

HOUSE No. 5473

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, May 4, 1971.

The committee on Banks and Banking, to whom was recommitted the Bill making permanent the authority of co-operative banks and savings banks to pay supplemental or variable rates of dividends or interest on certain share and deposit accounts (House, No. 1985), report recommending that the accompanying bill (House, No. 5473) ought to pass.

For the committee,

KEVIN C. SULLIVAN

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-One.

AN ACT MAKING PERMANENT THE AUTHORITY OF CO-OPERATIVE BANKS AND SAVINGS BANKS TO PAY SUPPLEMENTAL OR VARIABLE RATES OF DIVIDENDS OR INTEREST ON CERTAIN SHARE AND DEPOSIT ACCOUNTS.

1 *Whereas*, The deferred operation of this act would tend
2 defeat its purpose, which is to immediately make permanent
3 authority of co-operative banks and savings banks to pay
4 supplemental or variable rates of dividends or interest on certain
5 share and deposit accounts, therefore it is hereby declared to be
6 an emergency law, necessary for the immediate preservation of
7 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. Chapter 168 of the General Laws is hereby
2 amended by adding, after section 22B thereof, the following new
3 section: —

4 *Section 22C.* Any of the deposits authorized by Sections
5 twenty-one and twenty-two may, if the trustees of such
6 corporation so determine, be received as term deposits, subject to
7 the limits contained in said sections and to the provisions of this
8 section.

9 1. *Term Deposit Account Plans.* — Any such deposit shall be
10 received subject to the terms of a written plan submitted to and
11 approved by the commissioner which plan shall specify (a) the
12 proposed rates of dividends to be paid on such term deposits,
13 including day-to-day dividends or interest if the plan so provides
14 (b) the minimum amount which shall be not less than \$1,000
15 and the maximum amount of deposit balances and the minimum
16 period, which shall be not less than six months, of maintenance
17 of such balances to which such specified rates shall apply, (c) the
18 additional reserves to be established for such rates of dividends,
19 (d) the form and substance of the certificate or passbook which

20 shall represent the deposits to which such dividends may apply
21 and (e) such other provisions as are termed necessary or advisable
22 to give effect to the purposes of such plan.

23 2. *Substitution for Prior Law.* – Deposits received under the
24 provisions of this section shall be deemed to be, for purposes of
25 references in any other section of the General Laws or any
26 regulations thereunder, deposits received under the authority of
27 chapter five hundred forty-seven of the acts of nineteen hundred
28 and sixty-six, as amended; and any deposits received under the
29 authority of said chapter five hundred forty-seven before the
30 effective date of this section shall be deemed hereafter to be
31 deposits received under the provisions of this section.

1 SECTION 2. The first sentence of Section 26 of chapter 168
2 of the General Laws, as appearing in chapter 169 of the acts of
3 1962, is hereby amended by inserting, following the words
4 “section twenty-two B,” the words: – section twenty-two C – so
5 that the sentence as amended will read: – The deposits in such
6 corporation may be withdrawn at such time and in such manner
7 as the by-laws direct, subject to the provisions of this section,
8 section twenty-two A, section twenty-two B, section twenty-
9 two C, paragraph 1 of section twenty-five, section seventy-seven,
10 and of other applicable provisions of law.

1 SECTION 3. Chapter 168 of the General Laws is hereby
2 amended by inserting, after section 60A thereof, the following
3 new section: –

4 *Section 60B.* Dividends on term deposits shall be paid at such
5 rates, at such times, and in such manner, as may be provided in
6 the plan or plans pursuant to which such term deposits were
7 received as provided in section twenty-two C.

1 SECTION 4. Chapter 170 of the General Laws is hereby
2 amended by adding, after section 3A thereof, the following new
3 section: –

4 *Section 3B.* Any of the deposits in savings share accounts
5 referred to in subsection 3 may, if the board of directors of such
6 corporations so determine, be received as term deposits, subject
7 to the limitations contained in said subsection 3 and to the
8 following provisions:

9 1. *Term Deposit Account Plans.* – Any such deposit shall be

10 received subject to the terms of a written plan submitted to and
11 approved by the commissioner which plan shall specify (a) the
12 proposed rates of dividends to be paid on such term deposits,
13 including day-to-day dividends or interest if the plan so provides,
14 (b) the minimum amount which shall be not less than \$1,000,
15 and the maximum amount of deposit balances and the minimum
16 period, which shall be not less than six months, of maintenance
17 of such balances to which such specified rates shall apply, (c) the
18 additional reserves to be established for such rates of dividends,
19 (d) the form and substance of the certificate or passbook which
20 shall represent the deposits to which such dividends may apply
21 and (e) such other provisions as are deemed necessary or
22 advisable to give effect to the purposes of such plan.

23 2. *Substitution for Prior Law.* — Deposits received under the
24 provisions of this section shall be deemed to be, for purposes of
25 references in any other section of the General Laws or any
26 regulations thereunder, deposits received under the authority of
27 chapter five hundred forty-seven of the acts of nineteen hundred
28 and sixty-six, as amended; and any deposits received under the
29 authority of said chapter five hundred forty-seven before the
30 effective date of this section shall be deemed hereafter to be
31 deposits received under the provisions of this section.

1 SECTION 5. Paragraph (c) of subsection three of section
2 thirteen of Chapter 170 of the General Laws, as appearing in
3 Chapter 267 of the Acts of 1968, is hereby amended by adding a
4 new sentence at the end thereof as follows: — Interest or
5 dividends on term deposits shall be paid at such rates, at such
6 times, and in such manner, as may be provided in the plan or
7 plans pursuant to which such term deposits were received as
8 provided in section 3B.

1 SECTION 6. The last sentence of section 17 of Chapter 170 of
2 the General Laws, as most recently amended by section 2 of
3 chapter 184 of the acts of 1968, is hereby further amended by
4 striking the period at the end thereof, and inserting a comma in
5 place thereof, and inserting, following the words "section 13",
6 the words: — "and in accordance with the provisions of the plan
7 or plans pursuant to which term deposits are received as provided
8 in section 3B."

1 SECTION 7. Chapter 547 of the acts of 1966, as amended by
2 chapter 73 of the acts of 1968, is hereby repealed.