

HOUSE No. 4290

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, January 13, 2020.

The committee on Financial Services to whom was referred the petition (accompanied by bill, House, No. 1060) of Aaron Michlewitz relative to modernizing the credit union laws, reports recommending that the accompanying bill (House, No. 4290) ought to pass.

For the committee,

JAMES M. MURPHY.

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The Commonwealth of Massachusetts

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

An Act modernizing the credit union laws.

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 3 of chapter 167A of the General Laws, as so appearing, is hereby
2 amended by striking out in lines 22 to 24, the words “section 2 shall not apply to the acquisition
3 by a bank holding company, or a company or a banking institution which would become a bank
4 holding company if” and inserting in place thereof the following words:- If the commissioner
5 determines that the reciprocity, age of institution and deposit cap requirements of section 2 have
6 been met then the other provisions of section 2 shall not apply to the acquisition by a bank
7 holding company, or a company or a banking institution which would become a bank holding
8 company; provided that”.

9 SECTION 2. Section 5 of chapter 167C of the General Laws, as appearing in the
10 2018 Official Edition, is hereby amended by adding the following paragraph:-

11 In determining the fee to establish a branch office the commissioner of
12 administration may make such classifications and differentiations of banks and may provide
13 adjustments to the fee as are deemed necessary. Such classifications and differentiations may be

14 based on the assets size of the bank, the number of existing branch offices of the bank or other
15 criteria deemed appropriate. Such fee shall be consistent with and equal to the amount of the
16 investigation fee to establish a branch office imposed on credit unions under chapter 171, section
17 8.

18 SECTION 3. Section 16 of chapter 167D of the General Laws, as appearing, in the 2016
19 Official Edition is hereby amended by striking out, in lines 6 to 9, the words “no such transfer
20 shall be made if the debt is the result of consumer credit granted under the federal Truth in
21 Lending Act, 15 U.S.C. section 1601 et. seq.” and inserting in place thereof the following
22 words:- if the debt is the result of consumer credit granted under the federal Truth in Lending
23 Act, 15 U.S.C. section 1601 et. seq. then notice, if any, shall be made in compliance with the
24 federal act and the regulations promulgated thereunder.

25 SECTION 4. Section 2 of said chapter 167H, as so appearing, is hereby further amended
26 by adding the following subsection:-

27 (d) The certificate of authority with a copy of the articles of organization for a subsidiary
28 banking institution established pursuant to a reorganization under clause (2) of subsection (a) or
29 clause (2) of subsection (b) shall be filed with the secretary of state.

30 SECTION 5. Clause (2) of section 7 of chapter 167H, as so appearing, is hereby amended
31 by striking out, in line 11, the words “ form and” and inserting in place thereof the words:- form,
32 an out-of-state-bank, as defined in section 1 of chapter 167 in mutual form, and.

33 SECTION 6. Section 4 of said Chapter 167I of the General Laws, as appearing in the
34 2014 Official Edition, is hereby amended by striking out, in line 2, the words “federal credit
35 unions”, and inserting in place thereof the following words:- federally-chartered credit unions.

36 SECTION 7. Section 11 of chapter 167J, as so appearing, is hereby amended by striking
37 out, in lines 7 and 8, the word “submitted” and inserting in place thereof the following words:-
38 submitted or as of the close of the last business day of the preceding month or as of the close of
39 a business day not more than ten days prior to the date of the meeting.

40 SECTION 8. The second paragraph of section 6 of chapter 168 of the General Laws, as
41 so appearing, is hereby amended by inserting, after the word “issue”, in line 23, the following
42 words:- unless such time is extended by the board. Said extension shall be limited to 1
43 occurrence subject to such terms and conditions as the board may impose.

44 SECTION 9. The second paragraph of section 6 of chapter 170 of the General Laws, as
45 so appearing, is hereby amended by inserting, after the word “issue”, in line 24, the following
46 words:- unless such time is extended by the board. Said extension shall be limited to 1
47 occurrence subject to such terms and conditions as the board may impose.

48 SECTION 10. Section 1 of chapter 171 of the General Laws, as appearing in the 2014
49 Official Edition, is hereby amended by striking out the definition of “Central Credit Union Fund,
50 Inc.

51 SECTION 11. Section 1 of said chapter 171, as so appearing, is hereby amended by
52 striking out, in line 11, the word “fifty”, and inserting in place thereof the following figure:- 50.

53 SECTION 12. Said section 1 of said chapter 171, as so appearing, is hereby further
54 amended by striking out, in lines 18 and 19, the words “eighty two to eighty four”, and inserting
55 in place thereof the following figures:- 82 to 84.

56 SECTION 13. Said section 1 of said chapter 171, as so appearing, is hereby further
57 amended by inserting, after the definition of “Interest”, the following definition:- “Low-income
58 credit union”, a credit union as defined in 12 C.F.R. 701.34.

59 SECTION 14. Said section 1 of said chapter 171, as so appearing, is hereby further
60 amended by striking out, in line 33, the words “two hundred and ninety four”, and inserting in
61 place thereof the following figure:- 294.

62 SECTION 15. Said section 1 of said chapter 171, as so appearing, is hereby further
63 amended by striking out, in line 34, the words “nineteen hundred and sixty one”, and inserting in
64 place thereof the following figure:- 1961.

65 SECTION 16. Said section 1 of said chapter 171, as so appearing, is hereby further
66 amended by striking out, in line 37, the word “eighteen”, and inserting in place thereof the
67 following figure:- 18.

68 SECTION 17. Said section 1 of said chapter 171, as so appearing, is hereby further
69 amended by inserting after the word “partnership”, in line 43, the following words:- , limited
70 partnership, limited liability partnership, limited liability company,.

71 SECTION 18. Section 2 of said chapter 171, as so appearing, is hereby amended by
72 inserting after the word “persons,”, in line 1, the following words:- the majority of whom.

73 SECTION 19. Said section 2 of said chapter 171, as so appearing, is hereby further
74 amended by striking out, in line 1, the word “resident”, and inserting in place thereof the
75 following word: - reside.

76 SECTION 20. Clause (e) of section 2 of said chapter 171, as so appearing, is hereby
77 amended by striking out, in line 24, the words “, his residence and the post office address.”

78 SECTION 21. Section 3 of said chapter 171, as so appearing, is hereby amended by
79 adding the following paragraph:-

80 Notwithstanding any other provision of this chapter, a credit union may be organized or
81 designated low-income subject to the approval of the commissioner under such procedures,
82 terms and conditions as said commissioner may impose.

83 SECTION 22. Section 4 of said chapter 171, as so appearing, is hereby amended by
84 inserting after the word “incorporator”, in line 6, the following words:- or sent to each
85 incorporator electronically.

86 SECTION 23. The third paragraph of section 6 of said chapter 171, as so appearing, is
87 hereby amended by inserting, after the word “incorporation”, in line 16, the following words:-
88 unless such time is extended at the discretion of the commissioner.

89 SECTION 24. Section 6A of said chapter 171, as so appearing, is hereby amended by
90 striking out the second paragraph.

91 SECTION 25. Section 8 of said chapter 171, as so appearing, is hereby amended by
92 adding the following paragraph:-

93 If the application submitted is to establish a branch office, an investigation fee must be
94 submitted at the time the application is submitted. Said investigation fee shall be determined
95 annually by the commissioner of administration under section 3B of chapter 7 of the General
96 Laws. In determining the fee to establish a branch office the commissioner of administration may

97 make such classifications and differentiations of credit unions and may provide adjustments to
98 the fee as are deemed necessary. Such classifications and differentiations may be based on the
99 asset size of the credit union, the number of existing branch offices of the credit union or other
100 criteria deemed appropriate. Such fee shall consistent with and equal to the amount of the
101 investigation fee to establish a branch office imposed on banks under chapter 167C, section 5.

102 SECTION 26. Clause (h) of section 9 of said chapter 171, as so appearing, is hereby
103 amended by inserting, after the words “credit committee”, in line 16, the following words:- , if
104 applicable, as required by the by-laws.

105 SECTION 27. Clause (i) of section 9 of said chapter 171, as so appearing, is hereby
106 amended by inserting, after the words “credit committee”, in line 18, the following words :- , if
107 applicable, as required by the by-laws.

108 SECTION 28. Section 10 of said chapter 171, as so appearing, is hereby amended by
109 striking out, in line 8, the words “, or change in location, or change in name”.

110 SECTION 29. Section 11 of said chapter 171, as so appearing, is hereby amended by
111 striking out the second and third paragraphs and inserting in place thereof the following 2
112 paragraphs:-

113 A member shall not have more than 1 vote and, after a credit union has been incorporated
114 for a year, no member shall be entitled to vote or be a candidate for director until he has been a
115 member for more than 3 months. An organization member or persons who are parties to a joint
116 account may cast 1 vote on the share or deposit account at any of its meetings by a duly
117 delegated agent or a party to the joint account. A minor shall not have the right to vote. A
118 member may vote in person, by mail, or by electronic means. Each credit union shall set forth in

119 its by-laws the method of voting to be used. The voting methods shall be subject to conditions
120 and limitations as the commissioner may establish.

121 The members at each annual meeting shall elect directors, vote on any proposed
122 amendment to the by-laws and act on such matters as required under law.

123 SECTION 30. The first paragraph of section 12 of said chapter 171, as so appearing, is
124 hereby amended by striking out the first sentence and inserting in place thereof the following 2
125 sentences:-,

126 The business and affairs of a credit union shall be managed by a board of not less than 7
127 directors. A credit union shall have the authority in its by-laws to limit the number of employees
128 serving as directors.

129 SECTION 31. Section 13 of said chapter 171, as so appearing, is hereby amended by
130 striking out the first paragraph and inserting in place thereof the following 2 paragraphs:-

131 The board of directors shall have the general direction of the affairs of the corporation
132 and shall meet as often as may be necessary, but not less than once each month. A quorum shall
133 consist of not less than a majority of the directors. If less than a quorum is present, a majority of
134 those present may adjourn the meeting until the next regular meeting or another time prior
135 thereto. It shall act upon all applications for membership and determine the rate of interest to be
136 paid on deposits. These duties may be delegated by the directors. The board may also declare
137 dividends as provided in section 29 and shall fill vacancies in the board of directors and
138 committees until the next annual election. These duties may not be delegated. The
139 establishment of deposit accounts or the discontinuance thereof may be authorized by the board
140 of directors of the credit union. It shall make recommendations to the members of the credit

141 union relative to the need of amendments to the by-laws, and other matters upon which, in its
142 opinion, the members should act at any regular or special meeting. The board of directors may
143 borrow money for and on behalf of the credit union as authorized by section seventy-three. It
144 may, by a two-thirds vote, remove from office for cause any officer or any member of any
145 committee. It may also elect an honorary president, who shall be a member of said credit union.
146 Said honorary president shall not be compensated in any way by the credit union. The board
147 may appoint associate directors who shall not be compensated or vote.

148 Unless the articles of organization or by-laws provide that action required or permitted by
149 this chapter or other provisions of the General Laws to be taken by the directors may be taken
150 only at a meeting, the action may be taken without a meeting if the action is taken by the
151 unanimous consent of the members of the board of directors. The action shall be evidenced by 1
152 or more consents describing the action taken, in writing, signed by each director, or delivered to
153 the credit union by electronic transmission, to the address specified by the credit union for the
154 purpose or, if no address has been specified, to the principal office of the credit union, addressed
155 to the secretary or other officer or agent having custody of the records of proceedings of
156 directors, and included in the minutes or filed with the corporate records reflecting the action
157 taken. Action taken under this section is effective when the last director signs or delivers the
158 consent, unless the consent specifies a different effective date. A consent signed or delivered
159 under this section has the effect of a meeting vote and may be described as such in any
160 document. The provisions of this section shall also apply to committees of the board and the
161 members thereof.

162 SECTION 32. Section 14 of said chapter 171, as so appearing, is hereby amended by
163 striking out the first paragraph and inserting in place thereof the following paragraph:-

164 The board of directors may expel from a credit union any member who has not carried
165 out his engagements with it, who has been convicted of a criminal offense, or who neglects or
166 refuses to comply with the provisions of this chapter or of the by-laws of the credit union, or who
167 habitually neglects to pay his debts, or who has deceived the corporation or any committee
168 thereof with regard to the use of borrowed money; provided, however, that no member shall be
169 so expelled until he has been informed in writing of the charges against him, after reasonable
170 notice and an opportunity to be heard thereon. Notwithstanding these provisions, a director who
171 becomes insolvent or bankrupt shall be withdrawn from the board automatically, with no
172 requirement for notice and an opportunity to be heard. The board of directors may suspend from
173 a credit union any member who has been convicted of a criminal offense.

174 SECTION 33. Section 15 of said chapter 171, as so appearing, is hereby amended by
175 striking out the second paragraph and inserting in place thereof the following paragraph:-

176 At such meeting, the directors shall also elect an auditing committee from their own
177 number, an investment committee comprised of at least one member of the board of directors,
178 and a credit committee, if applicable, comprised of at least one member of the board of directors.
179 Each such committee shall be comprised of not less than three nor more than five members;
180 provided, however, that no member of the board of directors shall be a member of both the credit
181 committee, if applicable, and the auditing committee.

182 SECTION 34. Said section 15 of said chapter 171, as so appearing, is hereby further
183 amended by striking out the last paragraph and inserting in place thereof the following
184 paragraph:-

185 The board of directors may appoint an executive committee or a membership officer from
186 among the board or other employees, other than the treasurer, an assistant treasurer or a loan
187 officer and authorize such committee or officer to approve applications for membership under
188 such conditions as the board may prescribe.

189 SECTION 35. Section 16 of said chapter 171, as so appearing, is hereby amended by
190 inserting, after the word “month,” in line 3, the following word:- and,.

191 SECTION 36. Said section 16 of said chapter 171, as so appearing, is hereby further
192 amended by striking out, in lines 4 and 5, the words “and shall examine carefully the cash and
193 accounts of the credit union monthly”.

194 SECTION 37. The last paragraph of section 16 said chapter 171, as so appearing, is
195 hereby amended by striking out the last sentence.

196 SECTION 38. Section 17 of said chapter 171, as so appearing, is hereby amended by
197 striking out the first paragraph and inserting in place thereof the following paragraph:-

198 The credit committee, if applicable, shall hold meetings at least once in each month, act
199 on all applications for loans and approve, in writing, all personal loans granted and the security,
200 if any, pledged therefor, except as hereinafter provided. The credit committee shall submit to the
201 board of directors all applications for loans to be secured by mortgages of real estate, with their
202 recommendations thereon. The credit committee may reasonably delegate its duties to
203 employees in accordance with written loan policies that establish appropriate limits and
204 standards and that are consistent with safe and sound banking practices.

205 SECTION 39. The last paragraph of section 17 of said chapter 171, as so appearing, is
206 hereby amended by striking out the third sentence.

207 SECTION 40. Section 18 of said chapter 171, as so appearing, is hereby amended by
208 adding the following 2 sentences:- The investment committee shall hold meetings at least once in
209 each month. The investment committee may reasonably delegate its duties to employees in
210 accordance with written investment policies that establish appropriate limits and standards and
211 that are consistent with safe and sound banking practices.

212 SECTION 41. Section 19 of said chapter 171, as so appearing, is hereby amended by
213 striking out, in line 10, the following words:- state or.

214 SECTION 42. Said section 19 of said chapter 171, as so appearing, is hereby further
215 amended by inserting, after the word “affiliate”, in line 12, the following words:- a mortgage
216 company owned by a bank,.

217 SECTION 43. Section 21 of said chapter 171, as so appearing, is hereby amended by
218 striking out, in line 8, the words “such bonds” and inserting in place thereof the following
219 words:- bonds upon which changes are made.

220 SECTION 44. Said chapter 171 is hereby amended by striking out section 26 and
221 inserting in place thereof the following section:-

222 Each credit union shall, annually, within 30 days after the last business day of December,
223 make a report to the commissioner in such form as the commissioner may prescribe showing
224 accurately its condition at the close of business on that day, and containing such other
225 information as the commissioner may require. Each credit union shall prepare such annual

226 report, in accordance with generally accepted accounting principles, which presents fairly its
227 condition as of the last business day of its fiscal year. A statement of condition of a credit union
228 shall be available for examination for reasonable purposes by members at the principal office of
229 a credit union during business hours or made available to a member upon reasonable request.

230 SECTION 45. Section 30 of said chapter 171, as so appearing, is hereby amended by
231 inserting after the words “National Credit Union Administration”, the following words:- and to
232 members of low-income credit unions.

233 SECTION 46. Said chapter 171 is hereby amended by striking out section 32A, as so
234 appearing, and inserting in place thereof the following section:-

235 Section 32A. Notwithstanding any other law, a credit union has authority to accept a
236 prepaid funeral trust account, as defined in 239 C.M.R. 4.01.

237 SECTION 47. Section 33 of said chapter 171, as so appearing, is hereby repealed.

238 SECTION 48. Section 34 of said chapter 171, as so appearing, is hereby repealed.

239 SECTION 49. Section 35 of said chapter 171, as so appearing, is hereby amended by
240 striking out, in lines 4 through 9, the words “; provided, however, that the deposit accounts of
241 any one such person, partnership or corporation shall not, except by the accumulation of interest,
242 be permitted to exceed at any one time, seventy-five thousand dollars or one and one half percent
243 of the deposits or shares of the credit union, whichever is greater.”

244 SECTION 50. The last paragraph of section 39 of said chapter 171, as so appearing, is
245 hereby amended by adding the following sentence:- The surviving owner or owners of a joint
246 account may continue credit union membership; provided, however, that the surviving owner or

247 owners shall be eligible for membership and shall meet all requirements as set forth in the by-
248 laws.

249 SECTION 51. Section 41 of said chapter 171, as so appearing, is hereby amended by
250 striking out, in lines 2 and 3, the words “in the discretion of the directors”, and inserting in place
251 thereof the following words:- subject to the policy of the credit union.

252 SECTION 52. Section 42 of said chapter 171, as so appearing, is hereby amended by
253 striking out, in lines 6 and 7, the words “the treasurer or other”, and inserting in place thereof the
254 following word:- a.

255 SECTION 53. Section 44 of said chapter 171, as so appearing, is hereby repealed.

256 SECTION 54. Section 45 of said chapter 171, as so appearing, is hereby repealed.

257 SECTION 55. Section 49 of said chapter 171, as so appearing, is hereby amended by
258 striking out, in lines 5 and 6, the words “certified mail, return receipt requested” and inserting in
259 place thereof the following words:- first class mail, or electronic mail.

260 SECTION 56. Section 49 of chapter 171 of the General Laws, as appearing, in the 2018
261 Official Edition is hereby amended by striking out, in lines 7 to 11, the words “no such transfer
262 shall be made if such debt is the result of consumer credit granted under the provisions of chapter
263 one hundred and forty D unless the written notice required by section twenty-three of said
264 chapter one hundred and forty D has been given” and inserting in place thereof the following
265 words:- if the debt is the result of consumer credit granted under the federal Truth in Lending
266 Act, 15 U.S.C. section 1601 et. seq. then notice, if any, shall be made in compliance with the
267 federal act and the regulations promulgated thereunder.

268 SECTION 57. Section 50 of said chapter 171, as so appearing, is hereby amended by
269 striking out, in lines 4 and 5, the words “the treasurer” and inserting in place thereof the
270 following words:- a duly authorized officer of the corporation.

271 SECTION 58. Section 53 of said chapter 171, as so appearing, is hereby amended by
272 striking out the definition of “Account”, and inserting in place thereof the following definition:-
273 “Account”, a share, share certificate, or share draft account of a member of a credit union of a
274 type approved by the board of the credit union which evidences money or its equivalent received
275 or held by a credit union in the usual course of business and for which it has given or is obligated
276 to give credit to the account of the member, and, in the case of a credit union serving
277 predominantly low-income members (as defined by said board), such terms (when referring to
278 the account of a nonmember served by such credit union) mean a share, share certificate, or share
279 draft account of such nonmember which is of a type approved by the board and evidences money
280 or its equivalent received or held by such credit union in the usual course of business and for
281 which it has given or is obligated to give credit to the account of such nonmember, and such
282 terms mean share, share certificate, or share draft account of nonmember credit unions and
283 nonmember units of federal, State, or local governments and political subdivisions thereof, and
284 such terms mean custodial accounts established for loans sold in whole or in part; provided, that
285 for purposes of insured State credit unions, reference in this paragraph to “share”, “share
286 certificate”, or “share draft”, accounts includes, as determined by the Board, the equivalent of
287 such accounts under State law.

288 SECTION 59. Section 54 of said chapter 171, as so appearing, is hereby repealed.

289 SECTION 60. Section 55 of said chapter 171, as so appearing, is hereby repealed.

290 SECTION 61. Section 56 of said chapter 171, as so appearing, is hereby repealed.

291 SECTION 62. Section 57 of said chapter 171, as so appearing, is hereby amended by
292 striking out, in lines 5 through 7, the words “and shall state the purpose for which the loan is
293 desired and the security, if any, offered” and inserting in place thereof the following words:- or
294 by electronic means.

295 SECTION 63. Section 59 of said chapter 171, as so appearing, is hereby repealed.

296 SECTION 64. Section 59A of said chapter 171, as so appearing, is hereby repealed.

297 SECTION 65. Section 60 of said chapter 171, as so appearing, is hereby repealed.

298 SECTION 66. Section 61 of said chapter 171, as so appearing, is hereby repealed.

299 SECTION 67. Section 62 of said chapter 171, as so appearing, is hereby repealed.

300 SECTION 68. Section 64 of said chapter 171, as so appearing, is hereby repealed.

301 SECTION 69. Chapter 171, as so appearing, is hereby amended by adding the following
302 section:-

303 Section 65A1/2.

304 (a) A credit union may make, acquire, buy or sell, in whole or in part, mortgage loans on
305 property located in Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode
306 Island or Vermont as participation loans with a bank, credit union service organization,
307 federally-chartered or federally-insured credit union or financial institution, insurance company,
308 or any state or federal government agency and its subdivisions.

309 (b) For any mortgage loan participation in which the credit union is originating the loan
310 to the borrower, the borrower shall be a member of the credit union, and the loan shall be made
311 in accordance with this chapter.

312 (c) A credit union may enter into a mortgage loan participation on a loan originated by a
313 bank, credit union service organization, federally-chartered or federally-insured credit union or
314 financial institution, insurance company, or any state or federal government agency and its
315 subdivisions to a borrower, provided the loan is a type of loan that the participating credit union
316 could make under its Board-approved policies. Paragraph (1) of section 66 shall not apply to
317 loans under this paragraph.

318 (d) A credit union may service any mortgage loan participation.

319 SECTION 70. Subsection (5) of section 65D of said chapter 171, as so appearing, is
320 hereby amended by striking out, in line 18, the words “not less than 30 days before the
321 adjustment” and inserting in place thereof the following words:- between 210 and 240 days prior
322 to the first payment due after the rate first adjusts. Subsequent notification and explanation shall
323 occur between 60 and 120 days before payment at a new level is due when a rate adjustment
324 causes the payment to change.

325 SECTION 71. Chapter 171, as so appearing, is hereby amended by striking Section 65E
326 and inserting in place thereof the following section:- Section 65E. Every credit union shall have
327 the following powers and whatever further incidental or complementary powers that may fairly
328 be implied from those expressly conferred and such as are reasonably necessary to enable it to
329 exercise fully those powers according to common customs and usages:

330 (1) to discount, buy, invest in, hold, assign, transfer, sell and negotiate promissory notes,
331 drafts, bills of exchange, mortgages, bonds, debentures, bonds or notes secured by mortgages,
332 installment obligations and other evidences of debt;

333 (2) to advance money or credits on real estate, on improvements thereto or on personal
334 security, on terms to be agreed upon; and

335 (3) to buy, sell or make loans as participation loans with any other federally-insured
336 credit union, bank or insurance company and to service any loans sold by it.

337 (4) The provisions of this section shall be applicable to loans and mortgage loans
338 authorized by sections 65A to 65E.

339 SECTION 72. Section 66 of said chapter 171, as so appearing, is hereby amended by
340 striking out clauses (2) and (3).

341 SECTION 73. Section 67 of said chapter 171, as so appearing, is hereby amended by
342 striking out clause (a).

343 SECTION 74. Said section 67 of said chapter 171, as so appearing, is hereby further
344 amended by striking out, in line 14, the figure "1961." and inserting in place thereof the
345 following figure:- 1961;

346 SECTION 75. The first paragraph of said section 67 of said chapter 171, as so appearing,
347 is hereby amended by striking out clause (o) and inserting in place thereof the following clause:-

348 (o) in any obligations, bank stocks, bank holding company stocks, insurance stocks or
349 preferred stocks of public utility companies which appear on the list of legal investments
350 prepared pursuant to said section 15A of said chapter 167; provided, however, that:

351 (i) not more than 10 per cent of the assets of a credit union shall be invested in bank
352 stocks or bank holding company stocks or insurance stocks or preferred stocks of public utility
353 companies or in all 4 of such types of stocks appearing on the list and not more than \$15,000 or 2
354 per cent of the assets of a credit union, whichever is greater, shall be invested in the stock of any
355 1 such bank, bank holding company, insurance company or preferred stock of public utility
356 companies;

357 (ii) not more than 20 per cent of the assets of a credit union shall be invested in railroad
358 obligations appearing on the list and not more than 1.5 per cent of the shares and deposits of any
359 such credit union shall be invested in the obligations of any 1 operating railroad corporation;

360 (iii) not more than 20 per cent of the assets of a credit union shall be invested in the
361 obligations of telephone companies appearing on the list and not more than 4 per cent of the
362 shares and deposits of such credit union shall be invested in the obligations of any 1 such
363 company;

364 (iv) not more than 25 per cent of the assets of a credit union shall be invested in
365 obligations of public utility companies appearing on the list and not more than 4 per cent of the
366 deposits of such credit union shall be invested in the obligations of any 1 such company; and

367 (v) not more than 10 per cent of the assets of a credit union shall be invested in interest
368 bearing obligations authorized for investment under section 15B of chapter 167 and appearing on
369 the list of legal investments prepared pursuant to said section 15A of said chapter 167 and not
370 more than 1/2 of 1 per cent of the shares and deposits of such credit union shall be so invested in
371 the obligations of any one obligor, but the foregoing limitations shall not apply to obligations of

372 telephone companies, of companies engaged primarily in the distribution and sale of electricity
373 or gas, or both, or of railroad companies other than terminal companies;

374 SECTION 76. Said section 67 of said chapter 171, as so appearing, is hereby further
375 amended by striking out, in line 86, the word “funds.” and inserting in place thereof the
376 following word:- funds;.

377 SECTION 77. Said section 67 of said chapter 171, as so appearing, is hereby further
378 amended by striking out, in lines 108 and 109, the words “clause (i) of this paragraph” and
379 inserting in place thereof the following word:- subclause (i).

380 SECTION 78. Said section 67 of said chapter 171, as so appearing, is hereby further
381 amended by striking out, in line 118, the word “commonwealth.” and inserting in place thereof
382 the following word:- commonwealth;

383 SECTION 79. Said section 67 of said chapter 171, as so appearing, is hereby further
384 amended by striking out, in line 139, the word “and”.

385 SECTION 80. Said section 67 of said chapter 171, as so appearing, is hereby further
386 amended by striking out, in line 140, the word “Boston.” and inserting in place thereof the
387 following words:- Boston; and.

388 SECTION 81. Said section 67 of said chapter 171, as so appearing, is hereby further
389 amended by striking out, in line 141, the word “paragraph” and inserting in place thereof the
390 following word:- clause.

391 SECTION 82. Said section 67 of said chapter 171, as so appearing, is hereby further
392 amended by striking out, in line 146, the word “paragraphs” and inserting in place thereof the
393 following word:- clauses.

394 SECTION 83. Section 67A of said chapter 171, as so appearing, is hereby amended by
395 striking out, in line 5, the figure “(1)”.

396 SECTION 84. Said section 67A of said chapter 171, as so appearing, is hereby further
397 amended by striking out, in line 9, the figure “(2)”.

398 SECTION 85. Said section 67A of said chapter 171, as so appearing, is hereby further
399 amended by striking out, in line 14, the figure “(3)”.

400 SECTION 86. Said chapter 171 is hereby further amended by striking out section 73, as
401 so appearing, and inserting in place thereof the following section:-

402 Section 73. The board of directors may borrow money for and on behalf of the credit
403 union.

404 Said board may, if the credit union has a deposit or share account therein, borrow money
405 for and on behalf of the credit union from a savings bank, cooperative bank, federal savings and
406 loan association, national bank or trust company, entities determined by the commissioner or any
407 federally-insured corporate credit union; provided, however, that money borrowed from such
408 institution is in an amount not exceeding said deposit or share account and is for a time not
409 extending beyond the end of a 1 year period from the date on which the loan is made.

410 SECTION 87. Section 74 of said chapter 171, as so appearing, is hereby amended by
411 inserting, after the word “obtained;”, in line 9, the following word:- and.

412 SECTION 88. Said section 74 of said chapter 171, as so appearing, is hereby further
413 amended by striking out clauses (c) and (d) and inserting in place thereof the following clause:-

414 and (c), where the aggregate amount of sales of loans exceeds twenty percent of the total
415 loans outstanding, the prior written approval of the commissioner for any amount in excess
416 thereof shall be obtained.

417 SECTION 89. Said chapter 171 is hereby further amended by striking out section 75, as
418 so appearing, and inserting in place thereof the following section:-

419 Section 75. A well capitalized or adequately capitalized credit union, as defined by 12
420 C.F.R. 702.102, may invest, for the convenient transactions of its business, in the aggregate, in
421 any fixed assets in an amount not to exceed 5 percent of the credit union's shares and retained
422 earnings without advance regulatory approval. Included in such investments is the purchase,
423 erection, or preparation of rental property in a reasonable amount; provided, however, that said
424 rental property is necessary to complete said purchase, erection or preparation. The
425 commissioner may waive these requirements.

426 A credit union may invest an amount to be approved by the commissioner, subject to
427 such regulations, if any, as he may deem necessary, in a corporation or association formed for
428 the purpose of furnishing to such credit union, or to other credit unions or banks as hereinafter
429 provided, statistical or bookkeeping services or information of the kind generally required by a
430 credit union. A credit union may also, in participation with any other credit union, bank or
431 national banking association, invest its shares or deposits in such corporation or association,
432 subject however to the same approval and regulation, if any, as above provided. The provisions
433 of section 2 of chapter 167 shall apply to such corporations or associations. Nothing contained

434 herein shall be construed to preclude a credit union from renting or subscribing for the services
435 of such corporations or associations or any other corporation or association rendering such
436 services.

437 A credit union may purchase by itself or with other credit unions or banks, group life
438 insurance on the lives of debtors who request such insurance. The premium for such insurance,
439 or the premium on an individual life insurance policy held to cover the indebtedness, may be
440 added to the payments required of those who elect to become insured. In the event of the death
441 of any debtor so insured, the insurance proceeds shall be applied to reduce or extinguish the
442 unpaid indebtedness to the extent of such payment.

443 No director, officer or employee of such credit union shall benefit financially, directly or
444 indirectly from the sale of such insurance.

445 A credit union may purchase by itself or with a group of credit unions or banks, group
446 accident and health insurance covering debtors of such credit union or group of credit unions if
447 the debtors request such insurance. Such insurance shall cover all or part of the indebtedness of
448 such debtors. The premium for such insurance or the premium on an individual accident and
449 health insurance policy held to cover the indebtedness, may be added to the payments required of
450 any such debtor who elects to become insured. No director, officer or employee of such credit
451 union shall benefit financially, directly or indirectly, from the sale of such insurance.

452 A credit union may engage directly in the business of selling, issuing or registering
453 checks, traveler's checks or money orders and may cash any check or money order whatsoever
454 and may make charges for any of the foregoing.

455 A credit union may establish and maintain safe deposit vaults and rent boxes or storage
456 space therein under conditions prescribed by the commissioner.

457 For the purposes of this section “safe deposit box” shall mean a box or safe in the vaults
458 of any credit union; “lessee” shall mean the person in whose name a safe deposit box stands on
459 the books of a credit union; and “rent” shall mean the amount due to a credit union for the rental
460 or use of a safe deposit box.

461 A credit union which leases a safe deposit box for rent shall advise the lessee in writing
462 that insurance coverage for the contents of such safe deposit box is not provided by such credit
463 union, but that the lessee may, at his own expense, insure said contents with an insurance
464 company of his own selection. The commissioner shall establish such rules and regulations as he
465 deems necessary to carry out the provisions of this paragraph.

466 If the rent for a safe deposit box has not been paid for one year after being due, the credit
467 union may mail, postage prepaid, to the lessee at his address shown on its books, a notice stating
468 that if the rent for such safe deposit box is not paid within 60 days from the date of such notice,
469 the credit union may cause such safe deposit box to be opened and the contents to be disposed of
470 in accordance with the provisions of this section. Upon the expiration of 60 days from the date
471 of such notice, if the lessee has failed to pay the rent for such safe deposit box in full to the date
472 of such notice, all rights of the lessee in the safe deposit box and of access thereto shall cease and
473 such credit union may, at any time thereafter in the presence of one of its officers and of a notary
474 public not in the general employ of such credit union, cause such safe deposit box to be opened
475 and such notary public shall remove the contents thereof, list the same and seal such contents in a
476 package, marking thereon the name of the lessee and his address as shown on the books of the

477 credit union. An affidavit setting forth the facts concerning the entry and listing the contents of
478 the safe deposit box shall be signed by the officer and the notary public and shall be retained by
479 the credit union. Such affidavit shall be prima facie evidence of the facts set forth therein in all
480 proceedings at law and equity wherein evidence of such facts would be admissible.

481 The package containing the contents of any safe deposit box opened as aforesaid shall be
482 retained on special deposit by the credit union subject to payment of rent due for such safe
483 deposit box, all expenses incurred in connection with opening such safe deposit box and charges
484 for the safekeeping of such package. If such package remains unclaimed for seven years and the
485 amounts due as above provided remain unpaid, the credit union may mail, postage prepaid, to the
486 person to whom, and at the address at which, the notice provided for above was mailed, a notice
487 stating that if such amounts shall not be paid within 60 days from the date of such notice, the
488 credit union will turn over the contents, less the rental charge, to the state treasurer as unclaimed
489 and abandoned property, to be held by him subject to the provisions of chapter two hundred A.
490 The credit union may sell, assign or deliver so much of the contents of such package, at either
491 public or private sale, as will enable it to realize such amount as will compensate such credit
492 union for said charges.

493 The affidavit required by this paragraph shall be in substantially the following form:—

494 COMMONWEALTH OF MASSACHUSETTS

495 County of

496 We, ___ an authorized official of ___ and ___ a notary public not in the general employ
497 of said credit union, hereby certify that on the ___ day ___ (insert year), we were present and
498 witnessed the forcible opening of Safe No. ___ leased in the name of ___ in the vaults of the ___

499 office of said credit union; that the contents of said safe were removed, examined, listed and then
500 enclosed in a package and sealed in our presence. We further certify that the following is a true
501 and complete list of all the contents removed from said safe.

502 (Allow space here for listing of contents.)

503 _____

504 Signature of officer. Title.

505 _____

506 Name of Credit Union

507 _____

508 Signature of notary public not in the general employ of said credit union.

509 SECTION 90. Section 76 of said chapter 171, as so appearing, is hereby amended by
510 striking out, in line 8, the words “, with the approval of the commissioner”.

511 SECTION 91. Section 78 of said chapter 171, as so appearing, is hereby amended by
512 adding the following paragraph:-

513 A credit union may consolidate with and into a federal credit union and a federal credit
514 union may consolidate with and into a credit union. In any such consolidation the credit union
515 shall comply with the applicable provisions of this section. A federal credit union in such a
516 transaction shall comply with applicable federal law.

517 SECTION 92. Said chapter 171 is hereby further amended by striking out section 79 as
518 so appearing, and inserting in place thereof the following section:-

519 Section 79. If the commissioner has taken possession of a credit union as provided for in
520 sections 22 to 26, inclusive, of chapter 167 or a credit union is in the possession of the
521 Massachusetts Share Insurance Corporation and it is determined by the commissioner and the
522 insurer that it is in the best interests of the depositors, shareholders and insurer, a merger as
523 provided for in section 78 may be effected without regard to geographical limitations within the
524 commonwealth.

525 SECTION 93. Said chapter 171 is hereby further amended by striking out section 82 as
526 so appearing, and inserting in place thereof the following section:-

527 Section 82. Credit unions may form the Credit Union Employees Retirement
528 Association, in this section and in sections 83 and 84 called the association, for the purpose of
529 providing retirement or deferred compensation benefit services through plans that are qualified
530 under sections 401, 408 or 457 of the federal Internal Revenue Code to employees of credit
531 unions established under the laws of the commonwealth and which are members of the
532 association and to their customers. Any bank or credit union chartered by the commonwealth,
533 any such bank or credit union which has converted to federal charter , any bank or credit union
534 chartered by the federal government, by a state of the United States other than the
535 commonwealth or by the District of Columbia , the Cooperative Credit Union Association, Inc.,
536 and its successors, the Massachusetts Credit Union Share Insurance Corporation, and other
537 banking or credit union institutions as may from time to time be provided for in the by-laws of
538 the association, and the respective employees of each of the foregoing, shall be eligible for

539 membership in the association; provided, however, that no bank that was eligible to be a member
540 of the association before January 1, 2004, shall be eligible to become a member of the
541 Cooperative Banks Employees Retirement Association or the Savings Banks Employees
542 Retirement Association unless and until the Cooperative Banks Employees Retirement
543 Association and the Savings Banks Employees Retirement Association permits a member to
544 transfer from any or all of the qualified plans provided by said association, assets and liabilities,
545 attributed to the member's employees, to 1 or more qualified plans not provided by said
546 association. For the purpose of this section and sections 83 and 84, a reference to "credit union"
547 or "credit unions" shall, unless the context otherwise requires, mean and include any or all of the
548 organizations named or referred to in this paragraph, a reference to "directors of a credit union"
549 shall, unless the context otherwise requires, mean and include the governing body of each
550 member organization, and reference to "customer" shall mean any person or business who has
551 established a contractual relationship for banking business purposes with any credit union
552 located in the commonwealth which is a member of the association.

553 Eligible employees may contribute a portion of their compensation and a credit union
554 may contribute to the extent determined by its governing body; provided, however, that all such
555 contributions shall not exceed the limits of the applicable section of the federal Internal Revenue
556 Code.

557 The funds contributed by participating credit unions and their employees shall be held or
558 used by the trustees of the association for the provision of retirement and deferred compensation
559 benefits, including pre-retirement, post-retirement cost-of-living adjustment, death, and disability
560 benefits incident thereto, in all cases subject to the limits of the applicable section of the federal
561 Internal Revenue Code. Expenses necessary for the administration of the association shall be

562 paid by participating members as provided in the by-laws of the association. The association
563 shall annually provide to each member a report of assets and liabilities attributable to its
564 participants in any or all qualified plans adopted by a member.

565 A credit union providing retirement benefits to its employees through a plan offered by a
566 provider of plans other than the association, which shall be a qualified plan under 26 U.S.C.
567 section 401, 408 or 457, shall file with the commissioner such reports as the commissioner may
568 from time-to-time require.

569 SECTION 94. Said chapter 171 is hereby further amended by striking out section 83 as
570 so appearing, and inserting in place thereof the following section:-

571 Section 83. The by-laws of the association shall be submitted to the commissioner and
572 shall prescribe the manner in which, and the officers and agents by whom, the association may
573 be conducted and the manner in which its funds may be invested and paid out. Such association
574 shall be formed when its by-laws have been approved and agreed to by a majority of the
575 directors of each of fifteen or more credit unions and have been approved by the commissioner.
576 The association shall provide to the commissioner such statements of the membership and
577 financial transactions association as the commissioner may from time-to-time require. The
578 commissioner may verify any such statement by an examination of the books and papers of the
579 association.

580 The association shall not be subject to chapter thirty-two or chapter one hundred and
581 seventy-five or to such other provisions of law as relate to insurance companies or other
582 retirement associations.

583 SECTION 95. Section 84 of said chapter 171, as so appearing, is hereby amended by
584 striking out, in line 2, the words “wages or salary” and inserting in place thereof the following
585 word:- compensation.

586 SECTION 96. Said section 84 of said chapter 171, as so appearing, is hereby further
587 amended by inserting, after the word “insolvency,” in line 6, the following words:- , insurance,
588 retirement systems and pension.

589 SECTION 97. Chapter 171, as so appearing, is hereby amended by adding the following
590 section:-

591 Section 85. A natural person 18 years of age or under or 65 years of age or older may
592 choose 1 demand deposit account and 1 savings account which, in each instance, shall include a
593 joint account in which the spouse of the eligible depositor, regardless of age, is the joint tenant
594 therein or the joint tenant would otherwise be an eligible depositor and which has been
595 established and used for personal, family or household purposes, upon which no service,
596 maintenance or other similar charge shall be imposed. No such account shall be subject to: (i) a
597 minimum balance requirement; (ii) a charge for a deposit or withdrawal; or (iii) a fee for the
598 initial order or subsequent refills of the basic line of checks offered by the credit union, which
599 shall include the name of the depositor. For the purposes of this section, the term "savings
600 account" shall include a regular passbook, regular statement savings or regular NOW account,
601 so-called.

602 A savings account in trust for another person shall be covered by the notice, services, fee
603 and charge provisions of this section only if the trustee is a person 18 years of age or under or 65
604 years of age or older. A consumer shall notify a credit union of the consumer's eligibility for

605 such accounts and provide proof of age in a form acceptable to the credit union. A credit union
606 may, however, assess a fee for certain services in accordance with the credit union's published
607 service charge schedule, which shall include, stop payment orders, wire transfers, certified or
608 bank checks, money orders, deposit items returned, transactions at electronic branches and
609 through other electronic devices a reasonable charge, as determined by the commissioner, against
610 any such account when payment on a check or other transaction on the account has been refused
611 because of insufficient funds or paid despite insufficient funds. A credit union shall post in each
612 of its credit union offices a notice informing consumers of the availability of the credit union
613 services under this section. A credit union shall, in addition to the notice posting requirement,
614 disclose annually to all depositors, in a manner of its choosing, the provisions of this section
615 applicable to a person 18 years of age or younger or 65 years of age or older. For the purposes of
616 this section, the term "check or other transaction" shall include, but not be limited to, a check for
617 purposes of the federal Check Clearing for the 21st Century Act, 12 U.S.C. section 5002, an
618 electronic funds transfer, as defined in section 1 of chapter 167B or regulations thereunder, or a
619 transaction processed by an automated clearinghouse.

620 SECTION 98. The second paragraph of section 6 of chapter 172 of the General Laws, as
621 so appearing, is hereby amended by inserting, after the word "issue", in line 23, the following
622 words:- unless such time is extended by the board. Said extension shall be limited to 1
623 occurrence subject to such terms and conditions as the board may impose.