

HOUSE No. 4139

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, June 2, 2014.

The committee on Ways and Means, to whom was referred the Bill relative to credit union branching (House, No. 4031), reports recommending that the same ought to pass with an amendment substituting therefor the accompanying bill (House, No. 4139).

For the committee,

BRIAN S. DEMPSEY.

The Commonwealth of Massachusetts

In the Year Two Thousand Fourteen

An Act relative to credit union branching.

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 8 of chapter 171 of the General Laws, as appearing in the 2012
2 Official Edition, is hereby amended by striking out the section in its entirety and inserting in
3 place thereof the following section:

4 Section 8. The location of the main office of a credit union may be changed with the
5 written consent of the commissioner.

6 After such notice and hearing as the commissioner may require and with the
7 commissioner's written permission and under such conditions as the commissioner may approve,
8 a credit union may establish and maintain 1 or more branch offices or depots in the county
9 wherein the main office is located, or on a site within 100 miles from the premises of the main
10 office in a city or town in another county including on a site in one of the states of Connecticut,
11 Maine, New Hampshire, New York, Rhode Island or Vermont, if in the opinion of the
12 commissioner, the public would benefit by the establishment of additional credit union facilities.
13 The establishment and maintenance of branch offices or depots in any one of the foregoing states
14 shall also be established and maintained in accordance with the laws of such state. Any of the
15 usual business transacted by a credit union at its main office may be transacted at a branch office.
16 The business at a depot shall be transacted only on such days as may be designated by the board
17 of directors and shall be limited to the receipt of deposits and the collection of moneys due or
18 payable to the credit union, and such business shall be subject to such other conditions, if any, as
19 may be prescribed by the commissioner. Credit unions shall not submit more than 1 out-of-state
20 branch application for the commissioner's review in any 12 month period.

21 With the written consent of the commissioner a branch office or depot may be closed, or
22 its location may be changed.

23 The offices of any credit union consolidating or merging pursuant to section 78 may be
24 maintained as branch offices of such credit union, with the written permission of and under such
25 conditions, if any, as may be approved by the commissioner.

26 Mobile branch banking may be authorized by the commissioner under conditions the
27 commissioner may approve and subject to regulations the commissioner may establish.

28 SECTION 2. Chapter 171 of the General Laws, as so appearing, is further amended by
29 inserting after section 8 the following 6 sections:-

30 Section 8A. For purposes of this section and sections 8B to 8F, inclusive, the terms
31 “foreign credit union” and “out-of-state federal credit union” shall mean a credit union with its
32 principal place of business in the state of Connecticut, Maine, New Hampshire, New York,
33 Rhode Island or Vermont.

34 Any foreign credit union or out-of-state federal credit union doing business similar to any
35 business referred to in section 2, may establish and maintain branch offices or depots in the
36 commonwealth, if such foreign credit union or out-of-state federal credit union is expressly
37 authorized to do so by the laws under which it is organized and operates; provided, that the laws
38 of the state in which such credit union has its principal place of business expressly authorize,
39 under conditions no more restrictive than those imposed by this chapter as determined by the
40 commissioner, Massachusetts credit unions to establish and maintain branches and depots
41 therein. Such foreign credit unions and out-of-state federal credit unions shall establish and
42 maintain branches or depots in Massachusetts, in accordance with the same laws which govern
43 such activities by Massachusetts credit unions; provided, that the initial branch office other than
44 1 established pursuant to chapter 167B, or, if more than 1, the branch deemed to be the initial
45 office by such entities, shall be considered the main office in the commonwealth for the purposes
46 of determining the geographical limitations on the establishment of branch offices.

47 The commissioner of banks shall promulgate rules and regulations relative to the
48 administration and enforcement of sections 8A to 8F, inclusive. Said rules and regulations shall
49 include procedures for accepting applications from qualifying credit unions for approval to open
50 a branch office.

51 Section 8B. Any credit union, federal credit union, or out-of-state federal credit union
52 with a branch office in the commonwealth may establish educational credit union training
53 programs, student savings deposit programs and school branch office programs. A credit union,
54 federal credit union, or out-of-state federal credit union with a branch office in the
55 commonwealth shall conduct any such program under such terms and conditions as the
56 commissioner may establish. A federal credit union or out-of-state federal credit union with a
57 branch office in the commonwealth shall conduct any such program in compliance with
58 applicable federal law and regulations.

59 Section 8C. A foreign credit union or out-of-state federal credit union, if such credit
60 union does not operate a branch in the commonwealth, may, establish and maintain a new branch
61 in the commonwealth; provided, that such credit union submits an application in the manner and
62 form prescribed by the commissioner and the commissioner approves said application; provided,
63 further that the laws of the state in which such credit union has its principal place of business
64 expressly authorize, under conditions no more restrictive than those imposed by this chapter as
65 determined by the commissioner, a Massachusetts credit union to establish and maintain a branch
66 therein. Any such foreign credit union or out-of-state federal credit union shall operate under the
67 supervision of the commissioner and in accordance with all applicable laws governing
68 Massachusetts credit unions, including all rules and regulations promulgated thereunder.

69 Any out-of-state federal credit union shall operate the same as a federal branch which
70 shall be subject to all laws of the commonwealth relative to community reinvestment, consumer
71 protection, fair lending, establishment of intra-state branches, including but not limited to,
72 sections 1 to 14A, inclusive, of chapter 93, and the applicable sections of chapters 93A, 167,
73 167B, 171, 183 and 184, including all rules and regulations promulgated thereunder, and to such
74 other laws of the commonwealth as are applicable to a federal credit union with its main office in
75 the commonwealth.

76 Section 8D. The commissioner shall, in the manner prescribed in section 2 of chapter
77 167, examine any foreign credit union or out-of-state federal credit union that operates a
78 Massachusetts branch and shall inspect and examine the affairs of any such credit union, to the
79 extent of its operations in the commonwealth, to ascertain its financial condition and whether it
80 has complied with all applicable laws. The lawful charges incurred by reason of any such
81 examination shall be paid by such credit union examined. The commissioner shall preserve a
82 full record of each such examination. Records and information contained in the report of any
83 such examination, other than information required by law to be published or to be open to the
84 inspection of the public, shall be open only to the inspection of the commissioner, the
85 commissioner's examiners and assistants, and such other officers of the commonwealth as may
86 have occasion and authority to inspect them in the performance of their official duties. Nothing
87 in this section shall be construed to prohibit the required production of such records, and
88 information contained in examination reports, before any court of this commonwealth or any
89 master or auditor appointed by any such court, in any criminal or civil proceeding therein
90 pending, affecting such Massachusetts or out-of-state branch, its officers, directors or employees.

91 Copies of reports of such examinations shall be furnished to the parent credit union of the
92 branch examined for its use only and shall not be exhibited to any other person, organization or
93 agency without the prior written approval of the commissioner. The commissioner may, in his
94 discretion, furnish to any credit union regulatory agency or law enforcement agency, or the
95 banking departments of other states, such information, reports and statements relating to the
96 institutions under the commissioner's supervision as the commissioner deems appropriate.

97 The commissioner, in making the examination, shall have free access to the vaults, books
98 and papers of any such foreign credit union or out-of-state federal credit union, and may summon
99 the directors, officers or agents thereof, and such other witnesses as deemed necessary for
100 examination relative to the affairs, transactions and condition of such credit unions, and for that
101 purpose is empowered to administer oaths.

102 Notwithstanding the foregoing, the commissioner may enter into cooperative agreements
103 with credit union regulators in jurisdictions other than the commonwealth to facilitate the
104 regulatory supervision of Massachusetts and out-of-state branches including agreements relative
105 to the coordination of examinations or joint participation in examinations of said branches, and
106 may accept reports of examinations by such regulators pursuant to such agreements. The
107 commissioner may also enter into such agreements providing for enforcement actions against
108 Massachusetts and out-of-state branches. Any such agreement may include provisions relative to
109 the amount and assessment of fees for any such examination or enforcement actions. Nothing in
110 this section shall be construed as limiting in any way the authority of the commissioner to
111 independently conduct examinations of and enforcement actions against any Massachusetts or
112 out-of-state branch.

113 Section 8E. Each foreign credit union or out-of-state federal credit union that operates a
114 Massachusetts branch shall register with the commissioner on forms prescribed by the
115 commissioner which shall include information regarding the financial condition, operations and
116 management of such credit union and other related matters the commissioner may deem
117 necessary or appropriate to carry out the purposes of this chapter.

118 The commissioner, from time to time, may require reports under oath to keep informed as
119 to whether the provisions of this chapter and the rules and regulations established thereunder
120 have been complied with.

121 Section 8F. If, upon examination, it appears that any such foreign credit union or out-of-
122 state federal credit union is insolvent, or that its capital is impaired, or that its condition is such
123 as to render the continuance of business hazardous to the public or to those having funds in its
124 custody, the commissioner shall apply, or if any such credit union appears to have exceeded its
125 powers or failed to comply with any provision of applicable law may apply, to the supreme
126 judicial court, which shall have jurisdiction in equity on such application, to issue an injunction
127 restraining any such credit union, in whole or in part, from further proceeding with its business,
128 and to make further orders or decrees as justice and equity may require. The court may appoint 1
129 or more receivers to take possession of its property and effects, subject to such directions as may
130 from time to time be prescribed by the court.

131 SECTION 3. Notwithstanding any general or special law to the contrary, the
132 commissioner of banks shall promulgate rules and regulations relative to the administration and
133 enforcement of this act within 180 days of the effective date of this act. Said rules and

134 regulations shall include procedures for accepting applications from qualifying credit unions for
135 approval to open a branch office. Upon promulgation of the rules and regulations required
136 herein, the commissioner of banks shall accept, from credit unions qualified pursuant to chapter
137 171 of the General Laws, applications for approval to open a branch office pursuant to sections 1
138 and 2 of this act.

139 SECTION 4. Sections 1 and 2 of this act shall take effect 1 year after the passage of this
140 act.

141 SECTION 5. Section 3 of this act shall take effect upon passage.