

HOUSE No. 2966

The Commonwealth of Massachusetts

PRESENTED BY:

John J. Lawn, Jr.

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act modernizing the credit union laws.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>John J. Lawn, Jr.</i>	<i>10th Middlesex</i>	<i>1/20/2017</i>
<i>Carlos González</i>	<i>10th Hampden</i>	<i>2/3/2017</i>

HOUSE No. 2966

By Mr. Lawn of Watertown, a petition (accompanied by bill, House, No. 2966) of John J. Lawn, Jr., and Carlos Gonzalez relative to credit union laws. Financial Services.

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

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

4 SECTION 2. Said section 4 of said Chapter 167I, as so appearing, is hereby further
5 amended by inserting after the word “institution,” in line 4, the following words:- credit union, or
6 federally-chartered credit union,.

7 SECTION 3. Said Chapter 167I, as so appearing, is hereby amended by inserting after
8 section 10 the following section:-

9 Section 10A. A savings bank as defined in section one of chapter one hundred and sixty-
10 seven may convert into a credit union pursuant to the provisions of section 80C of chapter 171.

11 SECTION 4. Chapter 170 of the General Laws, as appearing in the 2014 Official Edition,
12 is hereby amended by inserting after section 26 the following section:-

13 Section 27. A cooperative bank as defined in section one of chapter one hundred and
14 sixty-seven may convert into a credit union pursuant to the provisions of section 80C of chapter
15 171.

16 SECTION 5. Section 1 of chapter 171 of the General Laws, as appearing in the 2014
17 Official Edition, is hereby amended by striking out the definition of “Central Credit Union Fund,
18 Inc.”

19 SECTION 6. Section 1 of said chapter 171, as so appearing, is hereby amended by
20 striking out, in line 11, the word “fifty”, and inserting in place thereof the following figure:- 50.

21 SECTION 7. Said section 1 of said chapter 171, as so appearing, is hereby further
22 amended by striking out, in lines 18 and 19, the words “eighty two to eighty four”, and inserting
23 in place thereof the following figures:- 82 to 84.

24 SECTION 8. Said section 1 of said chapter 171, as so appearing, is hereby further
25 amended by inserting, after the definition of “Interest”, the following definition:- “Low-income
26 credit union”, a credit union as defined in 12 C.F.R. 701.34.

27 SECTION 9. Said section 1 of said chapter 171, as so appearing, is hereby further
28 amended by striking out, in line 33, the words “two hundred and ninety four”, and inserting in
29 place thereof the following figure:- 294.

30 SECTION 10. Said section 1 of said chapter 171, as so appearing, is hereby further
31 amended by striking out, in line 34, the words “nineteen hundred and sixty one”, and inserting in
32 place thereof the following figure:- 1961.

33 SECTION 11. Said section 1 of said chapter 171, as so appearing, is hereby further
34 amended by striking out, in line 37, the word “eighteen”, and inserting in place thereof the
35 following figure:- 18.

36 SECTION 12. Said section 1 of said chapter 171, as so appearing, is hereby further
37 amended by inserting after the word “partnership”, in line 43, the following words:- , limited
38 partnership, limited liability partnership, limited liability company,.

39 SECTION 13. Section 2 of said chapter 171, as so appearing, is hereby amended by
40 inserting after the word “persons,”, in line 1, the following words:- the majority of whom.

41 SECTION 14. Said section 2 of said chapter 171, as so appearing, is hereby further
42 amended by striking out, in line 1, the word “resident”, and inserting in place thereof the
43 following word: - reside.

44 SECTION 15. Clause (e) of section 2 of said chapter 171, as so appearing, is hereby
45 amended by striking out, in line 24, the words “, his residence and the post office address.”

46 SECTION 16. Section 3 of said chapter 171, as so appearing, is hereby amended by
47 adding the following paragraph:-

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

51 SECTION 17. Section 4 of said chapter 171, as so appearing, is hereby amended by
52 inserting after the word “incorporator”, in line 6, the following words:- or sent to each
53 incorporator electronically.

54 SECTION 18. The third paragraph of section 6 of said chapter 171, as so appearing, is
55 hereby amended by inserting, after the word “incorporation”, in line 16, the following words:-
56 unless such time is extended at the discretion of the commissioner.

57 SECTION 19. Section 6A of said chapter 171, as so appearing, is hereby amended by
58 striking out the second paragraph and inserting in place thereof the following paragraph:-

59 Notwithstanding other provisions of this chapter, a credit union organized under the
60 provisions of this chapter and insured by the National Credit Union Share Insurance Fund may
61 exercise any power and engage in any activity that is permissible for an out-of-state credit union,
62 with approval of the commissioner, provided, however, that the activity is not otherwise
63 prohibited under the laws of the commonwealth; provided, further, that the activity shall be
64 subject to the same limitations and restrictions that are applicable to the federal or out-of-state
65 credit union. In the event that federal or out-of-state credit unions lose the authority to exercise
66 any power or engage in any activity based upon which comparable authority was granted to state
67 chartered credit unions pursuant to this paragraph, unless such authority is authorized by another
68 law of the commonwealth, or a rule, regulation or policy adopted pursuant to such other law of
69 the commonwealth, or by a judicial decision, the authority shall be revoked for state chartered
70 credit unions pursuant to this paragraph. Such commissioner may promulgate regulations
71 pursuant to this paragraph.

72 SECTION 20. Clause (h) of section 9 of said chapter 171, as so appearing, is hereby
73 amended by inserting, after the words “credit committee”, in line 16, the following words:- , if
74 applicable, as required by the by-laws.

75 SECTION 21. Clause (i) of section 9 of said chapter 171, as so appearing, is hereby
76 amended by inserting, after the words “credit committee”, in line 18, the following words :- , if
77 applicable, as required by the by-laws.

78 SECTION 22. Section 10 of said chapter 171, as so appearing, is hereby amended by
79 striking out, in line 8, the words “, or change in location, or change in name”.

80 SECTION 23. Section 11 of said chapter 171, as so appearing, is hereby amended by
81 striking out the second and third paragraphs and inserting in place thereof the following 2
82 paragraphs:-

83 A member shall not have more than 1 vote. An organization member or persons who are
84 parties to a joint account may cast 1 vote on the share or deposit account at any of its meetings
85 by a duly delegated agent or a party to the joint account. A minor shall not have the right to
86 vote. A member may vote in person, by mail, or by electronic means. Each credit union shall
87 set forth in its by-laws the method of voting to be used. The voting methods shall be subject to
88 conditions and limitations as the commissioner may establish.

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

91 SECTION 24. The first paragraph of section 12 of said chapter 171, as so appearing, is
92 hereby amended by striking out the first sentence and inserting in place thereof the following 2
93 sentences:-,

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

97 SECTION 25. Section 13 of said chapter 171, as so appearing, is hereby amended by
98 striking out the first paragraph and inserting in place thereof the following 2 paragraphs:-

99 The board of directors shall have the general direction of the affairs of the corporation
100 and shall meet as often as may be necessary, but not less than once each month. A quorum shall
101 consist of not less than a majority of the directors. If less than a quorum is present, a majority of
102 those present may adjourn the meeting until the next regular meeting or another time prior
103 thereto. It shall act upon all applications for membership and determine the rate of interest to be
104 paid on deposits. These duties may be delegated by the directors. The board may also declare
105 dividends as provided in section 29 and shall fill vacancies in the board of directors and
106 committees until the next annual election. These duties may not be delegated. The
107 establishment of deposit accounts or the discontinuance thereof may be authorized by the board
108 of directors of the credit union. It shall make recommendations to the members of the credit
109 union relative to the need of amendments to the by-laws, and other matters upon which, in its
110 opinion, the members should act at any regular or special meeting. The board of directors may
111 borrow money for and on behalf of the credit union as authorized by section seventy-three. It
112 may, by a two-thirds vote, remove from office for cause any officer or any member of any
113 committee. It may also elect an honorary president, who shall be a member of said credit union.
114 Said honorary president shall not be compensated in any way by the credit union. The board
115 may appoint associate directors who shall not be compensated or vote.

116 Unless the articles of organization or by-laws provide that action required or permitted by
117 this chapter or other provisions of the General Laws to be taken by the directors may be taken
118 only at a meeting, the action may be taken without a meeting if the action is taken by the
119 unanimous consent of the members of the board of directors. The action shall be evidenced by 1
120 or more consents describing the action taken, in writing, signed by each director, or delivered to
121 the credit union by electronic transmission, to the address specified by the credit union for the
122 purpose or, if no address has been specified, to the principal office of the credit union, addressed
123 to the secretary or other officer or agent having custody of the records of proceedings of
124 directors, and included in the minutes or filed with the corporate records reflecting the action
125 taken. Action taken under this section is effective when the last director signs or delivers the
126 consent, unless the consent specifies a different effective date. A consent signed or delivered
127 under this section has the effect of a meeting vote and may be described as such in any
128 document. The provisions of this section shall also apply to committees of the board and the
129 members thereof.

130 SECTION 26. Section 14 of said chapter 171, as so appearing, is hereby amended by
131 striking out the first paragraph and inserting in place thereof the following paragraph:-

132 The board of directors may expel from a credit union any member who has not carried
133 out his engagements with it, who has been convicted of a criminal offense, or who neglects or
134 refuses to comply with the provisions of this chapter or of the by-laws of the credit union, or who
135 habitually neglects to pay his debts, or who has deceived the corporation or any committee
136 thereof with regard to the use of borrowed money; provided, however, that no member shall be
137 so expelled until he has been informed in writing of the charges against him, after reasonable
138 notice and an opportunity to be heard thereon. Notwithstanding these provisions, a director who

139 becomes insolvent or bankrupt shall be withdrawn from the board automatically, with no
140 requirement for notice and an opportunity to be heard. The board of directors may suspend from
141 a credit union any member who has been convicted of a criminal offense.

142 SECTION 27. Section 15 of said chapter 171, as so appearing, is hereby amended by
143 striking out the second paragraph and inserting in place thereof the following paragraph:-

144 At such meeting, the directors shall also elect an auditing committee from their own
145 number, an investment committee comprised of at least one member of the board of directors,
146 and a credit committee, if applicable, comprised of at least one member of the board of directors.
147 Each such committee shall be comprised of not less than three nor more than five members;
148 provided, however, that no member of the board of directors shall be a member of both the credit
149 committee, if applicable, and the auditing committee.

150 SECTION 28. Said section 15 of said chapter 171, as so appearing, is hereby further
151 amended by striking out the last paragraph and inserting in place thereof the following
152 paragraph:-

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

157 SECTION 29. Section 16 of said chapter 171, as so appearing, is hereby amended by
158 inserting, after the word "month," in line 3, the following word:- and,.

159 SECTION 30. Said section 16 of said chapter 171, as so appearing, is hereby further
160 amended by striking out, in lines 4 and 5, the words “and shall examine carefully the cash and
161 accounts of the credit union monthly”.

162 SECTION 31. The last paragraph of section 16 said chapter 171, as so appearing, is
163 hereby amended by striking out the last sentence.

164 SECTION 32. Section 17 of said chapter 171, as so appearing, is hereby amended by
165 striking out the first paragraph and inserting in place thereof the following paragraph:-

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

173 SECTION 33. The last paragraph of section 17 of said chapter 171, as so appearing, is
174 hereby amended by striking out the third sentence.

175 SECTION 34. Section 18 of said chapter 171, as so appearing, is hereby amended by
176 adding the following 2 sentences:- The investment committee shall hold meetings at least once in
177 each month. The investment committee may reasonably delegate its duties to employees in
178 accordance with written investment policies that establish appropriate limits and standards and
179 that are consistent with safe and sound banking practices.

180 SECTION 35. Section 19 of said chapter 171, as so appearing, is hereby amended by
181 striking out, in line 10, the following words:- state or.

182 SECTION 36. Said section 19 of said chapter 171, as so appearing, is hereby further
183 amended by inserting, after the word “affiliate”, in line 12, the following words:- a mortgage
184 company owned by a bank,.

185 SECTION 37. Section 20 of said chapter 171, as so appearing, is hereby amended by
186 inserting, after the word “board”, in line 22, the following words:- or unless such loans are made
187 in compliance with National Credit Union Administration regulations governing such loans.

188 SECTION 38. Section 21 of said chapter 171, as so appearing, is hereby amended by
189 striking out, in line 8, the words “such bonds” and inserting in place thereof the following
190 words:- bonds upon which changes are made.

191 SECTION 39. Said chapter 171 is hereby amended by striking out section 26 and
192 inserting in place thereof the following section:-

193 Each credit union shall, annually, within 30 days after the last business day of December,
194 make a report to the commissioner in such form as the commissioner may prescribe showing
195 accurately its condition at the close of business on that day, and containing such other
196 information as the commissioner may require. Each credit union shall prepare such annual
197 report, in accordance with generally accepted accounting principles, which presents fairly its
198 condition as of the last business day of its fiscal year. A statement of condition of a credit union
199 shall be available for examination for reasonable purposes by members at the principal office of
200 a credit union during business hours or made available to a member upon reasonable request.

201 SECTION 40. Said chapter 171 is hereby amended by striking out section 29 and
202 inserting in place thereof the following section:-

203 Section 29. The capital of a credit union shall be unlimited in amount and shall consist
204 of shares and deposits. Share shall be a par value of not less than 1 dollar but not more than 25
205 dollars each and shall be subscribed and paid for in such manner as the by-laws of the credit
206 union shall prescribe.

207 Dividends may be paid at various rates based on the type and amount of an account or on
208 the terms and conditions applicable to said accounts.

209 The board of directors of a credit union may receive payments on uninsured non-share
210 accounts subject to such terms, rates, and conditions as may be established by the board of
211 directors, within limitations prescribed by the commissioner. With respect to any insured credit
212 union other than a low-income credit union, uninsured non-share accounts shall (i) not alter the
213 cooperative nature of the credit union; (ii) be subordinate to all other claims against the credit
214 union, including the claims of creditors, shareholders, and the National Credit Union Share
215 Insurance Fund; (iii) be available to be applied to cover operating losses of the credit union in
216 excess of its retained earnings and, to the extent so applied, will not be replenished; (iv) if they
217 have a stated maturity, have an initial maturity of at least 5 years; (v) if they have a stated
218 maturity, the net worth value of such accounts may be discounted at the discretion of the
219 commissioner when the remaining maturity is less than 5 years; (vi) are subject to disclosure and
220 consumer protection requirements as determined by the board; (vii) are offered by a credit union
221 that is determined by the commissioner to be sufficiently capitalized and well-managed; (viii) are

222 subject to such rules and regulations as the commissioner may establish; and (ix) are authorized
223 by the National Credit Union Administration.

224 A share or deposit authorized by section 30, if the directors so determine, and if the share
225 and deposit liabilities are insured in full under federal or state law, or both, may be received as a
226 special notice account subject to this section.

227 1. Special Notice Account Agreements — Any such shares or deposits shall be
228 received subject to a written agreement between the credit union and the shareholder or depositor
229 or joint shareholders or joint depositors which agreement shall contain the following
230 provisions:—

231 (a) Except as hereinafter provided relative to dividends or interest on such shares and
232 deposits, neither the whole nor any part of such shares or deposits may be withdrawn other than
233 pursuant to the terms of a withdrawal notice of ninety days or more signed by such shareholder
234 or depositor or any joint shareholder or depositor and received by such credit union. Such notice
235 shall state that such shareholder or depositor or such joint shareholders or depositors propose to
236 withdraw such shares and deposits in whole or in specified part during a withdrawal period
237 commencing upon a day specified, which day shall be not less than ninety days following the
238 receipt by the credit union of such withdrawal notice and terminating upon the expiration of the
239 ninth day following or, if such ninth day shall be a Saturday, Sunday or legal holiday, upon the
240 expiration of the business day next succeeding such ninth day.

241 (b) Any ordinary, extra or additional dividend or interest on such shares or deposits
242 may be withdrawn pursuant to a permanent dividend or interest order signed by such shareholder
243 or depositor or any joint shareholder or depositor and received by such credit union prior to the

244 day upon which such dividend or interest becomes payable or pursuant to a demand made by
245 such shareholder or depositor or any joint shareholders or depositors within one year after the
246 day upon which such dividend or interest became payable. If not so withdrawn, no such
247 dividend or interest shall be withdrawn except as hereinbefore provided in subparagraph (a).

248 2. Withdrawals — No such credit union shall permit the whole or any part of such
249 shares or deposits or any ordinary, extra or additional interest or dividend declared thereon to be
250 withdrawn, in whole or in part, except in accordance with the terms of such agreement.

251 3. Passbooks — Each passbook representing shares or deposits received under this
252 section shall contain the title “Special Notice Account.”

253 SECTION 41. Section 30 of said chapter 171, as so appearing, is hereby amended by
254 inserting after the words “National Credit Union Administration”, the following words:- and to
255 members of low-income credit unions.

256 SECTION 42. Said chapter 171 is hereby amended by striking out section 32A, as so
257 appearing, and inserting in place thereof the following section:-

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

260 SECTION 43. Section 33 of said chapter 171, as so appearing, is hereby repealed.

261 SECTION 44. Section 34 of said chapter 171, as so appearing, is hereby repealed.

262 SECTION 45. Section 35 of said chapter 171, as so appearing, is hereby amended by
263 striking out, in lines 4 through 9, the words “; provided, however, that the deposit accounts of
264 any one such person, partnership or corporation shall not, except by the accumulation of interest,

265 be permitted to exceed at any one time, seventy-five thousand dollars or one and one half percent
266 of the deposits or shares of the credit union, whichever is greater.”

267 SECTION 46. The last paragraph of section 39 of said chapter 171, as so appearing, is
268 hereby amended by adding the following sentence:- The surviving owner or owners of a joint
269 account may continue credit union membership; provided, however, that the surviving owner or
270 owners shall be eligible for membership and shall meet all requirements as set forth in the by-
271 laws.

272 SECTION 47. Section 41 of said chapter 171, as so appearing, is hereby amended by
273 striking out, in lines 2 and 3, the words “in the discretion of the directors”, and inserting in place
274 thereof the following words:- subject to the policy of the credit union.

275 SECTION 48. Section 42 of said chapter 171, as so appearing, is hereby amended by
276 striking out, in lines 6 and 7, the words “the treasurer or other”, and inserting in place thereof the
277 following word:- a.

278 SECTION 49. Section 44 of said chapter 171, as so appearing, is hereby repealed.

279 SECTION 50. Section 45 of said chapter 171, as so appearing, is hereby repealed.

280 SECTION 51. Section 48 of said chapter 171, as so appearing, is hereby amended by
281 adding the following paragraph:-

282 Notwithstanding any other law, a credit union has the authority to impress and enforce a
283 lien, as defined in 12 C.F.R. 701.39, upon the shares and dividends of any member, to the extent
284 of any loan made to him and any dues or charges payable by him.

285 SECTION 52. Section 49 of said chapter 171, as so appearing, is hereby amended by
286 striking out, in lines 5 and 6, the words “certified mail, return receipt requested” and inserting in
287 place thereof the following words:- first class mail, or electronic mail.

288 SECTION 53. Section 50 of said chapter 171, as so appearing, is hereby amended by
289 striking out, in lines 4 and 5, the words “the treasurer” and inserting in place thereof the
290 following words:- a duly authorized officer of the corporation.

291 SECTION 54. Section 53 of said chapter 171, as so appearing, is hereby amended by
292 striking out the definition of “Account”, and inserting in place thereof the following definition:-
293 “Account”, a share, share certificate, or share draft account of a member of a credit union of a
294 type approved by the board of the credit union which evidences money or its equivalent received
295 or held by a credit union in the usual course of business and for which it has given or is obligated
296 to give credit to the account of the member, and, in the case of a credit union serving
297 predominantly low-income members (as defined by said board), such terms (when referring to
298 the account of a nonmember served by such credit union) mean a share, share certificate, or share
299 draft account of such nonmember which is of a type approved by the board and evidences money
300 or its equivalent received or held by such credit union in the usual course of business and for
301 which it has given or is obligated to give credit to the account of such nonmember, and such
302 terms mean share, share certificate, or share draft account of nonmember credit unions and
303 nonmember units of federal, State, or local governments and political subdivisions thereof, and
304 such terms mean custodial accounts established for loans sold in whole or in part; provided, that
305 for purposes of insured State credit unions, reference in this paragraph to “share”, “share
306 certificate”, or “share draft”, accounts includes, as determined by the Board, the equivalent of
307 such accounts under State law.

308 SECTION 55. Section 54 of said chapter 171, as so appearing, is hereby repealed.

309 SECTION 56. Section 55 of said chapter 171, as so appearing, is hereby repealed.

310 SECTION 57. Section 56 of said chapter 171, as so appearing, is hereby repealed.

311 SECTION 58. Section 57 of said chapter 171, as so appearing, is hereby amended by
312 striking out, in lines 5 through 7, the words “and shall state the purpose for which the loan is
313 desired and the security, if any, offered” and inserting in place thereof the following words:- or
314 by electronic means.

315 SECTION 59. Said section 57 of said chapter 171, as so appearing, is hereby further
316 amended by striking out the third and fourth paragraphs.

317 SECTION 60. Section 58 of said chapter 171, as so appearing, is hereby amended by
318 striking out the last paragraph.

319 SECTION 61. Section 59 of said chapter 171, as so appearing, is hereby repealed.

320 SECTION 62. Section 59A of said chapter 171, as so appearing, is hereby repealed.

321 SECTION 63. Section 60 of said chapter 171, as so appearing, is hereby repealed.

322 SECTION 64. Section 61 of said chapter 171, as so appearing, is hereby repealed.

323 SECTION 65. Section 62 of said chapter 171, as so appearing, is hereby repealed.

324 SECTION 66. Section 64 of said chapter 171, as so appearing, is hereby repealed.

325 SECTION 67. Subsection (b) of section 65A of said chapter 171, as so appearing, is
326 hereby amended by adding the following clause:-

327 (7) mortgage loans as participation loans with a bank, credit union service organization,
328 federally-chartered or federally-insured credit union or financial institution, insurance company,
329 or any state or federal government agency and its subdivisions.

330 SECTION 68. Subsection (5) of section 65D of said chapter 171, as so appearing, is
331 hereby amended by striking out, in line 18, the words “not less than 30 days before the
332 adjustment” and inserting in place thereof the following words:- between 210 and 240 days prior
333 to the first payment due after the rate first adjusts. Subsequent notification and explanation shall
334 occur between 60 and 120 days before payment at a new level is due when a rate adjustment
335 causes the payment to change.

336 SECTION 69. Section 65E of said chapter 171, as so appearing, is hereby amended by
337 striking out clause (3) and inserting in place thereof the following clause:-

338 (3) to buy, sell or make loans and mortgage loans as participation loans with a bank,
339 credit union service organization, federally-chartered or federally-insured credit union or
340 financial institution, insurance company, or any state or federal government agency and its
341 subdivisions, and to service any loans sold by it.

342 SECTION 70. Section 66 of said chapter 171, as so appearing, is hereby amended by
343 striking out clauses (2) and (3).

344 SECTION 71. Section 67 of said chapter 171, as so appearing, is hereby amended by
345 striking out clause (a).

346 SECTION 72. Said section 67 of said chapter 171, as so appearing, is hereby further
347 amended by striking out, in line 14, the figure “1961.” and inserting in place thereof the
348 following figure:- 1961;.

349 SECTION 73. The first paragraph of said section 67 of said chapter 171, as so appearing,
350 is hereby amended by striking out clause (o) and inserting in place thereof the following clause:-

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

354 (i) not more than 10 per cent of the assets of a credit union shall be invested in bank
355 stocks or bank holding company stocks or insurance stocks or preferred stocks of public utility
356 companies or in all 4 of such types of stocks appearing on the list and not more than \$15,000 or 2
357 per cent of the assets of a credit union, whichever is greater, shall be invested in the stock of any
358 1 such bank, bank holding company, insurance company or preferred stock of public utility
359 companies;

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

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

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

370 (v) not more than 10 per cent of the assets of a credit union shall be invested in interest
371 bearing obligations authorized for investment under section 15B of chapter 167 and appearing on
372 the list of legal investments prepared pursuant to said section 15A of said chapter 167 and not
373 more than 1/2 of 1 per cent of the shares and deposits of such credit union shall be so invested in
374 the obligations of any one obligor, but the foregoing limitations shall not apply to obligations of
375 telephone companies, of companies engaged primarily in the distribution and sale of electricity
376 or gas, or both, or of railroad companies other than terminal companies;

377 SECTION 74. Said section 67 of said chapter 171, as so appearing, is hereby further
378 amended by striking out, in line 86, the word “funds.” and inserting in place thereof the
379 following word:- funds;.

380 SECTION 75. Said section 67 of said chapter 171, as so appearing, is hereby further
381 amended by striking out, in lines 108 and 109, the words “clause (i) of this paragraph” and
382 inserting in place thereof the following word:- subclause (i).

383 SECTION 76. Said section 67 of said chapter 171, as so appearing, is hereby further
384 amended by striking out, in line 118, the word “commonwealth.” and inserting in place thereof
385 the following word:- commonwealth;

386 SECTION 77. Said section 67 of said chapter 171, as so appearing, is hereby further
387 amended by striking out, in line 139, the word “and”.

388 SECTION 78. Said section 67 of said chapter 171, as so appearing, is hereby further
389 amended by striking out, in line 140, the word “Boston.” and inserting in place thereof the
390 following words:- Boston; and.

391 SECTION 79. Said section 67 of said chapter 171, as so appearing, is hereby further
392 amended by striking out, in line 141, the word “paragraph” and inserting in place thereof the
393 following word:- clause.

394 SECTION 80. Said section 67 of said chapter 171, as so appearing, is hereby further
395 amended by striking out, in line 146, the word “paragraphs” and inserting in place thereof the
396 following word:- clauses.

397 SECTION 81. Said section 67 of said chapter 171, as so appearing, is hereby further
398 amended by adding the following 3 clauses:-

399 (w) in any capital stock of a corporation organized for the purpose of acquiring and
400 managing interests in real property and acquiring, constructing, rehabilitating, leasing, financing
401 and disposing of housing facilities, or in any other interest in real or personal property or
402 activities incidental thereto, debt security, equity security, loan or community benefits; provided,
403 however, that (a) not more than 7 percent of the deposits of a credit union shall be invested
404 pursuant to the provisions of this paragraph; and provided, further, that any amount in excess of
405 3 percent of said 7 percent shall be invested by such credit union in the following manner: (i) in
406 the capital stock of a corporation organized for the purpose of acquiring, constructing,
407 rehabilitating, leasing, financing and disposing of housing facilities; (ii) for the purpose of micro-
408 lending in the area of small business, including the fishing industry, and farm loans; and (iii) for
409 the purpose of providing technical assistance to nonprofit housing corporations, small businesses

410 and farms for the purpose of establishing credit worthiness; (b) no investment shall be made by
411 such corporation in the equity securities of any one issuer pursuant to this paragraph if the
412 aggregate amount invested by it in the equity securities of such issuer pursuant to this paragraph
413 together with the amount invested in such securities pursuant to any other provision of law
414 exceeds, or by the making of such investment will exceed, 2 percent of the deposits of such
415 corporation, and no investment shall be made by such credit union in a loan to, or the debt
416 securities of, any one issuer pursuant to this paragraph, if the aggregate amount invested by it
417 pursuant to this paragraph together with the amount invested in a loan to, or in the debt
418 securities, of such issuer pursuant to any other provision of law exceeds 2 percent of the deposits
419 of such credit union; (c) any loan made or debt security purchased pursuant to this paragraph
420 shall be secured over the term of the loan or the debt security; (d) this paragraph shall not be
421 deemed to alter any provision of this chapter or other provision of law limiting the aggregate
422 amount that may be invested in any class of loan or investment, except for (ii) and (iii), above,
423 which shall be in addition to any such provision of this chapter or other provision of law; and (e)
424 investments authorized solely by this paragraph shall not be deemed investments in which credit
425 unions may legally invest for the purposes of any other provision of law which restricts
426 investments to those in which credit unions may legally invest.

427 (x) to engage in an activity and to acquire and retain the shares of any company engaged
428 in any activity that the commissioner determines to be financial in nature or incidental to the
429 financial activity that is complementary to a financial activity and does not pose a substantial risk
430 to the safety and soundness of the credit union, subject to the approval of the commissioner and
431 under limitations or conditions he may impose. In determining whether an activity is financial in
432 nature or incidental or complementary thereto, the commissioner shall consider, but shall not be

433 limited to, those activities considered to be financial in nature or incidental to the financial
434 activity or an activity that is complementary to a financial activity under section 103, section 121
435 and section 122 of Public Law 106-102, entitled the “Gramm-Leach-Bliley Act of 1999”.
436 Notwithstanding any general or special law to the contrary, this chapter does not authorize a
437 credit union or a subsidiary or affiliate of a credit union to sell title insurance.

438 (y) to participate in the redevelopment access to capital program created under section 60
439 of chapter 23A and to make the loans and create the reserve and take other actions necessary or
440 appropriate for participating in the program.

441 SECTION 82. Section 67A of said chapter 171, as so appearing, is hereby amended by
442 striking out, in line 5, the figure “(1)”.

443 SECTION 83. Said section 67A of said chapter 171, as so appearing, is hereby further
444 amended by striking out, in line 9, the figure “(2)”.

445 SECTION 84. Said section 67A of said chapter 171, as so appearing, is hereby further
446 amended by striking out, in line 14, the figure “(3)”.

447 SECTION 85. Section 69 of said chapter 171, as so appearing, is hereby amended by
448 striking out the last paragraph.

449 SECTION 86. Section 70 of said chapter 171, as so appearing, is hereby repealed.

450 SECTION 87. Said chapter 171 is hereby further amended by striking out section 71, as
451 so appearing, and inserting in place thereof the following section:-

452 Section 71. At least 5 per cent of the total assets of a credit union shall be carried as cash
453 on hand or in the following investments which shall be absolute property and shall be under the
454 control of the credit union or be held by book entry procedure when required.

455 (a) shares in a federally-insured corporate credit union;

456 (b) deposits in savings banks incorporated in the commonwealth;

457 (c) paid-up shares and accounts of and in cooperative banks incorporated in the
458 commonwealth;

459 (d) shares of savings and loan associations incorporated in the commonwealth;

460 (e) balances due from banks and trust companies or banking companies which are
461 members of the Federal Deposit Insurance Corporation;

462 (f) shares of federal savings and loan associations having a usual place of business within
463 the commonwealth;

464 (g) bonds or notes of the United States or of any state or subdivision thereof with a
465 maturity of up to 5 years;

466 (h) bonds or notes of other federal agencies which are on the list of legal investments
467 prepared pursuant to section 15A of chapter 167 with a maturity of up to 3 years;

468 (i) repurchase agreements secured by United States government obligations up to 1 year
469 maturity; provided, however, that repurchase agreements greater than 1 year maturity shall
470 contain provisions authorizing early withdrawal of such obligations;

471 (j) in a common trust unit plan organized for the purchase of bonds or notes of the United
472 States or of any subdivision thereof which are on the list of legal investments prepared pursuant
473 to said section 15A of said chapter 167 and which has as its custodian a banking institution
474 authorized to accept deposits from a credit union or from a savings bank;

475 (k) securities of government sponsored enterprises;

476 (l) federal funds;

477 (m) in any bonds or notes which are on the list of legal investments prepared pursuant to
478 said section 15A of said chapter 167 with a maturity of up to 3 years; provided, however, that
479 such bonds or notes are rated as A, AA, or AAA; and

480 (n) certificates of deposit of up to 1 year maturity which otherwise meet the criteria in
481 clauses (a) to (h), inclusive, or clause (q) of the first paragraph of section 67.

482 SECTION 88. Section 72 of said chapter 171, as so appearing, is hereby repealed.

483 SECTION 89. Said chapter 171 is hereby further amended by striking out section 73, as
484 so appearing, and inserting in place thereof the following section:-

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

487 Said board may, if the credit union has a deposit or share account therein, borrow money
488 for and on behalf of the credit union from a savings bank, cooperative bank, federal savings and
489 loan association, national bank or trust company, entities determined by the commissioner or any
490 federally-insured corporate credit union; provided, however, that money borrowed from such

491 institution is in an amount not exceeding said deposit or share account and is for a time not
492 extending beyond the end of a 1 year period from the date on which the loan is made.

493 SECTION 90. Section 74 of said chapter 171, as so appearing, is hereby amended by
494 inserting, after the word “obtained;”, in line 9, the following word:- and.

495 SECTION 91. Said section 74 of said chapter 171, as so appearing, is hereby further
496 amended by striking out clauses (c) and (d) and inserting in place thereof the following clause:-

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

500 SECTION 92. Said chapter 171 is hereby further amended by striking out section 75, as
501 so appearing, and inserting in place thereof the following section:-

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

509 A credit union may invest an amount to be approved by the commissioner, subject to
510 such regulations, if any, as he may deem necessary, in a corporation or association formed for
511 the purpose of furnishing to such credit union, or to other credit unions or banks as hereinafter

512 provided, statistical or bookkeeping services or information of the kind generally required by a
513 credit union. A credit union may also, in participation with any other credit union, bank or
514 national banking association, invest its shares or deposits in such corporation or association,
515 subject however to the same approval and regulation, if any, as above provided. The provisions
516 of section 2 of chapter 167 shall apply to such corporations or associations. Nothing contained
517 herein shall be construed to preclude a credit union from renting or subscribing for the services
518 of such corporations or associations or any other corporation or association rendering such
519 services.

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

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

528 A credit union may purchase by itself or with a group of credit unions or banks, group
529 accident and health insurance covering debtors of such credit union or group of credit unions if
530 the debtors request such insurance. Such insurance shall cover all or part of the indebtedness of
531 such debtors. The premium for such insurance or the premium on an individual accident and
532 health insurance policy held to cover the indebtedness, may be added to the payments required of

533 any such debtor who elects to become insured. No director, officer or employee of such credit
534 union shall benefit financially, directly or indirectly, from the sale of such insurance.

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

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

540 For the purposes of this section "safe deposit box" shall mean a box or safe in the vaults
541 of any credit union; "lessee" shall mean the person in whose name a safe deposit box stands on
542 the books of a credit union; and "rent" shall mean the amount due to a credit union for the rental
543 or use of a safe deposit box.

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

549 If the rent for a safe deposit box has not been paid for one year after being due, the credit
550 union may mail, postage prepaid, to the lessee at his address shown on its books, a notice stating
551 that if the rent for such safe deposit box is not paid within 60 days from the date of such notice,
552 the credit union may cause such safe deposit box to be opened and the contents to be disposed of
553 in accordance with the provisions of this section. Upon the expiration of 60 days from the date
554 of such notice, if the lessee has failed to pay the rent for such safe deposit box in full to the date

555 of such notice, all rights of the lessee in the safe deposit box and of access thereto shall cease and
556 such credit union may, at any time thereafter in the presence of one of its officers and of a notary
557 public not in the general employ of such credit union, cause such safe deposit box to be opened
558 and such notary public shall remove the contents thereof, list the same and seal such contents in a
559 package, marking thereon the name of the lessee and his address as shown on the books of the
560 credit union. An affidavit setting forth the facts concerning the entry and listing the contents of
561 the safe deposit box shall be signed by the officer and the notary public and shall be retained by
562 the credit union. Such affidavit shall be prima facie evidence of the facts set forth therein in all
563 proceedings at law and equity wherein evidence of such facts would be admissible.

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

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

577 COMMONWEALTH OF MASSACHUSETTS

578 County of

579 We, ___ an authorized official of ___ and ___ a notary public not in the general employ
580 of said credit union, hereby certify that on the ___ day ___ (insert year), we were present and
581 witnessed the forcible opening of Safe No. ___ leased in the name of ___ in the vaults of the ___
582 office of said credit union; that the contents of said safe were removed, examined, listed and then
583 enclosed in a package and sealed in our presence. We further certify that the following is a true
584 and complete list of all the contents removed from said safe.

585 (Allow space here for listing of contents.)

586 _____

587 Signature of officer. Title.

588 _____

589 Name of Credit Union

590 _____

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

592 SECTION 93. Section 76 of said chapter 171, as so appearing, is hereby amended by
593 striking out, in line 8, the words “, with the approval of the commissioner”.

594 SECTION 94. Section 78 of said chapter 171, as so appearing, is hereby amended by
595 adding the following paragraph:-

596 A credit union may consolidate with and into a federal credit union and a federal credit
597 union may consolidate with and into a credit union. In any such consolidation the credit union
598 shall comply with the applicable provisions of this section. A federal credit union in such a
599 transaction shall comply with applicable federal law.

600 SECTION 95. Said chapter 171 is hereby further amended by striking out section 79 as
601 so appearing, and inserting in place thereof the following section:-

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

608 SECTION 96. Section 80 of said chapter 171, as so appearing, is hereby amended by
609 adding the following paragraphs:-

610 A credit union may consolidate with and into a foreign credit union and a foreign credit
611 union may consolidate with and into a credit union. In any such consolidation the credit union
612 shall comply with the applicable provisions of this section.

613 With the approval of the Commissioner, any credit union may acquire loans or assume an
614 assignment of deposits, shares, or liabilities from:

615 (i) Any other federally insured credit union or bank, mortgage bank, consumer finance
616 company, insurance company, loan broker, or other loan seller or liability trader; or

617 (ii) Any successor in interest to any institution identified in paragraph (a)(1) of this
618 section.

619 Approval is not required for:

620 (i) Purchases of student loans or mortgage loans to facilitate the packaging of a pool of
621 loans to be sold or pledged on the secondary market or purchases of member loans under this
622 chapter;

623 (ii) Assumption of deposits, shares or liabilities as rollovers or transfers of member
624 retirement accounts or in which a federally-insured credit union perfects a security interest in
625 connection with an extension of credit to any member.

626 (iii) Purchases of assets, including loans or mortgage loans, or assumptions of deposits,
627 shares, or liabilities by any federally-insured credit union from another federally-insured credit
628 union, except a purchase or assumption as a part of a merger or

629 (iv) Purchases of loan or mortgage loan participations under this chapter.

630 SECTION 97. Chapter 171 of the General Laws, as so appearing, is hereby amended by
631 inserting after section 80B the following section:-

632 Section 80C. (a) A savings bank governed by the provisions of chapter 168 or a
633 cooperative bank governed by the provisions of chapter 170 may convert into a credit union
634 subject to the provisions of this section. Any such conversion shall comply with all applicable
635 federal laws and regulations.

636 (b) A savings or cooperative bank that is at least adequately capitalized and has received
637 at least a satisfactory rating in its most recent examination for compliance at the Community

638 Reinvestment Act may submit a detailed plan of conversion approved by 2/3 vote of the entire
639 board of directors to the commissioner. The commissioner may require changes and additions to
640 the plan, including but not limited to, changes to any notices, disclosures, or communications,
641 except as required by federal law or regulation. The commissioner may prescribe regulations for
642 any savings or cooperative banks to convert to a credit union charter. Unless waived by the
643 commissioner, the converting savings or cooperative bank shall prepare and submit to the
644 commissioner a conversion plan which shall include, but not be limited to:

645 (1) A 3-year business plan which shall include performance financial statements
646 for the credit union;

647 (2) An estimated budget for conversion expenses;

648 (3) Financial statements for the most recently completed quarter;

649 (4) The manner in which the converting bank will comply with membership requirements
650 and divest itself of customers who do not meet credit union field-of-membership limitations;

651 (5) The manner in which the converting bank will convert its board to a voluntary non-
652 paid structure and divest its board of stock options, if any;

653 (6) The manner in which the converting bank will divest its capital stock, if any;

654 (7) The manner in which the converting bank will divest impermissible
655 investments;

656 (8) The manner in which the converting bank will comply with branching, share
657 and deposit limitations;

658 (9) The manner in which the converting bank will comply with organizational
659 member and member business loan requirements under relevant state and federal provisions;

660 (10) A copy of materials forwarded to corporations or shareholders relative to
661 voting on the plan of conversion;

662 (11) The proposed amended and restated articles of organization and by-laws of the
663 converting bank;

664 (12) If applicable, the procedures and timing for conversion from federal deposit
665 insurance to federal share insurance;

666 (13) If applicable, the procedures and timing for changes in relevant state excess deposit
667 insurers; and

668 (14) Any other relevant information that the commissioner may reasonably require.

669 (c) The converting bank shall perform a complete policy review to address appraisal
670 restrictions, lending restrictions, investment restrictions, and corporate structure restrictions, in
671 order to ensure compliance with the provisions of this chapter and any relevant state or federal
672 credit union regulations.

673 (d) Upon approval of a plan of charter conversion by the board of directors of the
674 converting savings or cooperative bank, the conversion plan and certified copy of the resolution
675 of the board of directors approving the conversion plan shall be submitted to the commissioner.
676 Included with the plan shall be an information statement to be sent to incorporators or shareholders
677 which shall fully and fairly disclose all significant terms and steps to be taken for the conversion
678 and shall include but not be limited to:

679 (1) a statement as to why the board is considering the conversion.

680 (2) a statement of the major positive and negative business effects of the proposed
681 conversion.

682 (3) the impact on the corporators or shareholders financial and other interests in the
683 proposed credit union.

684 (4) a disclosure of any conversion related economic benefit a director or senior
685 management official may receive including receipt of or an increase in compensation.

686 (e) The commissioner may require changes to the plan of conversion and information
687 statement. The commissioner may also require any equitable disclosure he determines
688 applicable to the transaction. The commissioner may specify the form, type, timing and other
689 material aspects of the plan of reorganization and information statement to be sent to corporators
690 and shareholders.

691 (f) The commissioner shall review the contents of the plan before the board presents the
692 conversion plan for a vote. The commissioner shall approve the contents of the conversion plan
693 and information statement only if the commissioner is satisfied of all of the following:

694 (1) The plan discloses information concerning the advantages and disadvantages
695 of the proposed conversion.

696 (2) The information statement discloses the impact on the corporators or shareholders
697 financial and other interests in the credit union.

698 (3) The conversion would not be made to circumvent a pending supervisory action that is
699 initiated by the commissioner or other regulatory agency because of a concern over the safety
700 and soundness of the savings or cooperative bank.

701 (g) Upon approval of the contents of the conversion plan and information statement by
702 the commissioner, the savings or cooperative bank shall call a special meeting of the corporators
703 or shareholders to vote on the conversion plan. At least thirty days before the meeting, the
704 savings or cooperative bank shall mail a notice of the meeting, the conversion plan and
705 information statement to all corporators and shareholders.

706 (h) The plan of conversion shall be approved by a majority vote of the shareholders or
707 corporators voting. A shareholder or corporator may vote on the proposal to convert in person at
708 the special meeting held on the date set for the vote or by ballot. The vote on the conversion
709 proposal shall be by secret ballot and conducted by an independent entity. The independent
710 entity shall be a company with experience in conducting corporate elections. A director of
711 officer of the savings or cooperative bank, or an immediate family member of a director or
712 officer, shall not have an ownership interest in, or be employed by the entity.

713 (i) An officer or director thereof shall not directly or indirectly give or offer or provide a
714 chance to win a lottery or anything of substantial value, as determined by the commissioner, to
715 the corporators or shareholders of the bank for an action related to the conversion to a credit
716 union or as an inducement to vote on the plan of conversion.

717 (j) The provisions on notice to corporators or shareholders and voting procedures in this
718 section shall govern the process for converting to a credit union notwithstanding other provisions
719 of this chapter or a by-law of the converting savings or cooperative bank to the contrary.

720 (k) If the commissioner disapproves the methods by which the vote was taken or the
721 procedures applicable to the vote, the commissioner may direct that a new vote be taken. If the
722 commissioner does not disapprove of the methods by which the vote was taken within 10 days
723 after the notification is given, the vote shall be considered approved.

724 (l) Certified copies of records of all proceedings held by the board of directors and
725 corporators and shareholders of the savings or cooperative bank shall be filed with the
726 commissioner.

727 (m) The commissioner may authorize a credit union resulting from a charter conversion
728 under this chapter to do the following:

729 (1) Complete any activities that the converting bank legally engaged in at the
730 effective time of the charter conversion but that otherwise are not permissible for credit unions;
731 and

732 (2) Retain for a transitional period any assets that the converting bank legally held at the
733 effective time of the charter conversion that otherwise may not be held by credit unions.

734 The terms and conditions of the completion of activities under subparagraph (1) and the
735 retention of assets under subparagraph (2) of this paragraph are subject to the discretion of the
736 commissioner. However, the transitional period during which activities may be carried out under
737 subparagraph (1) or assets may be retained under subparagraph (2) may not exceed ten (10) years
738 after the effective time of the charter conversion.

739 n) If the conversion to a credit union is approved by the board of directors and the
740 commissioner receives notification from the converting savings or cooperative bank that all

741 approvals required under state and federal law and regulations, including required approvals for
742 federal share insurance by the National Credit Union Administration have been obtained, that
743 any waiting period prescribed by federal law has expired, that membership in the Massachusetts
744 Credit Union Share Insurance Corporation and of the share insurance fund thereof has been
745 obtained and that all applicable payments thereto have been made as determined by the
746 commissioner, then a certificate to transact business shall be issued by the commissioner as
747 applicable. After receipt of the certificate to transact business, the converting savings or
748 cooperative bank shall promptly file such certificate and its articles of organization with the
749 commissioner. Upon such filing, the charter of the converting savings or cooperative bank shall
750 automatically cease, and the converting bank shall cease to be a bank and shall become a credit
751 union. Upon such conversion, the converted credit union shall possess all the rights, privileges,
752 and powers granted to it by its articles or organization and by the provisions of general statutes
753 applicable to the type of credit union charter to which it converted. All of the assets and business
754 of the converting savings or cooperative bank shall transferred to and vested in it without any
755 deed or instrument of conveyance, provided the converting bank may execute any deed or
756 instrument of conveyance as is convenient to confirm such transfer. The converted credit union
757 shall be subject to all of the duties, relations, obligations, and liabilities of the converting bank,
758 whether as debtor, depository, or otherwise, and shall be liable to pay and discharge all such
759 debts and liabilities, to perform all such duties in the same manner and to the same extent as if
760 the converted credit union had itself incurred the obligation or liability or assumed the duty or
761 relation. All rights of the credits of the converting savings or cooperative bank shall be
762 preserved unimpaired, and the converted credit union shall be entitled to receive, collect, accept,
763 hold, and enjoy any and all gifts, bequests, devises, conveyances, and appointments in favor of or

764 in the name of the converting savings or cooperative bank and whether made or created to take
765 effect prior to or after the conversion.

766 (o) A person who willfully violates the disclosure provisions of this section knowing the
767 disclosures made to be false or misleading in a material respect shall upon conviction be fined
768 not more than \$5,000 or imprisoned not more than 3 years, or both.

769 SECTION 98. Said chapter 171 is hereby further amended by striking out section 82 as
770 so appearing, and inserting in place thereof the following section:-

771 Section 82. Credit unions may form the Credit Union Employees Retirement
772 Association, in this section and in sections 83 and 84 called the association, for the purpose of
773 providing retirement or deferred compensation benefit services through plans that are qualified
774 under sections 401, 408 or 457 of the federal Internal Revenue Code to employees of credit
775 unions established under the laws of the commonwealth and which are members of the
776 association and to their customers. Any bank or credit union chartered by the commonwealth,
777 any such bank or credit union which has converted to federal charter , any bank or credit union
778 chartered by the federal government, by a state of the United States other than the
779 commonwealth or by the District of Columbia , the Cooperative Credit Union Association, Inc.,
780 and its successors, the Massachusetts Credit Union Share Insurance Corporation, and other
781 banking or credit union institutions as may from time to time be provided for in the by-laws of
782 the association, and the respective employees of each of the foregoing, shall be eligible for
783 membership in the association; provided, however, that no bank that was eligible to be a member
784 of the association before January 1, 2004, shall be eligible to become a member of the
785 Cooperative Banks Employees Retirement Association or the Savings Banks Employees

786 Retirement Association unless and until the Cooperative Banks Employees Retirement
787 Association and the Savings Banks Employees Retirement Association permits a member to
788 transfer from any or all of the qualified plans provided by said association, assets and liabilities,
789 attributed to the member's employees, to 1 or more qualified plans not provided by said
790 association. For the purpose of this section and sections 83 and 84, a reference to "credit union"
791 or "credit unions" shall, unless the context otherwise requires, mean and include any or all of the
792 organizations named or referred to in this paragraph, a reference to "directors of a credit union"
793 shall, unless the context otherwise requires, mean and include the governing body of each
794 member organization, and reference to "customer" shall mean any person or business who has
795 established a contractual relationship for banking business purposes with any credit union
796 located in the commonwealth which is a member of the association.

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

801 The funds contributed by participating credit unions and their employees shall be held or
802 used by the trustees of the association for the provision of retirement and deferred compensation
803 benefits, including pre-retirement, post-retirement cost-of-living adjustment, death, and disability
804 benefits incident thereto, in all cases subject to the limits of the applicable section of the federal
805 Internal Revenue Code. Expenses necessary for the administration of the association shall be
806 paid by participating members as provided in the by-laws of the association. The association
807 shall annually provide to each member a report of assets and liabilities attributable to its
808 participants in any or all qualified plans adopted by a member.

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

813 SECTION 99. Said chapter 171 is hereby further amended by striking out section 83 as
814 so appearing, and inserting in place thereof the following section:-

815 Section 83. The by-laws of the association shall be submitted to the commissioner and
816 shall prescribe the manner in which, and the officers and agents by whom, the association may
817 be conducted and the manner in which its funds may be invested and paid out. Such association
818 shall be formed when its by-laws have been approved and agreed to by a majority of the
819 directors of each of fifteen or more credit unions and have been approved by the commissioner.
820 The association shall provide to the commissioner such statements of the membership and
821 financial transactions association as the commissioner may from time-to-time require. The
822 commissioner may verify any such statement by an examination of the books and papers of the
823 association.

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

827 SECTION 100. Section 84 of said chapter 171, as so appearing, is hereby amended by
828 striking out, in line 2, the words “wages or salary” and inserting in place thereof the following
829 word:- compensation.

830 SECTION 101. Said section 84 of said chapter 171, as so appearing, is hereby further
831 amended by inserting, after the word “insolvency,” in line 6, the following words:- , insurance,
832 retirement systems and pension.