

HOUSE No. 5230

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, January 4, 2021.

The committee on Ways and Means, to whom was referred the Bill relative to the board of directors of the Massachusetts Credit Union Share Insurance Corporation (House, No. 1077), reports recommending that the same ought to pass with an amendment substituting therefor the accompanying bill (House, No. 5230).

For the committee,

AARON MICHLEWITZ.

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**In the One Hundred and Ninety-First General Court
(2019-2020)**

An Act relative to the board of directors of the Massachusetts Credit Union Share Insurance Corporation.

Whereas, The deferred operation of this act would tend to defeat its purpose, which is to forthwith modernize the operation of the Massachusetts Credit Union Share Insurance Corporation, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

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

1 SECTION 1. Section 1 of chapter 294 of the acts of 1961 is hereby amended by striking
2 out section 4, as most recently amended by chapter 466 of the acts of 1991, and inserting in place
3 thereof the following:-

4 Section 4. Officers. — There shall be a board of not less than 9 and not more than 15
5 directors who shall be elected by the delegates of the member credit unions as follows:

6 (a) Not fewer than 6 and not more than 11 directors shall be elected from the member
7 credit unions. Directors elected from the membership shall serve in the capacity of president or
8 chief executive officer, or equivalent, of the member credit union at the time of their election.

9 (b) On and after the annual meeting of the corporation to be held in the year 1986,
10 directors may also be elected from excess member credit unions so long as the combined number
11 of regular member and excess member directors does not exceed 11.

12 (c) There shall be 3 or 4 outside directors, as determined pursuant to subparagraph (d).

13 (d) Outside directors shall be elected from a list of persons nominated by member credit
14 unions, none of whom shall be directors, officers, employees or agents of a member credit union
15 or a director, trustee or other officer of any other financial institution. Each member credit union
16 may nominate persons to be such a director by filing the name of such person with the board of
17 directors not later than 60 days prior to the annual meeting; provided, however, that any such
18 person shall be qualified by training and experience in one of the following fields: business
19 judgement, insurance, investments, real estate, accounting or law.

20 Each director shall be elected for a 3-year term, except as otherwise provided. All
21 directors shall be sworn and hold office until their successors are qualified. If a person elected
22 does not within 30 days thereafter take the oath of office, the office shall thereupon become
23 vacant. The directors shall fill any vacancies on the board until the next annual meeting. The
24 directors may adopt such rules and regulations as they may deem necessary to effect the
25 purposes of this act, provided that such rules and regulations shall not become effective until
26 they have been approved by the commissioner, and for such purposes the commissioner may
27 confer and advise with the directors and furnish them with such information as they may request.

28 There shall be a chairman of the board, vice-chairman of the board, president, treasurer
29 and clerk of the corporation and such other officers and committees thereof as the board of
30 directors may deem necessary, which officers and committees shall be elected annually by the

31 directors, at a meeting held not more than 60 days following the adjournment of the annual
32 delegates meeting. The chairman and vice-chairman shall be elected from the board of directors
33 and the president may be elected from the board of directors. The clerk of the corporation shall
34 be the clerk of the board of directors. The directors may fill any vacancies in said offices and
35 committees until the next annual meeting and, for cause shown, may remove by a 2/3rd vote of
36 all members of the board, any officer or committee member.

37 The number of directors provided in subparagraphs (a) and (c) shall be determined from
38 time to time by a 2/3rd vote of the board of directors. Notwithstanding such vote by the board of
39 directors, any person who is serving as a director of the corporation at the time of such a vote
40 shall be entitled to serve the remaining time on their then current term of office.

41 SECTION 2. Section 6 in section 1 of said chapter 294, as most recently amended by
42 chapter 79 of the acts of 1990, is hereby further amended by inserting after the first paragraph the
43 following 2 paragraphs:-

44 In addition to or apart from the financial assistance authorized under the preceding
45 paragraph, the corporation, by vote of at least 2/3rd of its directors and in order to effect the
46 purposes of this act may, by agreement with a member and with the approval of the
47 commissioner, grant financial assistance to such member by any or all of the methods prescribed
48 in the preceding paragraph and subject to the terms, conditions and benefits contained in clauses
49 (a) to (d), inclusive, of the preceding paragraph, for any of the purposes stated in this section or
50 for the purpose of providing reserve funds for the protection of depositors of such credit unions;
51 provided, that the total financial assistance granted to a member under the authority of this

52 paragraph shall not at any one time exceed a sum equal to the greater of 5 per cent of the deposits
53 of such member or 500,000 dollars.

54 In addition to the financial assistance authorized under the preceding 2 paragraphs, the
55 corporation, by vote of at least 2/3rd of its directors and in order to effect the purposes of this act
56 may also, by agreement with a member and with the approval of the commissioner, grant
57 financial assistance to such member credit union by any or all of the following additional
58 methods for any of the purposes stated in this section or to provide reserve funds for the
59 protection of depositors of such credit union: (a) make a deposit in such member credit union of
60 such amount as the directors deem advisable which deposit shall not be subject to any limits
61 imposed by chapter 171 of the General Laws or the by-laws of the credit union and which may or
62 may not be a subordinated deposit and may or may not be in accordance with an agreement that
63 dividends thereon will be at a lower rate than is paid to the members; (b) assume any liabilities of
64 such member credit union; (c) make loans or contributions to or deposits in, or purchase any
65 assets of, any financial institution which will acquire control of or merge or consolidate with
66 such member credit union or will purchase the assets and assume the liabilities of such member
67 credit union; (d) guarantee such member credit union, or any financial institution which will
68 acquire control of or merge or consolidate with such member credit union or will purchase the
69 assets and assume the liability of such member credit union, against loss by reason of such
70 acquisition of control, merger or consolidation or purchase of assets and assumption of liabilities;
71 or (e) take any other action which the directors in their opinion deem appropriate to carry out the
72 purposes of this section; provided, that the total financial assistance granted to a member under
73 the authority of this paragraph shall not at any one time exceed a sum equal to the greater of 5
74 per cent of the deposits of such member or 500,000 dollars.

75 SECTION 3. The second paragraph of section 12 in section 1 of said chapter 294, as most
76 recently amended by chapter 220 of the acts of 2012, is hereby further amended by striking
77 clause (e) and inserting in place thereof the following clause:- (e) in shares or deposits of credit
78 unions insured by the National Credit Union Administration.