

HOUSE No. 1060

The Commonwealth of Massachusetts

PRESENTED BY:

Aaron Michlewitz

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>Aaron Michlewitz</i>	<i>3rd Suffolk</i>	<i>1/17/2019</i>

HOUSE No. 1060

By Mr. Michlewitz of Boston, a petition (accompanied by bill, House, No. 1060) of Aaron Michlewitz relative to modernizing the credit union laws. Financial Services.

The Commonwealth of Massachusetts

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

An Act modernizing the credit union laws.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 4 of said Chapter 167I of the General Laws, as appearing in
2 the 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. Section 1 of chapter 171 of the General Laws, as appearing in the 2014
5 Official Edition, is hereby amended by striking out the definition of “Central Credit Union Fund,
6 Inc.”

7 SECTION 3. Section 1 of said chapter 171, as so appearing, is hereby amended by
8 striking out, in line 11, the word “fifty”, and inserting in place thereof the following figure:- 50.

9 SECTION 4. Said section 1 of said chapter 171, as so appearing, is hereby further
10 amended by striking out, in lines 18 and 19, the words “eighty two to eighty four”, and inserting
11 in place thereof the following figures:- 82 to 84.

SECTION 5. Said section 1 of said chapter 171, as so appearing, is hereby further amended by inserting, after the definition of “Interest”, the following definition:- “Low-income credit union”, a credit union as defined in 12 C.F.R. 701.34.

SECTION 6. Said section 1 of said chapter 171, as so appearing, is hereby further amended by striking out, in line 33, the words “two hundred and ninety four”, and inserting in place thereof the following figure:- 294.

SECTION 7. Said section 1 of said chapter 171, as so appearing, is hereby further amended by striking out, in line 34, the words “nineteen hundred and sixty one”, and inserting in place thereof the following figure:- 1961.

SECTION 8. Said section 1 of said chapter 171, as so appearing, is hereby further amended by striking out, in line 37, the word “eighteen”, and inserting in place thereof the following figure:- 18.

SECTION 9. Said section 1 of said chapter 171, as so appearing, is hereby further amended by inserting after the word “partnership”, in line 43, the following words:- , limited partnership, limited liability partnership, limited liability company,.

SECTION 10. Section 2 of said chapter 171, as so appearing, is hereby amended by inserting after the word “persons,” in line 1, the following words:- the majority of whom.

SECTION 11. Said section 2 of said chapter 171, as so appearing, is hereby further amended by striking out, in line 1, the word “resident”, and inserting in place thereof the following word: - reside.

SECTION 12. Clause (e) of section 2 of said chapter 171, as so appearing, is hereby amended by striking out, in line 24, the words “, his residence and the post office address.”

SECTION 13. Section 3 of said chapter 171, as so appearing, is hereby amended by adding the following paragraph:-

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

SECTION 14. Section 4 of said chapter 171, as so appearing, is hereby amended by inserting after the word “incorporator”, in line 6, the following words:- or sent to each incorporator electronically.

SECTION 15. The third paragraph of section 6 of said chapter 171, as so appearing, is hereby amended by inserting, after the word “incorporation”, in line 16, the following words:- unless such time is extended at the discretion of the commissioner.

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

SECTION 17. Clause (i) of section 9 of said chapter 171, as so appearing, is hereby amended by inserting, after the words “credit committee”, in line 18, the following words :- , if applicable, as required by the by-laws.

SECTION 18. Section 10 of said chapter 171, as so appearing, is hereby amended by striking out, in line 8, the words “, or change in location, or change in name”.

53 SECTION 19. Section 11 of said chapter 171, as so appearing, is hereby amended by
54 striking out the second and third paragraphs and inserting in place thereof the following 2
55 paragraphs:-

56 A member shall not have more than 1 vote and, after a credit union has been incorporated
57 for a year, no member shall be entitled to vote or be a candidate for director until he has been a
58 member for more than 3 months. An organization member or persons who are parties to a joint
59 account may cast 1 vote on the share or deposit account at any of its meetings by a duly
60 delegated agent or a party to the joint account. A minor shall not have the right to vote. A
61 member may vote in person, by mail, or by electronic means. Each credit union shall set forth in
62 its by-laws the method of voting to be used. The voting methods shall be subject to conditions
63 and limitations as the commissioner may establish.

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

66 SECTION 20. The first paragraph of section 12 of said chapter 171, as so appearing, is
67 hereby amended by striking out the first sentence and inserting in place thereof the following 2
68 sentences:-,

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

72 SECTION 21. Section 13 of said chapter 171, as so appearing, is hereby amended by
73 striking out the first paragraph and inserting in place thereof the following 2 paragraphs:-

74 The board of directors shall have the general direction of the affairs of the corporation
75 and shall meet as often as may be necessary, but not less than once each month. A quorum shall
76 consist of not less than a majority of the directors. If less than a quorum is present, a majority of
77 those present may adjourn the meeting until the next regular meeting or another time prior
78 thereto. It shall act upon all applications for membership and determine the rate of interest to be
79 paid on deposits. These duties may be delegated by the directors. The board may also declare
80 dividends as provided in section 29 and shall fill vacancies in the board of directors and
81 committees until the next annual election. These duties may not be delegated. The
82 establishment of deposit accounts or the discontinuance thereof may be authorized by the board
83 of directors of the credit union. It shall make recommendations to the members of the credit
84 union relative to the need of amendments to the by-laws, and other matters upon which, in its
85 opinion, the members should act at any regular or special meeting. The board of directors may
86 borrow money for and on behalf of the credit union as authorized by section seventy-three. It
87 may, by a two-thirds vote, remove from office for cause any officer or any member of any
88 committee. It may also elect an honorary president, who shall be a member of said credit union.
89 Said honorary president shall not be compensated in any way by the credit union. The board
90 may appoint associate directors who shall not be compensated or vote.

91 Unless the articles of organization or by-laws provide that action required or permitted by
92 this chapter or other provisions of the General Laws to be taken by the directors may be taken
93 only at a meeting, the action may be taken without a meeting if the action is taken by the
94 unanimous consent of the members of the board of directors. The action shall be evidenced by 1
95 or more consents describing the action taken, in writing, signed by each director, or delivered to
96 the credit union by electronic transmission, to the address specified by the credit union for the

97 purpose or, if no address has been specified, to the principal office of the credit union, addressed
98 to the secretary or other officer or agent having custody of the records of proceedings of
99 directors, and included in the minutes or filed with the corporate records reflecting the action
100 taken. Action taken under this section is effective when the last director signs or delivers the
101 consent, unless the consent specifies a different effective date. A consent signed or delivered
102 under this section has the effect of a meeting vote and may be described as such in any
103 document. The provisions of this section shall also apply to committees of the board and the
104 members thereof.

105 SECTION 22. Section 14 of said chapter 171, as so appearing, is hereby amended by
106 striking out the first paragraph and inserting in place thereof the following paragraph:-

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

117 SECTION 23. Section 15 of said chapter 171, as so appearing, is hereby amended by
118 striking out the second paragraph and inserting in place thereof the following paragraph:-

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

SECTION 24. Said section 15 of said chapter 171, as so appearing, is hereby further amended by striking out the last paragraph and inserting in place thereof the following paragraph:-

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

SECTION 25. Section 16 of said chapter 171, as so appearing, is hereby amended by inserting, after the word "month," in line 3, the following word:- and,.

SECTION 26. Said section 16 of said chapter 171, as so appearing, is hereby further amended by striking out, in lines 4 and 5, the words "and shall examine carefully the cash and accounts of the credit union monthly".

SECTION 27. The last paragraph of section 16 said chapter 171, as so appearing, is hereby amended by striking out the last sentence.

139 SECTION 28. Section 17 of said chapter 171, as so appearing, is hereby amended by
140 striking out the first paragraph and inserting in place thereof the following paragraph:-

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

148 SECTION 29. The last paragraph of section 17 of said chapter 171, as so appearing, is
149 hereby amended by striking out the third sentence.

150 SECTION 30. Section 18 of said chapter 171, as so appearing, is hereby amended by
151 adding the following 2 sentences:- The investment committee shall hold meetings at least once in
152 each month. The investment committee may reasonably delegate its duties to employees in
153 accordance with written investment policies that establish appropriate limits and standards and
154 that are consistent with safe and sound banking practices.

155 SECTION 31. Section 19 of said chapter 171, as so appearing, is hereby amended by
156 striking out, in line 10, the following words:- state or.

157 SECTION 32. Said section 19 of said chapter 171, as so appearing, is hereby further
158 amended by inserting, after the word “affiliate”, in line 12, the following words:- a mortgage
159 company owned by a bank,.

SECTION 33. Section 21 of said chapter 171, as so appearing, is hereby amended by striking out, in line 8, the words “such bonds” and inserting in place thereof the following words:- bonds upon which changes are made.

SECTION 34. Said chapter 171 is hereby amended by striking out section 26 and inserting in place thereof the following section:-

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

SECTION 35. Section 30 of said chapter 171, as so appearing, is hereby amended by inserting after the words “National Credit Union Administration”, the following words:- and to members of low-income credit unions.

SECTION 36. Said chapter 171 is hereby amended by striking out section 32A, as so appearing, and inserting in place thereof the following section:-

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

SECTION 37. Section 33 of said chapter 171, as so appearing, is hereby repealed.

181 SECTION 38. Section 34 of said chapter 171, as so appearing, is hereby repealed.

182 SECTION 39. Section 35 of said chapter 171, as so appearing, is hereby amended by
183 striking out, in lines 4 through 9, the words “; provided, however, that the deposit accounts of
184 any one such person, partnership or corporation shall not, except by the accumulation of interest,
185 be permitted to exceed at any one time, seventy-five thousand dollars or one and one half percent
186 of the deposits or shares of the credit union, whichever is greater.”

187 SECTION 40. The last paragraph of section 39 of said chapter 171, as so appearing, is
188 hereby amended by adding the following sentence:- The surviving owner or owners of a joint
189 account may continue credit union membership; provided, however, that the surviving owner or
190 owners shall be eligible for membership and shall meet all requirements as set forth in the by-
191 laws.

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

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

198 SECTION 43. Section 44 of said chapter 171, as so appearing, is hereby repealed.

199 SECTION 44. Section 45 of said chapter 171, as so appearing, is hereby repealed.

SECTION 45. Section 49 of said chapter 171, as so appearing, is hereby amended by striking out, in lines 5 and 6, the words “certified mail, return receipt requested” and inserting in place thereof the following words:- first class mail, or electronic mail.

SECTION 46. Section 50 of said chapter 171, as so appearing, is hereby amended by striking out, in lines 4 and 5, the words “the treasurer” and inserting in place thereof the following words:- a duly authorized officer of the corporation.

SECTION 47. Section 53 of said chapter 171, as so appearing, is hereby amended by striking out the definition of “Account”, and inserting in place thereof the following definition:- “Account”, a share, share certificate, or share draft account of a member of a credit union of a type approved by the board of the credit union which evidences money or its equivalent received or held by a credit union in the usual course of business and for which it has given or is obligated to give credit to the account of the member, and, in the case of a credit union serving predominantly low-income members (as defined by said board), such terms (when referring to the account of a nonmember served by such credit union) mean a share, share certificate, or share draft account of such nonmember which is of a type approved by the board and evidences money or its equivalent received or held by such credit union in the usual course of business and for which it has given or is obligated to give credit to the account of such nonmember, and such terms mean share, share certificate, or share draft account of nonmember credit unions and nonmember units of federal, State, or local governments and political subdivisions thereof, and such terms mean custodial accounts established for loans sold in whole or in part; provided, that for purposes of insured State credit unions, reference in this paragraph to “share”, “share certificate”, or “share draft”, accounts includes, as determined by the Board, the equivalent of such accounts under State law.

223 SECTION 48. Section 54 of said chapter 171, as so appearing, is hereby repealed.

224 SECTION 49. Section 55 of said chapter 171, as so appearing, is hereby repealed.

225 SECTION 50. Section 56 of said chapter 171, as so appearing, is hereby repealed.

226 SECTION 51. Section 57 of said chapter 171, as so appearing, is hereby amended by
227 striking out, in lines 5 through 7, the words “and shall state the purpose for which the loan is
228 desired and the security, if any, offered” and inserting in place thereof the following words:- or
229 by electronic means.

230 SECTION 52. Section 59 of said chapter 171, as so appearing, is hereby repealed.

231 SECTION 53. Section 59A of said chapter 171, as so appearing, is hereby repealed.

232 SECTION 54. Section 60 of said chapter 171, as so appearing, is hereby repealed.

233 SECTION 55. Section 61 of said chapter 171, as so appearing, is hereby repealed.

234 SECTION 56. Section 62 of said chapter 171, as so appearing, is hereby repealed.

235 SECTION 57. Section 64 of said chapter 171, as so appearing, is hereby repealed.

236 SECTION 58. Subsection (b) of section 65A of said chapter 171, as so appearing, is
237 hereby amended by adding the following clause:-

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

241 SECTION 59. Subsection (5) of section 65D of said chapter 171, as so appearing, is
242 hereby amended by striking out, in line 18, the words “not less than 30 days before the
243 adjustment” and inserting in place thereof the following words:- between 210 and 240 days prior
244 to the first payment due after the rate first adjusts. Subsequent notification and explanation shall
245 occur between 60 and 120 days before payment at a new level is due when a rate adjustment
246 causes the payment to change.

247 SECTION 60. Section 65E of said chapter 171, as so appearing, is hereby amended by
248 striking out clause (3) and inserting in place thereof the following clause:-

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

253 SECTION 61. Section 66 of said chapter 171, as so appearing, is hereby amended by
254 striking out clauses (2) and (3).

255 SECTION 62. Section 67 of said chapter 171, as so appearing, is hereby amended by
256 striking out clause (a).

257 SECTION 63. Said section 67 of said chapter 171, as so appearing, is hereby further
258 amended by striking out, in line 14, the figure “1961.” and inserting in place thereof the
259 following figure:- 1961;.

260 SECTION 64. The first paragraph of said section 67 of said chapter 171, as so appearing,
261 is hereby amended by striking out clause (o) and inserting in place thereof the following clause:-

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

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

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

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

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

(v) not more than 10 per cent of the assets of a credit union shall be invested in interest bearing obligations authorized for investment under section 15B of chapter 167 and appearing on the list of legal investments prepared pursuant to said section 15A of said chapter 167 and not

284 more than 1/2 of 1 per cent of the shares and deposits of such credit union shall be so invested in
285 the obligations of any one obligor, but the foregoing limitations shall not apply to obligations of
286 telephone companies, of companies engaged primarily in the distribution and sale of electricity
287 or gas, or both, or of railroad companies other than terminal companies;

288 SECTION 65. Said section 67 of said chapter 171, as so appearing, is hereby further
289 amended by striking out, in line 86, the word “funds.” and inserting in place thereof the
290 following word:- funds;.

291 SECTION 66. Said section 67 of said chapter 171, as so appearing, is hereby further
292 amended by striking out, in lines 108 and 109, the words “clause (i) of this paragraph” and
293 inserting in place thereof the following word:- subclause (i).

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

297 SECTION 68. Said section 67 of said chapter 171, as so appearing, is hereby further
298 amended by striking out, in line 139, the word “and”.

299 SECTION 69. Said section 67 of said chapter 171, as so appearing, is hereby further
300 amended by striking out, in line 140, the word “Boston.” and inserting in place thereof the
301 following words:- Boston; and.

302 SECTION 70. Said section 67 of said chapter 171, as so appearing, is hereby further
303 amended by striking out, in line 141, the word “paragraph” and inserting in place thereof the
304 following word:- clause.

305 SECTION 71. Said section 67 of said chapter 171, as so appearing, is hereby further
306 amended by striking out, in line 146, the word “paragraphs” and inserting in place thereof the
307 following word:- clauses.

308 SECTION 72. Section 67A of said chapter 171, as so appearing, is hereby amended by
309 striking out, in line 5, the figure “(1)”.

310 SECTION 73. Said section 67A of said chapter 171, as so appearing, is hereby further
311 amended by striking out, in line 9, the figure “(2)”.

312 SECTION 74. Said section 67A of said chapter 171, as so appearing, is hereby further
313 amended by striking out, in line 14, the figure “(3)”.

314 SECTION 75. Said chapter 171 is hereby further amended by striking out section 73, as
315 so appearing, and inserting in place thereof the following section:-

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

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

324 SECTION 76. Section 74 of said chapter 171, as so appearing, is hereby amended by
325 inserting, after the word “obtained;”, in line 9, the following word:- and.

SECTION 77. Said section 74 of said chapter 171, as so appearing, is hereby further amended by striking out clauses (c) and (d) and inserting in place thereof the following clause:-

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

SECTION 78. Said chapter 171 is hereby further amended by striking out section 75, as so appearing, and inserting in place thereof the following section:-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

408 COMMONWEALTH OF MASSACHUSETTS

409 County of

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

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

(Allow space here for listing of contents.)

Signature of officer. Title.

Name of Credit Union

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

SECTION 79. Section 76 of said chapter 171, as so appearing, is hereby amended by striking out, in line 8, the words “, with the approval of the commissioner”.

SECTION 80. Section 78 of said chapter 171, as so appearing, is hereby amended by adding the following paragraph:-

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

SECTION 81. Said chapter 171 is hereby further amended by striking out section 79 as so appearing, and inserting in place thereof the following section:-

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

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

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

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

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

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

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

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

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

485 Section 83. The by-laws of the association shall be submitted to the commissioner and
486 shall prescribe the manner in which, and the officers and agents by whom, the association may
487 be conducted and the manner in which its funds may be invested and paid out. Such association
488 shall be formed when its by-laws have been approved and agreed to by a majority of the
489 directors of each of fifteen or more credit unions and have been approved by the commissioner.
490 The association shall provide to the commissioner such statements of the membership and
491 financial transactions association as the commissioner may from time-to-time require. The
492 commissioner may verify any such statement by an examination of the books and papers of the
493 association.

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

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

SECTION 85. Said section 84 of said chapter 171, as so appearing, is hereby further amended by inserting, after the word “insolvency,” in line 6, the following words:- , insurance, retirement systems and pension.

SECTION 86. Chapter 171, as so appearing, is hereby amended by adding the following section:-

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

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

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

SECTION 87. Chapter 171, section 3 is hereby amended by inserting in line 9, after the word "seven" the following:-

If the application submitted is to establish a branch, an investigation fee payable to the Division of Banks must be submitted at the time the application is submitted. Said investigation fee shall be consistent with and equal to the amount of the investigation fee imposed on banks under Chapter 167C, section 5.

540 SECTION 88. Section 6A of said chapter 171, as so appearing, is hereby amended by
541 striking out the second paragraph.