

# HOUSE . . . . . No. 4658

---

---

## The Commonwealth of Massachusetts

---

HOUSE OF REPRESENTATIVES, May 23, 2024.

The committee on Financial Services, to whom was referred the petition (accompanied by bill, House, No. 3772) of Daniel Cahill relative to Massachusetts Credit Union Share Insurance Corporation, reports recommending that the accompanying bill (House, No. 4658) ought to pass.

For the committee,

JAMES M. MURPHY.

**HOUSE . . . . . No. 4658**

---

**The Commonwealth of Massachusetts**

\_\_\_\_\_  
**In the One Hundred and Ninety-Third General Court  
(2023-2024)**  
\_\_\_\_\_

An Act relative to Massachusetts Credit Union Share Insurance Corporation.

*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 5 of chapter 294 of the acts of 1961 is hereby amended by striking  
2 out the second paragraph and inserting in place hereby the following paragraph:

3           The board of directors shall meet at least quarterly. A majority of the directors shall  
4 constitute a quorum.

5           SECTION 2. Section 9 of chapter 294 of the acts of 1961 is hereby amended by striking  
6 out the first sentence of said section and inserting in place thereof the following:

7           The corporation may by a vote of the board of directors borrow money and pledge its  
8 assets as security therefor from members and others.

9           SECTION 3. Section 9 of chapter 294 of the acts of 1961 is hereby further amended by  
10 inserting the following paragraph after the first paragraph thereof:

11           The corporation shall be deemed to be an organization member as defined in Section 1 of  
12 chapter 171 of the General Laws of its member credit unions. Any member credit union is  
13 authorized to lend money to the corporation as an organization member.

14           SECTION 4. Clause (iii) if the first paragraph of section 16 of chapter 294 of the acts of  
15 1961 as appearing in chapter 253 of the acts of 2014, is hereby amended by striking out the word  
16 “and” the last time it appears.

17           SECTION 5. Clause (iv) of said first paragraph of said section 16 of said chapter 294, as  
18 so appearing, is hereby amended by striking out the words “single A.” and inserting in place  
19 thereof the following words: - single A; and

20           SECTION 6. Said first paragraph of said section 16 of said chapter 294, as so appearing,  
21 is hereby amended by adding the following clause:

22           (v) Upon a 2/3 vote of its board of directors and having established that such activity will  
23 not adversely affect its safety and soundness and having adequate policies and procedures to  
24 ensure such investments governing the performance of the corporation and its employees, to  
25 minimize any credit, market, liquidity, operations, legal and reputation risks to the corporation,  
26 the corporation may apply to the commissioner to make investments as follows:

27           (1) In investments not specifically enumerated in this section 12 of Chapter 294 of the  
28 Acts of 1961. The corporation may invest up to 15 per cent of its assets in these investments at  
29 the time of purchase with the investment in any 1 issuer not exceeding 5 per cent of the  
30 corporation’s total assets at the time of purchase.

31 (2) the corporation may authorize investment advisers registered under the Investment  
32 Advisers Act of 1940 to acquire or dispose of investments for the corporation.

33 Any such approval granted by the commissioner shall be subject to such conditions and  
34 limitations as the commissioner may impose. The corporation may apply to invest up to 15 per  
35 cent of its assets under the authority granted in this paragraph. The percentage of such assets  
36 authorized shall be determined by the commissioner. The commissioner may increase, modify,  
37 curtail or rescind or otherwise limit the corporation's authority to make such investments.

38 SECTION 7. Section 6 of Chapter 294 of the Acts of 1961, as most recently amended by  
39 Chapter 323 of the Acts of 2020, is hereby amended by striking out the first three paragraphs and  
40 inserting in place thereof the following paragraphs:

41 Whenever it shall appear to the commissioner that it is inadvisable or inexpedient for any  
42 member to continue to transact the business for which it was organized without receiving  
43 financial or other assistance, he may, in his discretion, so notify the directors of the corporation,  
44 and thereupon the directors of the corporation make take any action in in their opening they  
45 deem necessary to reduce the risk or avert a threatened loss to the corporation. Notwithstanding  
46 any other provision of law, the corporation may merge or consolidate such member or may  
47 facilitate the sale of assets of such member to and the assumption of its liabilities by one or more  
48 members.

49 The directors may also with the approval of the commissioner and in order to effect the  
50 purposes of this act, and without limiting the aforesaid powers of the corporation, provide any  
51 one or more of the following forms of financial assistance to a member in need of same: (a)  
52 purchase from such member the whole or any part of, or any equitable or any other interest in, its

53 assets at the book value thereof, or at some other value mutually agreed upon by the directors of  
54 the member credit union and said directors of the corporation, notwithstanding that either of such  
55 values may exceed the market value of the assets so purchased, and upon such terms and  
56 conditions as said directors with the approval of the commissioner, may determine; (b) make  
57 loans to such member, and upon such terms and conditions, as said directors, with the approval  
58 of the commissioner, may determine; (c) pay to such member in accordance with an agreement  
59 entered into between such member and the corporation, with the approval of the commissioner,  
60 an amount not in excess of the difference between the book value of certain or all its assets and  
61 the fair value thereof as determined by said agreement, in consideration for which such member  
62 shall agree to write down such assets to such fair value and to pay over to the corporation so  
63 much of any net proceeds realized from the sale or other disposition of each and all such assets  
64 as is in excess of such fair value, such payment to be made in such amounts, at such times and  
65 upon such terms and conditions as said directors, with the approval of the commissioner, may  
66 determine; provided, that any amount paid by the corporation hereunder to such member and the  
67 agreement of such member to repay the excess, as hereinbefore provided, shall constitute  
68 liabilities of such member only to the extent of any such excess from time to time actually  
69 realized; (d) deposit a sum of money into the loan reserve, investment reserve, undivided  
70 earnings or any other surplus accounts of such member in accordance with an agreement entered  
71 into between such member and the corporation, with the approval of the commissioner, such  
72 member being hereby authorized and empowered, notwithstanding any other provision of law, to  
73 repay such amount to the corporation at such time or times and in such manner as such  
74 agreement may prescribe; provided, that any such payment made by the corporation to such  
75 member, and any agreement of such member to repay the same shall constitute liabilities of such

76 member only to the extent provided by said agreement. Such member, by vote of at least two-  
77 thirds of its directors, may take any and all action necessary or advisable to enable it to carry out  
78 any or all provisions of this section.

79 In addition to or apart from the financial assistance authorized under the preceding  
80 paragraph, the corporation, by vote of at least 2/3rd of its directors and in order to effect the  
81 purposes of this act may, by agreement with a member and with the approval of the  
82 commissioner, grant financial assistance to such member by any or all of the methods prescribed  
83 in the preceding paragraph and subject to the terms, conditions and benefits contained in clauses  
84 (a) to (d), inclusive, of the preceding paragraph, for any of the purposes stated in this section or  
85 for the purpose of providing reserve funds for the protection of depositors of such credit unions.

86 In addition to the financial assistance authorized under the preceding 3 paragraphs, the  
87 corporation, by vote of at least 2/3rd of its directors and in order to effect the purposes of this act  
88 may also, by agreement with a member and with the approval of the commissioner, grant  
89 financial assistance to such member credit union by any or all of the following additional  
90 methods for any of the purposes stated in this section or to provide reserve funds for the  
91 protection of depositors of such credit union: (a) make a deposit in such member credit union of  
92 such amount as the directors deem advisable which deposit shall not be subject to any limits  
93 imposed by chapter 171 of the General Laws or the by-laws of the credit union and which may or  
94 may not be a subordinated deposit and may or may not be in accordance with an agreement that  
95 dividends thereon will be at a lower rate than is paid to the members; (b) assume any liabilities of  
96 such member credit union; (c) make loans or contributions to or deposits in, or purchase any  
97 assets of, any financial institution which will acquire control of or merge or consolidate with  
98 such member credit union or will purchase the assets and assume the liabilities of such member

99 credit union; (d) guarantee such member credit union, or any financial institution which will  
100 acquire control of or merge or consolidate with such member credit union or will purchase the  
101 assets and assume the liability of such member credit union, against loss by reason of such  
102 acquisition of control, merger or consolidation or purchase of assets and assumption of liabilities;  
103 or (e) take any other action which the directors in their opinion deem appropriate to carry out the  
104 purposes of this section.

105