of this section and sections 28 and 29, a reference to "bank" or
2949 "banks" shall, unless the context otherwise requires, mean any or all of the organizations named
2950 or referred to in this paragraph, a reference to "trustees" of a bank shall, unless the context
2951 otherwise requires, mean the governing body of any such organization, including, if applicable,
2952 the board of directors; and a reference to "customer" shall mean any person or business who has
2953 established a contractual relationship for banking business purposes with any banking institution
2954 located in the commonwealth which is a member of the association.

2955 Eligible employees may contribute a portion of their salaries or wages, to be deducted by
2956 the employing banks and paid to the plans or the retirement association. A participating bank
2957 may contribute to or under plans of the retirement association for its employees to the extent
2958 determined by its board of trustees. Contributions and benefits under the plans of the retirement
2959 association shall not exceed the limits, if any, imposed on such plans by the Internal Revenue
2960 Code and the Employees Retirement Income Security Act of 1974, in this section hereinafter
2961 referred to as the Code and ERISA, respectively.

2962 If the commissioner finds that the continuation of contributions by a participating bank
2963 subject to the commissioner's authority may affect its safety and soundness, including reducing
2964 its risk-based capital ratio below any prescribed regulatory level, said commissioner may order
2965 the bank to: (a) freeze its benefits and cease further funding for future benefit accruals under any
2966 plans qualified under section 401 of the federal Internal Revenue Code; (b) revise its benefits for
2967 future service under any such plans so that contributions on account of any employee will be
2968 limited to an appropriate percentage of compensation; or (c) terminate its participation in any
2969 such plans.

2970 The funds contributed by participating banks and their employees shall be held or used by
2971 the trustees of the association for the purchase of annuities or payment of retirement benefits to
2972 eligible employees, for payments to beneficiaries or representatives of any member employee of
2973 the participating bank dying before reaching the age of retirement, and for the payment to any
2974 employee retiring from service before becoming entitled to a pension or annuity. Funds held
2975 under any of the said plans shall be held or used by the retirement association to the extent

2976 required by the Code and ERISA for the exclusive purpose of providing plan benefits to
2977 participating members; provided, however, to the extent permitted by law, funds of the plans
2978 may be used to defray reasonable expenses of administering the retirement association and the
2979 plans, and expenses of investing the assets of the plans may be charged against the funds of the
2980 plans. To the extent that expenses of the retirement association or said plans are not otherwise
2981 paid, they shall be paid by participating banks on a proportionate basis, as provided in the by-
2982 laws of the retirement association. The association shall annually provide to each member a
2983 report of assets and liabilities attributable to its participants in any or all qualified plans adopted
2984 by a member.

2985 A participating bank, by vote of its board of trustees, may adopt 1 or more of the plans of
2986 the retirement association for the benefit of its employees. Any such bank which has adopted a
2987 plan of the retirement association for its employees may, if it is otherwise eligible, also establish
2988 an employee stock ownership plan.

2989 In any calendar year, the association or bank by vote of its governing board, may directly
2990 supplement the retirement benefits being paid to retired employees or their beneficiaries on
2991 account of service; provided, however, no supplement of a retirement benefit shall exceed the
2992 retirement benefit multiplied by the increase in the cost of living since the retirement began. The
2993 increase in the cost of living is the percentage by which the national monthly consumer price
2994 index for all urban consumers issued by the bureau of labor statistics of the United States
2995 Department of Labor for the last November before the year in which payment is made is greater
2996 than the beginning index figure. The beginning index figure is the average of such monthly
2997 consumer price index figures for the year in which a retirement benefit was first paid to or with
2998 respect to a former employee. No bank may become obligated to pay in future years any
2999 supplement authorized by this paragraph.

3000 Membership in the association is voluntary and any bank may establish or provide
3001 qualified retirement plans for its employees independent of the association; provided, however,
3002 nothing contained herein shall be construed so as to require any bank to provide qualified
3003 retirement plans to its employees.

3004 Section 28. The by-laws of the association shall be submitted to the commissioner and
3005 shall prescribe the manner in which, and the officers and agents by whom, the association may
3006 be conducted and the manner in which its funds may be invested and paid out. Such association
3007 shall be formed when its by-laws have been approved and agreed to by a majority of the trustees
3008 of each of 15 or more savings banks, and have been approved by the commissioner. Such
3009 association shall annually, on or before December 1, report to the commissioner such statements
3010 of its membership and financial transactions for the year ending on the preceding October 31, as
3011 the commissioner may consider necessary to show its business and standing. The commissioner
3012 may verify such statement by an examination of the books and papers of the association.

3013 The association shall not be subject to chapter 32 or chapter 175 or to such other
3014 provisions of law as relate to insurance companies or other retirement associations.

3015 Section 29. The property of the association, the portion of the wages or salary of any
3016 employee deducted or to be deducted under sections 27 and 28, the right of an employee to an
3017 annuity or pension, and all of an employee's rights in the funds of the association, shall be
3018 exempt from taxation and from the operation of any law relating to insolvency, and shall not be
3019 attached or taken on execution or other process to satisfy any debt or liability of the association,
3020 a participating bank, or any employee member of the association. No assignment of any right in
3021 or to said funds or of any pension or annuity payable under section 27 shall be valid, except that
3022 deferred annuity contracts purchased by a participating bank on account of past service of
3023 eligible employees may be assigned to such bank prior to actual retirement.

3024 Nothing in this section shall prevent an employee's annuity or pension from being
3025 attached, taken on execution, assigned, or subject to other process to satisfy a support order
3026 under chapters 208, 209 or 273.

3027 Section 30. The participating members of the Savings Banks Employees Retirement
3028 Association, established by section 27, shall constitute as the Savings Banks Employees Benefit
3029 Association, in this section and in sections 31 and 32 hereinafter referred to as the benefit
3030 association, for the purpose of providing retirement benefits through retirement plans which are
3031 not qualified plans under section 401 of the Internal Revenue Code of the United States and for
3032 establishing employee welfare benefit plans, in this section hereinafter referred to as plans, for
3033 eligible employees of participating organizations. The benefit association, in its name and by or
3034 through its authorized officers, may: (a) establish plans and related trusts for eligible members
3035 participating therein; (b) make agreements, establish trusts and make or cause to be made
3036 investments subject to such limitations as may from time to time be prescribed by law or by the
3037 by-laws of the benefit association; (c) sue and be sued, plead and be impleaded; (d) enforce liens
3038 and other obligations and foreclose mortgages held by the benefit association on or with respect
3039 to real or personal property situated in the commonwealth or in any state or territory of the
3040 United States; (e) adopt an official seal and alter the same at pleasure; and (f) do such other acts
3041 that may be necessary to carry out the powers conferred upon it by law and its by-laws.

3042 For the purposes of this section and sections 31 and 32, reference to "bank" and "banks"
3043 shall, unless the context otherwise requires, mean and include any or all member organizations
3044 and a reference to "trustees" of a bank shall, unless the context otherwise requires, mean and
3045 include the governing body of each of such organizations.

3046 Eligible employees may contribute a portion of their salaries or wages to or under plans
3047 established by the benefit association, to be deducted by the employing banks and paid to the
3048 benefit association. A participating bank may contribute to or under plans of the benefit
3049 association to the extent determined by its trustees. Contributions and benefits under the plans of

3050 the benefit association shall not exceed the limits, if any, imposed on such plans by the Internal
3051 Revenue Code of 1954, as amended, and the Employee Retirement Income Security Act of 1974,
3052 as amended, in this section hereinafter referred to as the Code and ERISA, respectively.

3053 All plans maintained by the benefit association shall conform to the Code and funds held
3054 under the plans of the benefit association shall be invested in such manner as the benefit
3055 association shall determine, consistent with the by-laws. Funds held under plans of the benefit
3056 association shall be held by or used by the benefit association for the exclusive purpose of
3057 providing plan benefits to eligible members and, as determined by the benefit association, may
3058 be used to defray reasonable expenses of administering the plans and investing the assets of the
3059 plans. To the extent that expenses necessary for the administration of the benefit association or
3060 the plans of the benefit association are not paid from the plans, they shall be paid by participating
3061 banks on a proportionate basis, as provided in the by-laws.

3062 A participating bank, by vote of its trustees, may adopt 1 or more of the plans of the
3063 benefit association for the benefit of its employees and their beneficiaries. Nothing in this section
3064 shall be construed so as to prevent any such bank from establishing its own employee welfare
3065 benefit plans or non-qualified retirement plan.

3066 Section 31. The trustees of the Savings Banks Employees Retirement Association shall
3067 prepare the by-laws of the benefit association and file the same with the commissioner. Said by-
3068 laws shall prescribe the manner in which, and the officers and agents by whom, the benefit
3069 association will be conducted and the manner in which its funds may be invested and paid out.
3070 They shall also provide that said trustees of the Savings Banks Employees Retirement
3071 Association shall serve as the initial trustees of the benefit association and shall continue such
3072 service for the term prescribed in such by-laws and for the election of subsequent trustees. Such
3073 benefit association shall annually, within 6 months after the close of its fiscal year, report to the
3074 commissioner such statements of its membership and financial transactions as the commissioner
3075 may consider necessary to show its business and standing. The commissioner may verify such
3076 statement by an examination of the books and papers of the benefit association.

3077 The benefit association shall not be subject to chapter 32 or chapter 175 or to such other
3078 provisions of law as relate to insurance companies or other benefit associations.

3079 Section 32. The property of the benefit association shall be exempt from taxation and
3080 from the operation of any law relating to insolvency, and shall not be attached or taken on
3081 execution or other process to satisfy any debt or liability of the benefit association, a
3082 participating bank or any employee member of the benefit association. No assignment of any
3083 right in or to said funds or of any pension or annuity payable under section 30 shall be valid,
3084 except that deferred annuity contracts purchased by a participating bank on account of past
3085 service of eligible employees may be assigned to such bank prior to actual retirement.

3086 Nothing in this section shall prevent an employee's annuity or pension from being
3087 attached, taken on execution, assigned or subject to other process to satisfy a support order under
3088 chapter 208, 209, or 273.

3089 SECTION 59. The General Laws are hereby amended by striking out Chapter 170 as
3090 appearing in the 2012 Official Edition and inserting in place thereof the following chapter:—

3091 CHAPTER 170. CO-OPERATIVE BANKS

3092 Section 1. The following words as used in this chapter, unless the context otherwise
3093 requires, shall have the following meanings:-

3094 "Board" or "board of bank incorporation" as used in the first 9 sections, a board
3095 consisting of the commissioner of banks, the commissioner of revenue and the commissioner.

3096 "Capital stock", the sum of the par value of the preferred and common shares of capital
3097 stock, issued and outstanding.

3098 "Commissioner", the commissioner of banks.

3099 "Corporation" or "bank", a co-operative bank incorporated as such in this
3100 commonwealth.

3101 "Incorporators", subscribers to the agreement of association for the purpose of forming a
3102 co-operative bank under the provisions of this chapter.

3103 "Mutual bank", a co-operative bank incorporated as such in the commonwealth in mutual
3104 form.

3105 "Shareholder" or "member", a depositor or holder of any shares or accounts referred to in
3106 chapter 167D.

3107 "Shareholders' meeting" or "meeting of shareholders", any annual or special meeting of
3108 members of the corporation entitled to vote.

3109 "Stock bank", a co-operative bank incorporated as such in the commonwealth in stock
3110 form which has been chartered or reorganized or converted to a stockholder form of corporation.

3111 "Surplus account", an account so designated on the books of a stock co-operative bank
3112 and consisting of such amounts as shall be required by law or shall be transferred thereto by vote
3113 of the board of directors.

3114 Section 2. A co-operative bank shall have all the powers expressly granted by law and
3115 whatever further incidental powers may fairly be implied from those expressly conferred and
3116 such as are reasonably necessary to enable it to exercise fully those powers according to common
3117 or accepted banking customs and usages.

3118 Section 3. A corporation formed pursuant to section 2 may authorize, at a meeting duly
3119 called for the purpose, by vote of two-thirds of the shareholders present and voting a change of
3120 its corporate name. Within 60 days after any meeting at which such change has been authorized,
3121 articles of amendment, signed under the penalties of perjury by the executive officer and by the
3122 clerk, setting forth such change and the due adoption thereof, shall be delivered to the state
3123 secretary for filing.

3124 Section 4. A co-operative bank shall upon its incorporation have such capital structure as
3125 the board of bank incorporation shall deem adequate. Such capital structure may vary by the
3126 board based on the application and business plan submitted.

3127 Section 5. Fifteen or more individuals who associate themselves by a written agreement
3128 for the purpose of forming a co-operative bank may, upon compliance with sections 4 to 9,
3129 inclusive, become a corporation, with all the powers and privileges and subject to all the duties,
3130 restrictions and liabilities set forth in all laws relating to such corporations. The agreement of
3131 association shall specifically state:

3132 (a) That the incorporators thereto associate themselves with the intention of forming a
3133 corporation;

3134 (b) The name by which the corporation shall be known;

3135 (c) The location of the principal office of the corporation, which shall be within the
3136 commonwealth;

3137 (d) The purposes for which the corporation is formed and the nature of the business to be
3138 transacted;

3139 (e) The amount and classes of its capital stock, and the number of shares into which any
3140 class is to be divided; the amount of the surplus account and the amount of the undivided profits
3141 account for a stock bank, the amount of the surplus account for a mutual bank; and

3142 (f) The name of each incorporator and the number of shares of capital stock, if any, which
3143 the incorporator agrees to take and the class or classes of such shares.

3144 The name of each incorporator shall be subscribed to the agreement of association.

3145 Section 6. A notice of the intention of the subscribers to form such a co-operative bank
3146 shall be given to the board of bank incorporation. A notice in such form as said board shall
3147 approve, shall be published at least once a week, for 3 successive weeks, in 1 or more
3148 newspapers designated by the board, and published in the city or town in which it is proposed to
3149 establish the co-operative bank, or if there is no newspaper in such city or town, in a newspaper
3150 published in the city or town which is nearest to the proposed location. Such notice shall specify
3151 the names of the proposed incorporators, the name of the corporation and the location of the

3152 same. The subscribers to said agreement shall apply to the board for a certificate that public
3153 convenience and advantage will be promoted by the establishment of the co-operative bank.
3154 Such an application for a proposed co-operative bank shall be accompanied by an investigation
3155 fee, the amount of which shall be determined by the commissioner of administration under the
3156 provision of section 3B of chapter 7. In determining whether the public convenience and
3157 advantage will be promoted by the establishment of such co-operative bank, the board shall
3158 consider the adequacy of its capital structure, the general character of its management, the
3159 adequacy of banking facilities in the area and the convenience and needs of the community to be
3160 served. The board may grant such certificate, which shall be deemed to be revoked if the
3161 applicants therefor do not become incorporated and begin business within 1 year after its date of
3162 issue. If the board refuses to issue such certificate, no further proceeding may be taken by the
3163 applicant during the year next following the date of such refusal except with the approval of the
3164 board, but the applicant may renew the application as of right after 1 year from the date of such
3165 refusal, and may dispense with further notice or publication unless the board orders such notice
3166 or publication.

3167 Section 7. The first meeting of the incorporators shall be called by a notice signed either
3168 by the incorporator who is designated in the agreement for the purpose or by a majority of the
3169 incorporators, and such notice shall state the time, place and purposes of the meeting. A copy of
3170 the notice shall, at least 7 days before the day appointed for the meeting, be given to each
3171 incorporator or left at each incorporator's residence or usual place of business, or deposited in
3172 the post office, postage prepaid, and addressed to each incorporator at such incorporator's
3173 residence or usual place of business, and another copy thereof and an affidavit of a of the signers
3174 that the notice has been duly served shall be recorded with the records of the corporation. If all
3175 the incorporators shall, in writing endorsed upon the agreement of association, waive such notice
3176 and fix the time and place of the meeting, no notice shall be required. At the first meeting, or at
3177 any adjournment thereof, the incorporators shall elect by ballot a temporary clerk who shall be
3178 sworn, adopt by-laws and in such manner as the by-laws may determine, elect directors, a clerk
3179 or secretary, and such other officers as the by-laws may prescribe. The temporary clerk shall
3180 make and attest a record of the proceedings until the clerk or secretary has been chosen and
3181 sworn, including a record of such choice and qualification.

3182 Section 8. The president, clerk or secretary and a majority of the directors, as applicable,
3183 elected at such first meeting shall make and sign under penalties of perjury articles of
3184 organization in duplicate, setting forth:-

3185 (a) A true copy of the agreement of association, the names of the incorporators thereto,
3186 and the name of each of the officers and directors as applicable of the company; and

3187 (b) The date of the first meeting and the successive adjournments thereof, if any.

3188 One duplicate original of the articles so signed shall be submitted to the commissioner,
3189 and the other, together with the records of the proposed corporation, to the state secretary, who
3190 shall examine the same, and who may require such amendment thereof or such additional
3191 information as he may consider necessary. If the commissioner finds that the articles conform to
3192 the 4 preceding sections relative to the organization of the corporation and that section 6 has
3193 been complied with, the commissioner shall so certify and endorse the commissioner's approval
3194 thereon. The articles shall be filed within 30 days thereafter in the office of the state secretary,
3195 who, upon receipt of a fee, the amount of which shall be determined annually by the
3196 commissioner of administration under the provision of section 3B of chapter 7, the state
3197 secretary shall issue a certificate of incorporation in the following form:

3198 COMMONWEALTH OF MASSACHUSETTS

3199 Be it known that whereas (the names of the subscribers to the agreement of association)
3200 have associated themselves with the intention of forming a corporation under the name of (the
3201 name of the corporation), for the purpose (the purpose declared in the agreement of association),
3202 with a capital stock or surplus, as applicable, of (the amount fixed in the agreement of
3203 association), and have complied with the statutes of the commonwealth in such case made and
3204 provided, as appears from the articles of organization of said corporation, duly approved by the
3205 state secretary and recorded in this office: Now, therefore, I (the name of the state secretary),
3206 secretary of the commonwealth of Massachusetts, do hereby certify that said (the names of the
3207 subscribers to the agreement of association), their associates and successors, are legally
3208 organized and established as, and are hereby made, an existing corporation under the name of
3209 (name of the corporation), with the powers, rights and privileges, and subject to the limitations,
3210 duties and restrictions, which by the law appertain thereto.

3211 Witness my official signature hereunto subscribed and the great seal of the
3212 commonwealth of Massachusetts hereunto affixed, this day of in the year (the date of the filing
3213 of the articles of organization).

3214 The state secretary shall sign the certificate of incorporation and cause the great seal of
3215 the commonwealth to be thereto affixed, and such certificate shall have the force and effect of a
3216 special charter. The existence of every such corporation shall begin upon the filing of the articles
3217 of organization in the office of the state secretary. The state secretary shall also cause a record of
3218 the certificate of incorporation to be made, and such certificate, or such record, or a certified
3219 copy thereof, shall be conclusive evidence of the existence of such corporation.

3220 A bank may amend its articles of organization if approved by its board and submitted to
3221 and approved by the bank's governing body except as provided in sections 10.05, 10.07 and
3222 14.34 of chapter 156D. After approval by the board and governing body, the amendment shall be
3223 submitted to the commissioner for the commissioner's endorsement thereon before delivering the
3224 amendment to the state secretary for filing.

3225 Section 9. When all the capital stock has been issued for a stock bank, a list of the
3226 stockholders, with the name, residence and post office address of each, and the number of shares
3227 in each class held by each stockholder, shall be filed with the board of bank incorporation, which
3228 list shall be verified by the clerk of the corporation. Upon receipt of such list, the board shall
3229 cause an examination to be made of the method of payment of the capital stock, or the surplus
3230 account if a mutual bank of the personnel of the corporation, including the officers and directors
3231 thereof, and if, after such examination, it appears that the whole capital stock, surplus account
3232 and undivided profits account for a stock bank or surplus account for a mutual bank have been
3233 paid in cash, that all requirements of law have been complied with, that the bank is a member of
3234 the Federal Deposit Insurance Corporation, and that the qualifications of the personnel are
3235 satisfactory, the board shall, if satisfied that the public convenience and advantage will be
3236 promoted thereby, issue a certificate authorizing such corporation to begin the transaction of
3237 business. No such corporation shall begin the transaction of business until such a certificate has
3238 been granted.

3239 Section 10. A mutual bank shall be subject to sections 11 to 15, inclusive, and a stock
3240 bank shall be subject to sections 16 to 20, inclusive. Section 20 shall apply to both a mutual and
3241 a stock bank.

3242 Section 11. The shareholders of a mutual bank shall make and adopt the necessary by-
3243 laws consistent with law for the government of its affairs. The by-laws may provide for matters
3244 relative to the business and affairs of the corporation as appropriate to exercise all powers
3245 necessary, convenient or incidental to the purposes for which the corporation was formed.

3246 The clerk of the corporation shall give notice of all regular and special meetings of the
3247 shareholders by publishing notice thereof, at least 7 days before the meeting, in 1 or more
3248 newspapers published in the city or town wherein the main office of the corporation is situated
3249 or, if there is no newspaper published therein, then in a newspaper published in a nearby city or
3250 town in the same county; and for this purpose a newspaper which by its title page purports to be
3251 printed or published in such city, town or county and which has a circulation therein, shall be
3252 deemed to have been published therein. Such notice shall state the day, hour and place of the
3253 meeting and shall contain a brief statement of the nature of the business to be acted upon, except
3254 as may be provided in the by-laws with respect to the removal of officers and directors.

3255 The board of directors shall meet at intervals of not more than 2 months; provided
3256 however, that upon application in writing by the corporation, the commissioner may waive or
3257 modify this requirement. Unless the articles of incorporation, the by-laws or a resolution of the
3258 board otherwise provide, members of the board of directors or any committee designated thereby
3259 may participate in a meeting of such board or committee by means of a conference telephone or
3260 similar communications equipment by means of which all persons participating in the meeting
3261 may simultaneously hear each other, and participation by such means shall constitute presence in

3262 person at a meeting. Members may transmit any written authorizations that may be required
3263 during the meeting by electronic facsimile or other commercially acceptable transmission.

3264 Section 12. Each person who is recorded on the books of the corporation as the holder of
3265 1 or more shares or accounts referred to in chapter 167D shall be deemed a member and
3266 shareholder of and depositor in the corporation.

3267 Each member shall be entitled to 1 vote at all shareholders' meetings, subject to the
3268 limitations contained in this section and such limitations, if any, as may be contained in the by-
3269 laws.

3270 At any meeting, no person who votes in 1 capacity shall be entitled to vote in any other
3271 capacity. A co-owner of any shares or accounts who does not vote in any other capacity may
3272 vote as the representative of the co-owners. A corporate fiduciary or other corporation or a
3273 partnership or association may vote by a person duly authorized, if such person does not
3274 otherwise vote; provided, however, a fiduciary, whether individual, corporate or otherwise, may
3275 vote on behalf of 1 trust or estate only. No person shall be entitled to vote either as a member or
3276 in any representative capacity unless such person shall have attained the age of 18 years. No
3277 person shall vote by proxy except as otherwise may be expressly authorized by law.

3278 Section 13. The business and affairs of every such corporation shall be managed by a
3279 board of not less than 5 and, except as otherwise provided by law, not more than 15 directors.
3280 The shareholders shall elect the directors, each of whom shall be a citizen of the United States
3281 and at least a majority of whom shall be citizens of the commonwealth and residents therein.
3282 Directors shall be divided into 3 classes as nearly equal in number as possible, and 1 of such
3283 classes shall be elected annually for a term of 3 years; provided, that during the minimum time
3284 necessary to accomplish the foregoing, 1 of said classes may be elected for a term of 1 year and 1
3285 for a term of 2 years. All vacancies in the board or in any office may be filled by the board of
3286 directors for the unexpired term. A number of directors, not exceeding 2, may be elected by vote
3287 of a majority of the directors then in office if the by-laws so proscribe. The directors may
3288 employ such additional assistance and appoint or constitute such committees and advisory
3289 directors as they may deem necessary and determine the reasonable compensation therefor. The
3290 directors may authorize the continuance as honorary directors of those persons who shall have
3291 served as directors for 10 years or more and such honorary directors may be designated by the
3292 directors for an indefinite term and shall not be included in determining the minimum number of
3293 directors or the number of directors to be elected annually as provided herein. No such honorary
3294 director shall be deemed to be an officer or member of the board of directors of such corporation,
3295 nor shall such honorary director receive compensation or be required to attend meetings or be
3296 authorized or required to perform any duties. Except as otherwise provided in the by-laws, the
3297 directors may delegate to any officers, assistants and employees such functions, powers and
3298 authority as the directors deem advisable.

3299 The clerk of the corporation shall be chosen by the shareholders, and the president, vice
3300 president, treasurer, assistant treasurers, if any, and other officers whose election is not otherwise
3301 herein expressly provided for, shall be chosen by the board of directors.

3302 All directors and other officers shall be elected by ballot and shall be shareholders when
3303 nominated and elected. Each officer when appointed or elected shall take an oath that such
3304 officer will faithfully and impartially discharge the duties devolving upon such officer, and the
3305 fact that the oath has been taken shall be entered in the records of the corporation; and if a person
3306 appointed or elected does not, within 30 days thereafter, take the oath, the office shall thereupon
3307 become vacant. All officers shall continue to hold their offices until their successors shall have
3308 been chosen and qualified.

3309 If an officer ceases to be a shareholder, the office may be declared vacant by the board of
3310 directors. If a director fails both to attend the regular meetings of the board and to perform any of
3311 the duties devolving upon such director for 6 consecutive months, the office may be declared to
3312 be vacant by the board at the next regular meeting and if such director so fails for 12 consecutive
3313 months, the office shall be declared to be vacant by the board at the next regular meeting. A
3314 record of any vacancy shall be entered upon the books of the corporation, and a transcript shall
3315 be sent by mail to the person whose office has been made vacant.

3316 The office of any director who seeks, or against whom, an order of relief is entered in a
3317 personal capacity, pursuant to Title 11 of the United States Code, or who, on examination in a
3318 supplementary process proceeding, has been found unable to pay a judgment, shall thereby be
3319 vacated. A record of any such vacancy shall be entered upon the books of the corporation. Any
3320 director whose office is so vacated shall again be eligible to serve as a trustee or director upon
3321 the receipt of a discharge in bankruptcy under chapter 7 of said Title 11; the completion of all
3322 payments required pursuant to a plan of reorganization under chapter 11 thereof; the completion
3323 of all payments under a plan of debt adjustment under chapter 13 thereof; or the payment of said
3324 judgment.

3325 The records of all meetings of the corporation shall be read at such meetings by a
3326 shareholder other than the clerk and the records of all meetings of the board of directors shall be
3327 read at such meetings by a director.

3328 Section 14. At the first meeting of the board of directors, after the annual meeting of
3329 shareholders, the board shall elect from its own members a security committee of not less than 3
3330 members, not less than 2 of whom shall report upon all real estate offered as security for loans
3331 made by the corporation, after having examined such real estate or after it shall have been
3332 examined by 1 or more appraisers considered to be qualified by the directors and appointed by
3333 them for that purpose. In no case, however, shall any member of the security committee or any
3334 appraiser make an official report upon property offered as security for a loan if such member has
3335 a personal interest in the property or in the proposed loan.

3336 The security committee shall perform other duties as may be required by law, and
3337 exercise other powers as delegated to it by the board of directors. At each meeting of the board
3338 of directors, the security committee or an officer designated by it shall submit a report to the
3339 board of directors.

3340 At the first meeting of the board of directors after the annual meeting of a mutual bank,
3341 the board shall elect an audit committee of not less than 3 directors who shall not be operating
3342 officers or members of the security committee. The members of the audit committee shall take an
3343 oath of office in the manner and within the period prescribed by section 13 and a record thereof
3344 shall be made and preserved as provided in said section 13. The directors shall determine the
3345 compensation, if any, to be paid to the members of the security committee and the audit
3346 committee.

3347 Section 15. The treasurer shall keep the financial accounts and have charge of all books
3348 and papers necessary therefor, and dispose of and secure the safekeeping of all money, securities
3349 and property of the corporation, in the manner and subject to the limitations from time to time
3350 designated by the board of directors, subject to applicable provisions of law.

3351 Such corporation may provide in its by-laws for assistant treasurers. An assistant
3352 treasurer may perform all the duties of the treasurer.

3353 Section 16. Such corporation may adopt by-laws for the proper management of its affairs
3354 and as appropriate to exercise all powers necessary, convenient or incidental to the purposes for
3355 which the corporation was formed. The corporation may establish regulations controlling the
3356 assignment and transfer of its shares. A majority in interest of the stockholders entitled to vote
3357 shall constitute a quorum at any meeting unless the by-laws require more than a majority.

3358 Section 17. Stockholders entitled to vote may vote in person or by proxy. No proxy dated
3359 more than 6 months before the date of the meeting named therein shall be valid, and no proxy
3360 shall be valid after the final adjournment of such meeting. A proxy with respect to stock held in
3361 the name of 2 or more persons shall be valid if executed by any 1 of them unless at or prior to the
3362 exercise of the proxy such corporation receives a specific written notice to the contrary from any
3363 1 of them. A proxy purporting to be executed by or on behalf of a stockholder shall be deemed
3364 valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest
3365 on the challenger. Except as otherwise provided in the articles of organization or by-laws of the
3366 corporation, special meetings of the stockholders may be called pursuant to the provisions of
3367 section 7.02 of chapter 156D.

3368 Section 18. The business of such corporation shall be managed by a board of not less than
3369 7 nor more than 25 directors. A majority of the directors shall be citizens of the commonwealth
3370 and residents therein. The directors shall be elected, in such manner as is provided in the by-
3371 laws, by the stockholders at their annual meeting or at a special meeting called for the purpose;
3372 provided, however, that if the by-laws so prescribe, a number of directors, not exceeding 2, may

3373 be elected by vote of a majority of the directors then in office. The directors shall hold office for
3374 such term, not exceeding 3 years, as is provided in the by-laws and until their successors are
3375 selected and have qualified. A director shall be eligible for reelection. Any vacancy in the board
3376 may be filled by appointment by the remaining directors and any director so appointed shall hold
3377 the office until the next election.

3378 A director of a stock bank shall own, in the director's own right and free of any lien or
3379 encumbrance, common stock, either of such corporation or of a company owning 75 per cent or
3380 more of the stock of such corporation, having a par value, or a fair market value on the date the
3381 person became a director, of not less than $1,000. Any director who ceases to be the owner of the
3382 required number of shares of stock shall vacate the office forthwith. Each director, when
3383 appointed or elected, shall take an oath that the director will faithfully perform the duties of the
3384 office and that the director is the owner, in such director's own right and free of any lien or
3385 encumbrance, of the amount of stock required by this section. The oath shall be taken before a
3386 notary public or justice of the peace, and a record of the oath shall be made a part of the records
3387 of such corporation.

3388 The office of any director who seeks, or against whom, an order of relief is entered in a
3389 personal capacity, pursuant to Title 11 of the United States Code, or who, on examination in a
3390 supplementary process proceeding, has been found unable to pay a judgment, shall thereby be
3391 vacated. A record of any such vacancy shall be entered upon the books of the corporation. Any
3392 director whose office is so vacated shall again be eligible to serve as or director upon the receipt
3393 of a discharge in bankruptcy under chapter 7 of said Title 11; the completion of all payments
3394 required pursuant to a plan of reorganization under chapter 11 thereof; the completion of all
3395 payments under a plan of debt adjustment under chapter 13 thereof; or the payment of said
3396 judgment.

3397 In determining what a director reasonably believes to be in the best interests of such
3398 corporation, in considering proposed business combinations, as defined in paragraph (c) of
3399 section three of chapter 110F, a director may consider the interests of the corporation's
3400 employees, suppliers, creditors and customers, the economy of the state, region and nation,
3401 community and societal considerations, and the long-term and short-term interests of the
3402 corporation and its stockholders, including the possibility that these interests may be best served
3403 by the continued independence of the corporation.

3404 Each such corporation shall have an executive committee of not less than 3 members,
3405 who shall be elected by and from the directors and shall hold office during their pleasure. An
3406 executive committee may take any action that could be taken by the board of directors except
3407 that an executive committee may not: (1) authorize dividends or other distributions to
3408 shareholders; (2) approve or propose to the corporation's shareholders actions that require the
3409 approval of the corporation's shareholders; (3) change the number of members of the board of
3410 directors, remove directors from office or fill vacancies on the board of directors; (4) amend the

3411 corporation's articles of organization; (5) adopt, amend or repeal the corporation's by-laws; (6)
3412 authorize or approve reacquisition of shares of capital stock, except according to a formula or
3413 method prescribed by the board of directors; (7) take any action specifically required by law or
3414 regulation to be taken by the entire board of directors; or (8) approve a transaction described in
3415 section 8 of chapter 167I.

3416 Section 19. The clerk or secretary shall be elected by the stockholders at their annual
3417 meeting or at a special meeting duly called for the purpose.

3418 The president shall be elected by and from the board of directors and shall be chairman
3419 thereof unless the board designates a director in lieu of the president to be chairman. The
3420 directors shall elect the president, the vice president or vice presidents, treasurer and any other
3421 officers. The president, as may be permitted by law or by-law, may select other officers. The
3422 officers elected by the board shall hold their respective offices during the pleasure of the
3423 directors. The directors may fill a vacancy in the office of clerk or secretary until the next
3424 meeting of the stockholders.

3425 Section 20. The following provisions shall apply to meetings of the board and its
3426 committees for both a co-operative bank in mutual form or in stock form.

3427 (a) Unless the articles of organization or bylaws provide that action required or permitted
3428 by this chapter or other provisions of the General Laws to be taken by the directors may be taken
3429 only at a meeting, the action may be taken without a meeting if the action is taken by the
3430 unanimous consent of the members of the board of directors. The action shall be evidenced by 1
3431 or more consents describing the action taken, in writing, signed by each director, or delivered to
3432 the corporation by electronic transmission, to the address specified by the corporation for the
3433 purpose or, if no address has been specified, to the principal office of the corporation, addressed
3434 to the secretary or other officer or agent having custody of the records of proceedings of
3435 directors, and included in the minutes or filed with the corporate records reflecting the action
3436 taken.

3437 (b) Action taken under this section is effective when the last director signs or delivers the
3438 consent, unless the consent specifies a different effective date.

3439 (c) A consent signed or delivered under this section has the effect of a meeting vote and
3440 may be described as such in any document.

3441 (d) The provisions of this section shall also apply to committees of the board and the
3442 members thereof.

3443 Section 21. Fifteen or more cooperative banks may form the Cooperative Banks
3444 Employees Retirement Association, in this section and in sections 22 and 23 hereinafter referred
3445 to as the retirement association, for the purpose of providing retirement benefits services through

3446 retirement plans which are qualified under Section 401 of the Internal Revenue Code, in this
3447 section hereinafter referred to plans, to employees and customers of members of the association,
3448 as hereinafter provided. The retirement association, in its name and by and through its authorized
3449 officers, may: (a) establish plans and related trusts for its members; (b) make agreements and
3450 investments subject to such limitations as from time to time may be prescribed by law or the by-
3451 laws of the retirement association; (c) establish divisions, departments and other operating units
3452 within the retirement association, and provide the same with appropriate names or other
3453 identifications, to assist the retirement association in carrying out the powers conferred upon it
3454 by law and its by-laws; (d) sue and be sued, plead and be impleaded; (e) enforce liens and other
3455 obligations and foreclose mortgages held by the retirement association on or with respect to real
3456 or personal property situated in the commonwealth or in any state or territory of the United
3457 States; (f) adopt an official seal and alter the same at pleasure; and (g) do such other acts and
3458 things as may be necessary to carry out the powers conferred upon it by law and its by-laws.

3459 Any bank or credit union chartered by the commonwealth, any such bank or credit union
3460 which has converted to federal charter and has its main office located in the commonwealth, any
3461 bank or credit union chartered by the federal government, by a state of the United States other
3462 than the commonwealth or by the District of Columbia and which has its main office or a branch
3463 office located in the commonwealth, the Massachusetts Bankers Association and its successors
3464 and any bank which is a voting member thereof, the Cooperative Banks Employees Retirement
3465 Association, the Cooperative Central Bank, and such other banking institutions with their main
3466 office or any branch office located in the commonwealth, as may from time to time be provided
3467 for in the by-laws of the association, and the respective employees of each of the foregoing, shall
3468 be eligible for membership in the association; provided, however, no bank that was eligible to be
3469 a member of the association before January 1, 2004, shall be eligible to become a member of the
3470 Savings Banks Employees Retirement Association or the Credit Union Employees Retirement
3471 Association, unless and until the Savings Banks Employees Retirement Association and the
3472 Credit Union Employees Retirement Association permits a member to transfer from any or all of
3473 the qualified plans provided by said association, assets and liabilities, attributed to the member's
3474 employees, to 1 or more qualified plans not provided by said association. For the purposes of this
3475 section, and sections 22 and 23, a reference to "bank" or "banks" shall, unless the context
3476 otherwise requires, mean and include any or all of the organizations named or referred to in this
3477 paragraph, reference to "board of directors" of a bank shall also, unless the context otherwise
3478 requires, mean and include the governing body of such organizations, and reference to
3479 "customer" shall mean any person or business who has established a contractual relationship for
3480 banking business purposes with any banking institution located in the commonwealth which is a
3481 member of the association.

3482 Eligible employees may contribute a portion of their salaries and wages to or under plans
3483 established by the retirement association, to be deducted by the employing banks and paid to the
3484 plans or the retirement association. A participating bank may contribute to or under plans of the

3485 retirement association to the extent determined by its board of trustees. Contributions and
3486 benefits under the plans of the retirement association shall not exceed the limits, if any, imposed
3487 on such plans by the Internal Revenue Code of 1954 and the Employees Retirement Income
3488 Security Act of 1974, in this section hereinafter referred to asthe Code and ERISA, respectively.

3489 If the commissioner finds that the continuation of contributions by a participating bank
3490 subject to the commisisoner's authority may affect its safety and soundness, including reducing
3491 its risk-based capital ratio below any prescribed regulatory level, said commissioner may order
3492 the bank to: (a) freeze its benefits and cease further funding for future benefit accruals under any
3493 plans qualified under section 401 of the federal Internal Revenue Code; (b) revise its benefits for
3494 future service under any such plans so that contributions on account of any employee will be
3495 limited to an appropriate percentage of compensation; or (c) terminate its participation in any
3496 such plans.

3497 All plans maintained by the retirement association shall conform to the Code and ERISA
3498 and funds held under any such plans shall be invested in a manner as the retirement association
3499 shall determine. Copies of all plans shall be filed with the commissioner. Funds held under any
3500 of said plans shall be held by or used by the retirement association to the extent required by the
3501 Code and ERISA for the exclusive purpose of providing plan benefits to participating members;
3502 provided, however, to the extent permitted by law, funds of the plans may be used to defray
3503 reasonable expenses of administering the retirement association and the plans, and expenses of
3504 investing the assets of the plans may be charged against the funds of the plans. To the extent that
3505 expenses necessary for the administration of the retirement association or the said plans are not
3506 paid from the plans, they shall be paid by participating banks on a proportionate basis, as
3507 provided in the by-laws of the retirement association. The association shall annually provide to
3508 each member a report of assets and liabilities attributable to its participants in any or all qualified
3509 plans adopted by a member.

3510 A participating bank, by vote of its board of directors, and a customer may adopt 1 or
3511 more of the plans of the retirement association for the benefit of its employees. Any bank which
3512 has adopted a plan of the retirement association for its employees may, if it is otherwise eligible,
3513 also establish an employee stock ownership plan.

3514 A bank, by vote of its board of directors, may directly or indirectly by means of a
3515 contribution to 1 or more of the trust funds held by the trustees of the retirement association
3516 supplement the retirement benefits being paid to its former employees or their beneficiaries on
3517 account of bank service; provided, however, no supplement of a retirement benefit shall exceed
3518 the retirement benefit multiplied by the increase in the cost of living since the retirement began.
3519 The increase in the cost of living is the percentage by which the national monthly consumer price
3520 index for all urban consumers issued by the bureau of labor statistics of the United States
3521 Department of Labor for the last November before the year in which payment is made is greater
3522 than the beginning index figure. The beginning index figure is the average of such monthly

3523 consumer price index figures for the year in which a retirement benefit was first paid to or with
3524 respect to a former employee. Except with respect to supplements first voted by a financial
3525 institution's governing board on or after January 1, 1981, and which are paid through 1 or more
3526 of the trust funds held by the trustees of the retirement association, no employing unit may
3527 become obligated to pay in future years any supplement authorized by this paragraph.

3528 Membership in the association is voluntary and any bank may establish or provide
3529 qualified retirement plans for its employees independent of the association; provided, however,
3530 nothing contained herein shall be construed as requiring any bank to provide qualified retirement
3531 plans to its employees.

3532 Section 22. The by-laws of the retirement association, and any amendments thereto, shall
3533 be submitted to the commissioner and shall prescribe the manner in which, and the officers and
3534 agents by whom, the retirement association may be conducted and the manner in which its funds
3535 may be invested and paid out. Such retirement association shall be formed when its by-laws have
3536 been approved and agreed to by a majority of the trustees of each of 15 or more cooperative
3537 banks and have been approved by the commissioner. The association shall annually, on or before
3538 August 1, report to the commissioner such statements of its membership and financial
3539 transactions for the year ending on the preceding December 31 as the commissioner may
3540 consider necessary to show its business and standing. The commissioner may verify such
3541 statement by an examination of the books and papers of the retirement association. The
3542 retirement association shall not be subject to chapter 32 or chapter 175 or other laws as relate to
3543 insurance companies or other retirement associations.

3544 Section 23. The property of the retirement association, the portion of the wages or salary
3545 of any employee deducted or to be deducted under sections 21 and 22, the right of an employee
3546 to an annuity or pension, and all of the employee's rights in the funds of the retirement
3547 association, shall be exempt from taxation and from the operation of any law relating to
3548 insolvency, and shall not be attached or taken on execution or other process to satisfy any debt or
3549 liability of the retirement association, a participating bank or any employee member of the
3550 retirement association. No assignment of any right in or to said funds or of any pension or
3551 annuity payable under section 30 shall be valid, except that deferred annuity contracts purchased
3552 by a participating bank on account of past service of eligible employees may be assigned to such
3553 bank prior to actual retirement.

3554 Nothing in this section shall prevent an employee's annuity or pension from being
3555 attached, taken on execution, assigned, or subject to other process to satisfy a support order
3556 under chapter 208, 209 or 273.

3557 Section 24. The participating members of the Co-operative Banks Employees Retirement
3558 Association, established by section 21, shall constitute as the Co-operative Banks Employees
3559 Benefit Association, in this section and in sections 25 and 26 hereinafter referred to as the benefit

3560 association, for the purpose of providing retirement benefits through retirement plans which are
3561 not qualified plans under Section 401 of the Internal Revenue Code of the United States and for
3562 establishing employee welfare benefit plans, in this section hereinafter referred to as plans, for
3563 eligible employees of participating organizations. The benefit association, in its name and by or
3564 through its authorized officers, may: (a) establish plans and related trusts for eligible members
3565 participating therein; (b) make agreements, establish trusts and make or cause to be made
3566 investments subject to such limitations as may from time to time be prescribed by law or by the
3567 by-laws of the benefit association; (c) sue and be sued, plead and be impleaded; (d) enforce liens
3568 and other obligations and foreclose mortgages held by the benefit association on or with respect
3569 to real or personal property situated in the commonwealth or in any state or territory of the
3570 United States; (e) adopt an official seal and alter the same at pleasure; and (f) do such other acts
3571 that may be necessary to carry out the powers conferred upon it by law and its by-laws.

3572 For the purposes of this section and sections 22 and 23, reference to "bank" and "banks"
3573 shall, unless the context otherwise requires, mean and include any or all member organizations
3574 and a reference to "directors" of a bank shall, unless the context otherwise requires, mean and
3575 include the governing body of each of such organizations.

3576 Eligible employees may contribute a portion of their salaries or wages to or under plans
3577 established by the benefit association, to be deducted by the employing banks and paid to the
3578 benefit association. A participating bank may contribute to or under plans of the benefit
3579 association to the extent determined by its directors. Contributions and benefits under the plans
3580 of the benefit association shall not exceed the limits, if any, imposed on such plans by the
3581 Internal Revenue Code of 1986 as amended, and the Employee Retirement Income Security Act
3582 of 1974, as amended, in this section called the Code and ERISA, respectively.

3583 All plans maintained by the benefit association shall conform to the Code and funds held
3584 under the plans of the benefit association shall be invested in such manner as the benefit
3585 association shall determine, consistent with the by-laws. Funds held under plans of the benefit
3586 association shall be held by or used by the benefit association for the exclusive purpose of
3587 providing plan benefits to eligible members and, as determined by the benefit association, may
3588 be used to defray reasonable expenses of administering the plans and investing the assets of the
3589 plans. To the extent that expenses necessary for the administration of the benefit association or
3590 the plans of the benefit association are not paid from the plans, they shall be paid by participating
3591 banks on a proportionate basis, as provided in the by-laws.

3592 A participating bank, by vote of its directors may adopt 1 or more of the plans of the
3593 benefit association for the benefit of its employees and their beneficiaries.

3594 Nothing in this section shall be construed so as to prevent any such bank from
3595 establishing its own employee welfare benefit plans or non-qualified retirement plan.

3596 Section 25. The trustees of the Co-operative Banks Employees Retirement Association
3597 shall prepare the by-laws of the benefit association and file the same with the commissioner. Said
3598 by-laws shall prescribe the manner in which, and the officers and agents by whom, the benefit
3599 association will be conducted and the manner in which its funds may be invested and paid out.
3600 They shall also provide that the said trustees of the Co-operative Banks Employees Retirement
3601 Association shall serve as the initial trustees of the benefit association and shall continue such
3602 service for the term prescribed in such by-laws and for the election of subsequent trustees.

3603 Such benefit association shall annually, within 6 months after the close of its fiscal year,
3604 report to the commissioner such statements of its membership and financial transactions as the
3605 commissioner may consider necessary to show its business and standing. The commissioner may
3606 verify such statement by an examination of the books and papers of the benefit association.

3607 The benefit association shall not be subject to chapter 32 or chapter 175 or to such other
3608 provisions of law as relate to insurance companies or other benefit associations.

3609 Section 26. The property of the benefit association shall be exempt from taxation and
3610 from the operation of any law relating to insolvency, and shall not be attached or taken on
3611 execution or other process to satisfy any debt or liability of the benefit association, a
3612 participating bank, or any employee member of the benefit association. No assignment of any
3613 right in or to said funds or of any pension or annuity payable under section 24 shall be valid,
3614 except that deferred annuity contracts purchased by a participating bank on account of past
3615 service of eligible employees may be assigned to such bank prior to actual retirement.

3616 Nothing in this section shall prevent an employee's annuity or pension from being
3617 attached, taken on execution, assigned, or subject to other process to satisfy a support order
3618 under 208, 209 or 273.

3619 SECTION 60. Chapter 171 of the General Laws, as appearing in the 2012 Official
3620 Edition, is hereby amended by inserting the following section:-

3621 Section 8A. For the purposes of this section, the following words shall, unless the context
3622 otherwise requires, have the following meanings:—

3623 "Electronic branch", an electronic device, other than a telephone operated by a consumer,
3624 through which a consumer may initiate an electronic fund transfer. Such term includes, but is not
3625 limited to automated teller machines and cash dispensing machines. Such term does not include a
3626 teller machine or similar device located on the premises of and operated solely by an employee
3627 of a financial institution or a point-of-sale terminal as hereinafter defined.

3628 "Organization", any person, corporation, association of partnership which assists or
3629 provides services to a financial institution or merchant in order to make available electronic fund
3630 transfers. A financial institution or merchant shall not be considered an organization.

3631 “Point-of-sale terminal”, an electronic terminal located on the premises of a merchant
3632 when such terminal is used with the assistance of an employee of a merchant for a customer’s
3633 purchase or lease of goods or services sold or leased by such merchant or adjustments thereto or
3634 the receipt of cash by the customer which is ancillary to the customer’s purchase or lease of
3635 goods or services from such merchant; provided, however, that such terminal shall be deemed an
3636 electronic branch for the purposes of this chapter whenever it is used for any other electronic
3637 fund transfer, or for an electronic fund transfer involving a customer’s account held by an
3638 organization, or for an electronic fund transfer solely for customers of a single financial
3639 institution or bank holding company subject to the provisions of chapter 167A or the Bank
3640 Holding Company Act of 1956, 12 USC 1841 et seq.

3641 A credit union shall comply with the Electronic Fund Transfer Act 15 USC 1693 et seq.
3642 and the regulations promulgated thereunder; provided, however, the maximum liability of a
3643 consumer under 15 USC 1693g shall be limited to $50.00.

3644 After a vote of its board of directors, a credit union, except as otherwise provided in this
3645 section, may purchase, establish, install, operate, lease or use individually or with any other
3646 financial institution or organization or share with any other financial institution or organization
3647 any number of manned or unmanned electronic branches at which a customer may make
3648 deposits, withdrawals, transfers of funds, obtain advances against preauthorized lines of credit,
3649 cash checks or pay obligations, and any number of point-of-sale terminals; provided, however,
3650 that withdrawals from such electronic branches, other than those located at an office of a credit
3651 union, shall be made only from a demand deposit account, negotiable withdrawal order account,
3652 or statement account or against a preauthorized line of credit; and provided, further that the credit
3653 union shall have applied for and obtained the approval of the commissioner for such electronic
3654 branch except that a credit union at whose office such electronic branch is located need not have
3655 applied for or obtained such approval. The commissioner shall approve such application if, in the
3656 commisisoner’s opinion, such action will promote a sound banking system which provides for
3657 the needs of the people and business, encourages competition, discourages monopolies and does
3658 not ignore legislative policies.

3659 There shall be no geographical limitation on the location of electronic branches which a
3660 credit union may purchase, establish, install, operate, lease or use individually or with any other
3661 financial institution or organization or share with any other financial institution or organization;
3662 provided, however, that the site location for such electronic branches, other than an electronic
3663 branch located at an office of a financial institution or in another state, shall be subject to
3664 approval by, and regulation of, the commissioner. An electronic branch may be located in a
3665 mobile unit under such conditions and limitations as the commissioner, by regulation, shall
3666 establish.

3667 A credit union shall adopt and maintain safeguards to insure the safety of a customer
3668 using the electronic branch, to insure the safety of the funds, items and other information at the

3669 electronic branch and to assist in the identification of criminals. The commissioner may
3670 promulgate rules and regulations establishing minimum standards for such safeguards. Such
3671 safeguards shall be in place and operational at the time such electronic branch begins to transact
3672 business; provided, however, that such safeguards shall not apply to an electronic branch located
3673 at an office of a credit union.

3674 No such electronic branch located at other than the office of a credit union shall be
3675 manned or operated at any time by an employee of any financial institution, holding company of
3676 a financial institution or affiliate thereof, or any organization except on a temporary basis for the
3677 purpose of instructing operators or customers, servicing the electronic branch or for the purpose
3678 of using such electronic branch on said employee's own behalf.

3679

3680 SECTION 61. Chapter 171 of the General Laws is hereby amended by striking out
3681 sections 78A and 78B, as so appearing, and inserting in place thereof the following section:-

3682 Section 78A. Any 1 or more credit unions may merge or consolidate with 1 or more
3683 savings banks, as defined in section 1 of chapter 168, or 1 or more co-operative banks, as defined
3684 in section 1 of chapter 170, or 1 or more subsidiary banking institutions, as defined in section 1
3685 of chapter 167H and section 4 of chapter 167I.

3686 SECTION 62. The General Laws are hereby amended by striking out chapter 172, as so
3687 appearing, and inserting in place thereof the following chapter:-

3688 CHAPTER 172. TRUST COMPANIES

3689 Section 1. Wherever used in this chapter, unless the context otherwise requires, the
3690 following words shall have the following meanings:-

3691 "Board" or "board of bank incorporation" as used in the first 9 sections, a board
3692 consisting of the commissioner of banks, the commissioner of revenue and the state treasurer.

3693 "Capital stock", the sum of the par value of the preferred and common shares of capital
3694 stock, issued and outstanding.

3695 "Commissioner", the commissioner of banks.

3696 "Common stock", the shares of capital stock of a trust company, other than preferred
3697 stock..

3698 "Incorporators", subscribers to the agreement of association for the purpose of forming a
3699 trust company under the provisions of this chapter.

3700 “Officer”, any individual designated as such in accordance with the by-laws including,
3701 whether or not so designated, the president, vice-president, treasurer and the clerk or secretary, or
3702 any individual who performs the duties appropriate to those offices.

3703 “Stockholder”, a registered owner of shares of capital stock of a trust company.

3704 “Surplus account”, an account so designated on the books of a trust company and
3705 consisting of such amounts as shall be required by law or shall be transferred thereto by vote of
3706 the board of directors.

3707 “Trust company” or “corporation”, a trust company incorporated as such in the
3708 commonwealth.

3709 Section 2. A trust company shall have all the powers expressly granted by law and
3710 whatever further incidental powers may fairly be implied from those expressly conferred and
3711 such as are reasonably necessary to enable it to exercise fully those powers according to common
3712 or accepted banking customs and usages.

3713 Section 3. No person, other than a trust company, shall use the words “trust company”,
3714 even though said words may be separated by 1 or more other words, as part of his or its name or
3715 in any representation describing his or its business, powers, services or functions. Any person
3716 who violates this section shall be punished by a fine of $100 for each day during which such
3717 violation continues.

3718 Section 4. A trust company shall upon its incorporation have such capital structure as the
3719 board of bank incorporation shall deem adequate. Such capital structure may vary by the board
3720 based on the application and business plan submitted.

3721 Section 5. Fifteen or more individuals who associate themselves by a written agreement
3722 for the purpose of forming a trust company may, upon compliance with sections 4 to 9, inclusive,
3723 become a corporation, with all the powers and privileges and subject to all the duties, restrictions
3724 and liabilities set forth in all general laws relating to such corporations. The agreement of
3725 association shall specifically state:

3726 (a) That the incorporators thereto associate themselves with the intention of forming a
3727 corporation;

3728 (b) The name by which the corporation shall be known;

3729 (c) The location of the principal office of the corporation, which shall be within the
3730 commonwealth;

3731 (d) The purposes for which the corporation is formed and the nature of the business to be
3732 transacted;

3733 (e) The amount and classes of its capital stock, and the number of shares into which any
3734 class is to be divided;

3735 (f) the amount of the surplus account;

3736 (g) the amount of the undivided profits account; and

3737 (h) the name of each incorporator and the number of shares of capital stock, if any, which
3738 he agrees to take and the class or classes of such shares.

3739 The name of each incorporator shall be subscribed to the agreement of association.

3740 Section 6. A notice of the intention of the subscribers to form such a trust company shall
3741 be given to the board of bank incorporation.

3742 A notice in such form as said board shall approve, shall be published at least once a
3743 week, for 3 successive weeks, in 1 or more newspapers designated by the board, and published in
3744 the city or town in which it is proposed to establish the trust company, or if there is no newspaper
3745 in such city or town, in a newspaper published in the city or town which is nearest to the
3746 proposed location. Such notice shall specify the names of the proposed incorporators, the name
3747 of the corporation and the location of the same. The subscribers to said agreement shall apply to
3748 the board for a certificate that public convenience and advantage will be promoted by the
3749 establishment of such trust company. Such an application for a proposed trust company shall be
3750 accompanied by an investigation fee, the amount of which shall be determined by the
3751 commissioner of administration under the provision of section 3B of chapter 7. In determining
3752 whether the public convenience and advantage will be promoted by the establishment of such
3753 trust company, the board shall consider the adequacy of its capital structure, the general character
3754 of its management, the adequacy of banking facilities in the area and the convenience and needs
3755 of the community to be served. The board may grant such certificate, which shall be deemed to
3756 be revoked if the applicants therefor do not become incorporated and begin business within 1
3757 year after its date of issue. If the board refuses to issue such certificate, no further proceeding
3758 may be taken by the applicant during the year next following the date of such refusal except with
3759 the approval of the board; provided, however, the applicant may renew the application as of right
3760 after 1 year from the date of such refusal, and may dispense with further notice or publication
3761 unless the board orders such notice or publication.

3762 Section 7. The first meeting of the incorporators shall be called by a notice signed either
3763 by that incorporator who is designated in the agreement for the purpose, or by a majority of the
3764 incorporators, and such notice shall state the time, place and purposes of the meeting. A copy of
3765 the notice shall, at least 7 days before the day appointed for the meeting, be given to each
3766 incorporator or left at the incorporator's residence or usual place of business, or deposited in the
3767 post office, postage prepaid, and addressed to the incorporator at such incorporator's residence or
3768 usual place of business, and another copy thereof and an affidavit of 1 of the signers that the

3769 notice has been duly served shall be recorded with the records of the corporation. If all the
3770 incorporators shall, in writing endorsed upon the agreement of association, waive such notice
3771 and fix the time and place of the meeting, no notice shall be required. At such first meeting, or at
3772 any adjournment thereof, the incorporators shall organize by the choice by ballot of a temporary
3773 clerk who shall be sworn, by the adoption of by-laws and by the election in such manner as the
3774 by-laws may determine, of directors, a clerk or secretary, and such other officers as the by-laws
3775 may prescribe. The temporary clerk shall make and attest a record of the proceedings until the
3776 clerk or secretary has been chosen and sworn, including a record of such choice and
3777 qualification.

3778 Section 8. The president, clerk or secretary and a majority of the directors as applicable
3779 elected at such first meeting shall make and sign under penalties of perjury articles of
3780 organization in duplicate, setting forth:

3781 (a) A true copy of the agreement of association, the names of the incorporators thereto,
3782 and the name of each of the officers and directors or trustees as applicable of the company; and

3783 (b) The date of the first meeting and the successive adjournments thereof, if any.

3784 One duplicate original of the articles so signed shall be submitted to the commissioner
3785 and the other, together with the records of the proposed corporation, to the state secretary, who
3786 shall examine the same, and who may require such amendment thereof or such additional
3787 information as he may consider necessary. If the commissioner finds that the articles conform to
3788 the 4 preceding sections relative to the organization of the corporation and that section 6 has
3789 been complied with, the commissioner shall so certify and endorse the commissioner's approval
3790 thereon. The articles shall be filed within 30 days thereafter in the office of the state secretary,
3791 who, upon receipt of a fee, the amount of which shall be determined annually by the
3792 commissioner of administration under the provision of section 3B of chapter 7, said state
3793 secretary shall issue a certificate of incorporation in the following form:

3794 COMMONWEALTH OF MASSACHUSETTS

3795 Be it known that whereas (the names of the subscribers to the agreement of association)
3796 have associated themselves with the intention of forming a corporation under the name of (the
3797 name of the corporation), for the purpose (the purpose declared in the agreement of association),
3798 with a capital stock of (the amount fixed in the agreement of association), and have complied
3799 with the statutes of the commonwealth in such case made and provided, as appears from the
3800 articles of organization of said corporation, duly approved by the state secretary and recorded in
3801 this office: Now, therefore, I (the name of the state secretary), secretary of the commonwealth of
3802 Massachusetts, do hereby certify that said (the names of the subscribers to the agreement of
3803 association), their associates and successors, are legally organized and established as, and are
3804 hereby made, an existing corporation under the name of (name of the corporation), with the

3805 powers, rights and privileges, and subject to the limitations, duties and restrictions, which by the
3806 law appertain thereto.

3807 Witness my official signature hereunto subscribed and the great seal of the
3808 commonwealth of Massachusetts hereunto affixed, this day of in the year (the date of the filing
3809 of the articles of organization).

3810 The state secretary shall sign the certificate of incorporation and cause the great seal of
3811 the commonwealth to be thereto affixed, and such certificate shall have the force and effect of a
3812 special charter. The existence of every such corporation shall begin upon the filing of the articles
3813 of organization in the office of the state secretary. The state secretary shall also cause a record of
3814 the certificate of incorporation to be made, and such certificate, or such record, or a certified
3815 copy thereof, shall be conclusive evidence of the existence of such corporation.

3816 A bank may amend its articles of organization if approved by its board and submitted to
3817 and approved by the bank's governing body except as provided in sections 10.05, 10.07 and
3818 14.34 of chapter 156D. After approval by the board and governing body, the amendment shall be
3819 submitted to the commissioner for the commissioner's endorsement thereon before delivering the
3820 amendment to the state secretary for filing.

3821 Section 9. When all the capital stock has been issued, a list of the stockholders, with the
3822 name, residence and post office address of each, and the number of shares in each class held by
3823 each stockholder, shall be filed with the board of bank incorporation, which list shall be verified
3824 by the clerk of the corporation. Upon receipt of such list the board shall cause an examination to
3825 be made of the method of payment of the capital stock, of the personnel of the corporation,
3826 including the officers and directors thereof, and if, after such examination, it appears that the
3827 whole capital stock, surplus account and undivided profits account have been paid in cash, that
3828 all requirements of law have been complied with, that the bank is a member of the Federal
3829 Deposit Insurance Corporation, and that the qualifications of the personnel are satisfactory, the
3830 board shall, if satisfied that the public convenience and advantage will be promoted thereby,
3831 issue a certificate authorizing such corporation to begin the transaction of business. No such
3832 corporation shall begin the transaction of business until such a certificate has been granted.

3833 Section 9A. After notice of intent, application and hearing as the commissioner may
3834 require and with his written permission and under conditions the commissioner may impose, the
3835 commissioner may, if satisfied that public convenience and advantage will be promoted and that
3836 competition among banking institutions will not be unreasonably affected, grant a certificate to
3837 establish a limited purpose trust company for the purpose of conducting trust and fiduciary
3838 business authorized under chapter 167G and other law applicable to a state-chartered bank;
3839 provided, however, that it will have sufficient capital to support its business operations; provided
3840 further that any such limited purpose trust company shall not accept deposits, make loans or
3841 otherwise carry on a banking business in the commonwealth; and provided, further, that this

3842 section shall not apply to an attorney licensed to practice law in the commonwealth or to a
3843 person exercising trust or fiduciary powers in the commonwealth under lawful authority.

3844 A person seeking authority to establish a limited purpose trust company under this
3845 section shall file a notice and an application for a certificate with the commissioner, together
3846 with a fee, the amount of which shall be determined by the commissioner of administration under
3847 the provisions of section 3B of chapter 7. The application shall include the following:-

3848 (a) the name under which the corporation will conduct business;

3849 (b) the name, residence and post office address of each officer of the corporation;

3850 (c) the location of the principal office thereof which shall be within the commonwealth;

3851 (d) the purpose for which the corporation is formed and the nature of the business to be
3852 transacted;

3853 (e) the amount and classes of its capital stock, and the number of shares into which any
3854 class is to be divided; and

3855 (f) such other information as the commissioner considers necessary.

3856 Upon receipt of the certificate from the commissioner, the corporation shall file its
3857 articles of organization with the state secretary and shall thereupon become eligible to conduct
3858 business; provided, however, the certificate shall be considered to be revoked if the corporation
3859 does not commence business within 1 year after the date of issuance thereof by the
3860 commissioner.

3861 In the transaction of business, a limited purpose trust company shall be subject to sections
3862 10 to 13, inclusive, and other applicable sections of this chapter, section 36A of chapter 167,
3863 sections 13 and 14 of chapter 167I, and sections 2 to 6, inclusive, 8 to 11, inclusive, and 14 to 20,
3864 inclusive, of chapter 167J.

3865 A limited purpose trust company may establish and maintain a trust office or a
3866 representative trust office in any state other than the commonwealth. A company intending to
3867 establish a trust office or representative trust office in the other state shall file a notice with the
3868 commissioner. The notice shall be in a form prescribed by the commissioner and shall contain
3869 the name and address of the limited purpose trust company, the location of the proposed office,
3870 and be accompanied by a copy of the resolution of its board of directors authorizing the
3871 establishment of the out-of-state office.

3872 The company may commence business at the out-of-state trust office or representative
3873 trust office upon the expiration of 30 days from the date the required notice is received by the
3874 commissioner; provided, however, the 30 day period may be extended by the commissioner upon
3875 notice in writing to the company that additional information is required to be submitted to the

3876 commissioner. For the purposes of this section, a “trust office” shall mean the business office of
3877 the limited purpose trust company at which its licensed business activities are transacted; and a
3878 “representative trust office” shall mean an office established by the company in order to market
3879 and solicit business and provide administrative support but at which, licensed business activities
3880 of the company could not be conducted.

3881 A limited purpose trust company, or any similar institution as determined by the
3882 commissioner, established under the laws of any other state or the United States, may, with the
3883 approval of the commissioner, establish and maintain an office in the commonwealth; if the laws
3884 of the state in which such company or similar institution was established expressly authorize,
3885 under conditions no more restrictive than those imposed by the laws of the commonwealth, as
3886 determined by the commissioner, the establishment of an office in said state by a limited purpose
3887 trust company chartered in the commonwealth.

3888 The commissioner may establish rules and regulations necessary to carry out this section
3889 and to govern the affairs of the company, including an examination thereof by the commissioner.
3890 The regulations may specify which provisions of chapters 167 through 167G, chapters 183 and
3891 184 and other laws of the commonwealth shall be applicable to any such limited purpose trust
3892 company.

3893 A limited purpose trust company may be merged, consolidated, converted, liquidated,
3894 dissolved or its charter cease to exist in such manner as the commissioner may prescribe and
3895 subject to such terms and conditions he may impose.

3896 Section 4 of chapter 167A relative to the Massachusetts Housing Partnership Fund shall
3897 apply to any subsequent transaction involving an unaffiliated entity and a limited purpose trust
3898 company that had converted from a trust company to a limited purpose trust company and that,
3899 but for such conversion, would have been subject to said section 4. The commissioner shall not
3900 approve any transaction subject to this paragraph until the commissioner has received notice
3901 from the Massachusetts Housing Partnership Fund that satisfactory arrangements have been
3902 made.

3903 Section 10. Such corporation may adopt by-laws for the proper management of its affairs
3904 and as appropriate to exercise all powers necessary, convenient or incidental to the purposes for
3905 which the corporation was formed. The corporation may also establish regulations controlling
3906 the assignment and transfer of its shares. A majority in interest of the stockholders entitled to
3907 vote shall constitute a quorum at any meeting unless the by-laws require more than a majority.

3908 Section 11. Stockholders entitled to vote may vote in person or by proxy. No proxy dated
3909 more than 6 months before the date of the meeting named therein shall be valid, and no proxy
3910 shall be valid after the final adjournment of such meeting. A proxy with respect to stock held in
3911 the name of 2 or more persons shall be valid if executed by any one of them unless at or prior to
3912 the exercise of the proxy such corporation receives a specific written notice to the contrary from

3913 any one of them. A proxy purporting to be executed by or on behalf of a stockholder shall be
3914 deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity
3915 shall rest on the challenger. Except as otherwise provided in the articles of organization or by-
3916 laws of the corporation, special meetings of the stockholders may be called pursuant to the
3917 provisions of section 7.02 of chapter 156D.

3918 Section 12. The business of such corporation shall be managed by a board of not less than
3919 7 nor more than 25 directors. A majority of the directors shall be citizens of the commonwealth
3920 and residents therein. The directors shall be elected, in such manner as is provided in the by-
3921 laws, by the stockholders at their annual meeting or at a special meeting called for the purpose;
3922 provided, however, that if the by-laws so prescribe, a number of directors, not exceeding 2, may
3923 be elected by vote of a majority of the directors then in office. The directors shall hold office for
3924 such term, not exceeding 3years, as is provided in the by-laws and until their successors are
3925 selected and have qualified. A director shall be eligible for reelection. Any vacancy in the board
3926 may be filled by appointment by the remaining directors and any director so appointed shall hold
3927 his office until the next election.

3928 Each director shall own, in the director's own right and free of any lien or encumbrance,
3929 common stock, either of such corporation or of a company owning 75 per cent or more of the
3930 stock of such corporation, having a par value, or a fair market value on the date the person
3931 became a director, of not less than $1,000. Any director who ceases to be the owner of the
3932 required number of shares of stock, or who becomes in any other manner disqualified, shall
3933 vacate the office forthwith. Each director, when appointed or elected, shall take an oath that the
3934 director will faithfully perform the duties of the office and that the director is the owner, in the
3935 director's own right and free of any lien or encumbrance, of the amount of stock required by this
3936 section. The oath shall be taken before a notary public or justice of the peace, and a record of the
3937 oath shall be made a part of the records of such corporation.

3938 The office of any director who seeks, or against whom, an order of relief is entered in a
3939 personal capacity, pursuant to Title 11 of the United States Code, or who, on examination in a
3940 supplementary process proceeding, has been found unable to pay a judgment, shall thereby be
3941 vacated. A record of any such vacancy shall be entered upon the books of the corporation. Any
3942 director whose office is so vacated shall again be eligible to serve as or director upon the receipt
3943 of a discharge in bankruptcy under chapter 7 of said Title 11; the completion of all payments
3944 required pursuant to a plan of reorganization under chapter 11 thereof; the completion of all
3945 payments under a plan of debt adjustment under chapter 13 thereof; or the payment of said
3946 judgment.

3947 In determining what a director reasonably believes to be in the best interests of such
3948 corporation, in considering proposed business combinations, as defined in paragraph (c) of
3949 section 3 of chapter 110F, a director may consider the interests of the corporation's employees,
3950 suppliers, creditors and customers, the economy of the state, region and nation, community and

3951 societal considerations, and the long-term and short-term interests of the corporation and its
3952 stockholders, including the possibility that these interests may be best served by the continued
3953 independence of the corporation.

3954 Each such corporation shall have an executive committee of not less than 3 members,
3955 who shall be elected by and from the directors and shall hold office during their pleasure. An
3956 executive committee may take any action that could be taken by the board of directors except
3957 that an executive committee may not: (1) authorize dividends or other distributions to
3958 shareholders; (2) approve or propose to the corporation's shareholders actions that require the
3959 approval of the corporation's shareholders; (3) change the number of members of the board of
3960 directors, remove directors from office or fill vacancies on the board of directors; (4) amend the
3961 corporation's articles of organization; (5) adopt, amend or repeal the corporation's by-laws; (6)
3962 authorize or approve reacquisition of shares of capital stock, except according to a formula or
3963 method prescribed by the board of directors; (7) take any action specifically required by law or
3964 regulation to be taken by the entire board of directors, or (8) approve a transaction described in
3965 section 8 of chapter 167I.

3966 Section 13. The clerk or secretary shall be elected by the stockholders at their annual
3967 meeting or at a special meeting duly called for the purpose.

3968 The president shall be elected by and from the board of directors and shall be chairman
3969 thereof unless the board designates a director in lieu of the president to be chairman. The
3970 directors shall elect the treasurer and any other officers including an executive vice president.
3971 The president as may be required or permitted by law or by-law may select other officers. The
3972 officers elected by the board shall hold their respective offices during the pleasure of the
3973 directors. The directors may fill a vacancy in the office of clerk or secretary until the next
3974 meeting of the stockholders.

3975 Section 14. The following provisions shall apply to meetings of the board and its
3976 committees.

3977 (a) The board of directors shall meet at intervals, that shall not be less frequent than
3978 quarterly; provided, however, upon application in writing by the corporation, the commissioner
3979 may waive or modify this requirement. Unless the articles of organization, the by-laws, or a
3980 resolution by the board otherwise provide, members of the board of directors or a committee
3981 designated thereby may participate in a meeting of the board or committee by means of a
3982 conference telephone or similar communications equipment by means of which all persons
3983 participating in the meeting may simultaneously hear each other, and participation by those
3984 means shall constitute presence in person at a meeting. Members may transmit written
3985 authorizations that may be required during the meeting by electronic facsimile or other
3986 commercially acceptable transmission.

3987 (b) Unless the articles of organization or bylaws provide that action required or permitted
3988 by this chapter or other provisions of the General Laws to be taken by the directors may be taken
3989 only at a meeting, the action may be taken without a meeting if the action is taken by the
3990 unanimous consent of the members of the board of directors. The action must be evidenced by 1
3991 or more consents describing the action taken, in writing, signed by each director, or delivered to
3992 the corporation by electronic transmission, to the address specified by the corporation for the
3993 purpose or, if no address has been specified, to the principal office of the corporation, addressed
3994 to the secretary or other officer or agent having custody of the records of proceedings of
3995 directors, and included in the minutes or filed with the corporate records reflecting the action
3996 taken.

3997 (c) Action taken under this section is effective when the last director signs or delivers the
3998 consent, unless the consent specifies a different effective date.

3999 (d) A consent signed or delivered under this section has the effect of a meeting vote and
4000 may be described as such in any document.

4001 (e) The provisions of this section shall also apply to committees and their members.

4002 SECTION 63. Section 2 of chapter 183C of the General Laws, as appearing in the 2012
4003 Official Edition, is hereby amended by striking out, in lines 5 to 6, the words "Federal Reserve
4004 Board" and inserting in place thereof the following words:- bureau of consumer financial
4005 protection.

4006 SECTION 64. Said section 2 of said chapter 183C, as so appearing, is hreby further
4007 amended by striking out, in line 31, the words "12 C.F.R. 226.32(a)(1)(i)" and inserting in place
4008 thereof the following words:- 12 C.F.R. 1026.226.32(a)(1)(i).

4009 SECTION 65. Said section 2 of said chapter 183C, as so appearing, is hereby further
4010 amended by striking out, in lines 67 to 68, the words"226.4(a) and 226.4(b)" and inserting in
4011 place thereof the following words:- 1026.4(a) and 1026.4(b).

4012 SECTION 66. Said section 2 of said chapter 183C, as so appearing, is hereby further
4013 amended by striking out, in line 72, the words "226.4(c)(7)" and inserting in place thereof the
4014 following words:- 1026.4(c)(7).

4015 SECTION 67. Said section 2 of said chapter 183C, as so appearing, is hereby further
4016 amended by striking out, in line 100, the words "226.4(d)(2)" and inserting in place thereof the
4017 following words:- 1026.4(d)(2).

4018 SECTION 68. Section 1 of chapter 255F of the General Laws, as so appearing, is hereby
4019 amended by striking out, in lines 17 to 18, the words:- the Director of the Office of Thrift
4020 Supervision,.