

**SENATE . . . . . No. 2828**

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**The Commonwealth of Massachusetts**

—  
In the One Hundred and Ninety-First General Court  
(2019-2020)  
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SENATE, July 20, 2020.

The committee on Senate Ways and Means to whom was referred the Senate Bill modernizing the credit union laws (Senate, No. 2470),- reports, recommending that the same ought to pass with an amendment substituting a new draft with the same title (Senate, No. 2828).

For the committee,  
Michael J. Rodrigues

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**In the One Hundred and Ninety-First General Court  
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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. The second paragraph of section 3 of chapter 167A of the General Laws, as  
2 appearing in the 2018 Official Edition, is hereby amended by striking out the first sentence and  
3 inserting in place thereof the following sentence:- If the commissioner determines that the  
4 reciprocity, age of institution and deposit cap requirements under section 2 have been met, then  
5 the other provisions of section 2 shall not apply to the acquisition by a bank holding company or  
6 a company or a banking institution that would become a bank holding company; provided,  
7 however, that a banking institution or other bank holding company shall be merged,  
8 consolidated, its assets purchased or established on an interim basis simultaneously with the  
9 acquisition of the shares of the banking institution or other bank holding company; provided  
10 further, that the company or bank holding company is not operated by the acquiring bank holding  
11 company, company or banking institution as a separate entity other than as the survivor of the  
12 merger, consolidation or asset purchase; and provided further, that the transaction is approved by  
13 the commissioner.

14 SECTION 2. Section 5 of chapter 167C of the General Laws, as so appearing, is hereby  
15 amended by adding the following sentence:- To determine the investigation fee to establish a  
16 branch office, the commissioner of administration may make such classifications and  
17 differentiations of banks and may provide adjustments to the fee as are necessary; provided,  
18 however, that such classifications and differentiations may be based on: (i) the asset size of the  
19 bank; (ii) the number of existing branch offices of the bank; or (iii) other criteria as determined  
20 by the commissioner of administration; provided further, that the fee shall be consistent with and  
21 equal to the amount of the investigation fee to establish a branch office imposed on credit unions  
22 in section 8 of chapter 171.

23 SECTION 3. Section 16 of chapter 167D of the General Laws, as so appearing, is hereby  
24 amended by striking out, in lines 6 to 9, inclusive, the words “no such transfer shall be made if  
25 the debt is the result of consumer credit granted under the federal Truth in Lending Act, 15  
26 U.S.C. section 1601 et. seq.” and inserting in place thereof the following words:- if the debt is  
27 the result of consumer credit granted under the federal Truth in Lending Act, 15 U.S.C. 1601 et.  
28 seq., any required notice shall be made in compliance with federal law.

29 SECTION 4. Section 2 of chapter 167H of the General Laws, as so appearing, is hereby  
30 amended by adding the following subsection:-

31 (d) A subsidiary banking institution established pursuant to a reorganization under clause  
32 (2) of subsection (a) or clause (2) of subsection (b) shall file a certificate of authority, together  
33 with articles of organization with the state secretary.

34 SECTION 5. Section 7 of said chapter 167H, as so appearing, is hereby amended by  
35 inserting after the word “form”, in line 11, the following words:- , an out-of-state bank, as  
36 defined in section 1 of chapter 167, in mutual form.

37 SECTION 6. Section 4 of chapter 167I of the General Laws, as so appearing, is hereby  
38 amended by striking out, in line 2, the word “federal” and inserting in place thereof the following  
39 words:- federally-chartered.

40 SECTION 7. Section 11 of chapter 167J of the General Laws, as so appearing, is hereby  
41 amended by inserting after the word “to,” in line 6, the following words:- : (i) the close of the  
42 last business day of the preceding month or the close of a business day not more than 10 days  
43 before the date of the meeting; or (ii).

44 SECTION 8. Section 6 of chapter 168 of the General Laws, as so appearing, is hereby  
45 amended by striking out, in line 25, the words “within 1 year after its date of issue” and inserting  
46 in place thereof the following words:- not more than 1 year after its date of issue; provided,  
47 however, that the board may grant an extension not more than once; and provided further, that  
48 the board may impose terms and conditions on any such extension.

49 SECTION 9. Section 6 of chapter 170 of the General Laws, as so appearing, is hereby  
50 amended by striking out, in lines 24 and 25, the words “within 1 year after its date of issue” and  
51 inserting in place thereof the following words:- not more than 1 year after its date of issue;  
52 provided, however, that the board may grant an extension not more than once; and provided  
53 further, that the board may impose terms and conditions on any such extension.

54 SECTION 10. Section 1 of chapter 171 of the General Laws, as so appearing, is hereby  
55 amended by striking out, in lines 4 and 5, the words “two hundred and sixteen of the acts of

56 nineteen hundred and thirty-two” and inserting in place thereof the following words:- 216 of the  
57 acts of 1932.

58 SECTION 11. Said section 1 of said chapter 171, as so appearing, is hereby further  
59 amended by striking out, in line 11, the words “fifty percent” and inserting in place thereof the  
60 following words:- 50 per cent.

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

64 SECTION 13. Said section 1 of said chapter 171, as so appearing, is hereby further  
65 amended by inserting after the definition of “Interest” the following definition:-

66 “Low-income credit union”, a credit union whose membership meets the qualifications  
67 defined in 12 C.F.R. 701.34 and that has accepted the regulatory designation therein.

68 SECTION 14. Said section 1 of said chapter 171, as so appearing, is hereby further  
69 amended by striking out, in lines 33 and 34, the words “two hundred ninety-four of the acts of  
70 nineteen hundred and sixty-one” and inserting in place thereof the following words:- 294 of the  
71 acts of 1961.

72 SECTION 15. Said section 1 of said chapter 171, as so appearing, is hereby further  
73 amended by striking out, in line 37, the word “eighteen” and inserting in place thereof the  
74 following figure:- 18.

75 SECTION 16. Said section 1 of said chapter 171, as so appearing, is hereby further  
76 amended by inserting after the word “partnership”, in line 43, the following words:- , limited  
77 partnership, limited liability partnership, limited liability company.

78 SECTION 17. Section 2 of said chapter 171, as so appearing, is hereby amended by  
79 striking out, in line 1, the word “resident” and inserting in place thereof the following words:- the  
80 majority of whom reside.

81 SECTION 18. Said section 2 of said chapter 171, as so appearing, is hereby further  
82 amended by striking out, in lines 24 and 25, the words “, his residence and the post office  
83 address”.

84 SECTION 19. Section 3 of said chapter 171, as so appearing, is hereby amended by  
85 adding the following paragraph:-

86 Notwithstanding any general or special law to the contrary, a credit union may be  
87 organized or designated as a low-income credit union subject to the approval of the  
88 commissioner under such procedures, terms and conditions as the commissioner may impose.

89 SECTION 20. Section 4 of said chapter 171, as so appearing, is hereby amended by  
90 striking out the second sentence and inserting in place thereof the following 2 sentences:-

91 Not less than 7 days before the day appointed for the meeting, a copy of the notice shall  
92 be: (i) given to each incorporator; (ii) sent to each incorporator electronically; (iii) left at each  
93 incorporator’s residence or usual place of business; or (iv) deposited in the post office, postage  
94 prepaid and addressed to each incorporator at the incorporator’s residence or usual place of

95 business. Another copy of the notice and an affidavit of 1 of the signers that the notice has been  
96 duly served shall be recorded with the records of the corporation.

97 SECTION 21. Section 6 of said chapter 171, as so appearing, is hereby amended by  
98 striking out, in lines 15 and 16, the words “within one year from the date of its incorporation,  
99 otherwise its charter shall be void” and inserting in place thereof the following words:- not more  
100 than 1 year after its date of incorporation, otherwise the charter of the credit union shall be void;  
101 provided, however, that the commissioner may grant an extension.

102 SECTION 22. Section 6A of said chapter 171, as so appearing, is hereby amended by  
103 striking out the second paragraph.

104 SECTION 23. Section 8 of said chapter 171, as so appearing, is hereby amended by  
105 adding the following paragraph:-

106 An investigation fee shall be submitted with any application to establish a branch office.  
107 The investigation fee shall be determined annually by the commissioner of administration under  
108 section 3B of chapter 7. To determine the amount of the investigation fee to establish a branch  
109 office, the commissioner of administration may make such classifications and differentiations of  
110 credit unions and may provide adjustments to the fee as necessary; provided, however, that such  
111 classifications and differentiations may be based on: (i) the asset size of the credit union; (ii) the  
112 number of existing branch offices of the credit union; or (iii) other criteria as determined by the  
113 commissioner of administration; and provided further, that the investigation fee shall be  
114 consistent with and equal to the amount of the investigation fee to establish a branch office  
115 imposed on banks in section 5 of chapter 167C.

116 SECTION 24. Section 9 of said chapter 171, as so appearing, is hereby amended by  
117 inserting after the word “committee,” in line 16, the following words:- , if applicable, as required  
118 by the by-laws.

119 SECTION 25. Said section 9 of said chapter 171, as so appearing, is hereby further  
120 amended by inserting after the word “committee” in line 18, the first time it appears, the  
121 following words :- , if applicable,.

122 SECTION 26. Section 10 of said chapter 171, as so appearing, is hereby amended by  
123 striking out, in line 8, the words “or change in location, or change in name”

124 SECTION 27. Section 11 of said chapter 171, as so appearing, is hereby amended by  
125 striking out the second and third paragraphs and inserting in place thereof the following 2  
126 paragraphs:-

127 A member shall not have more than 1 vote and, after a credit union has been incorporated  
128 for 1 year, a member shall not be entitled to vote or be a candidate for director until the member  
129 has been a member for not less than 3 months. An organization member or a person who is a  
130 party to a joint account may cast 1 vote on the share or deposit account at any of its meetings by  
131 a duly delegated agent or a party to the joint account; provided, however, that a minor shall not  
132 have the right to vote. A member may vote (i) in person; (ii) by mail; or (iii) by electronic means;  
133 provided, however, that each credit union shall set forth in its by-laws the method of voting to be  
134 used by its members; provided further, that the commissioner may impose conditions or  
135 limitations on such voting methods.

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

138 SECTION 28. The first paragraph of section 12 of said chapter 171, as so appearing, is  
139 hereby amended by striking out the first sentence and inserting in place thereof the following 2  
140 sentences:-

141 The business and affairs of a credit union shall be managed by a board of not less than 7  
142 directors. A credit union may limit the number of employees serving as directors in its by-laws.

143 SECTION 29. Section 13 of said chapter 171, as so appearing, is hereby amended by  
144 striking out the first paragraph and inserting in place thereof the following 2 paragraphs:-

145 The board of directors shall have the general direction of the affairs of the corporation  
146 and shall meet not less than once each month. A quorum shall consist of not less than a majority  
147 of the directors. If less than a quorum is present, a majority of those present may adjourn the  
148 meeting until the next regular meeting or another time prior to the next regular meeting. The  
149 board of directors shall act upon all applications for membership and determine the rate of  
150 interest to be paid on deposits; provided, however, that the board of directors may delegate such  
151 duties. The board of directors may declare dividends as provided in section 29 and shall fill  
152 vacancies in the board of directors and committees until the next annual election; provided,  
153 however, that the board of directors shall not delegate such duties. The board of directors may  
154 authorize the establishment or the discontinuance of deposit accounts. The board of directors  
155 shall make recommendations to the members of the credit union relative to the need of  
156 amendments to the by-laws and other matters upon which the members should act at any regular  
157 or special meeting. The board of directors may borrow money for and on behalf of the credit  
158 union as authorized by section 73. The board of directors may, by a 2/3 vote, remove from office  
159 for cause an officer or a member of a committee. The board of directors may elect an honorary

160 president, who shall be a member of the credit union; provided, however, that an honorary  
161 president shall not be compensated in any way by the credit union. The board of directors may  
162 appoint associate directors who shall not be compensated or vote.

163 Unless the articles of organization or by-laws provide that an action required or permitted  
164 under this chapter or another provision of the General Laws to be taken by the board of directors  
165 shall be taken at a meeting, the action may be taken without a meeting if the action is taken by  
166 the unanimous consent of the members of the board of directors. The action shall be evidenced  
167 by at least 1 written consent describing the action taken signed by each director and delivered to  
168 the credit union by electronic transmission or sent to the address specified by the credit union for  
169 that purpose, or to the principal office of the credit union if no address has been specified,  
170 addressed to the secretary or other officer or agent having custody of the records of proceedings  
171 of the board of directors and included in the minutes or filed with the corporate records reflecting  
172 the action taken. Action taken under this section is effective when the last director signs or  
173 delivers the consent, unless the consent specifies a different effective date. A consent signed or  
174 delivered under this section has the effect of a meeting vote and may be described as such in any  
175 document. This section shall also apply to committees of the board of directors and the members  
176 thereof.

177 SECTION 30. Section 14 of said chapter 171, as so appearing, is hereby amended by  
178 striking out the first paragraph and inserting in place thereof the following paragraph:-

179 The board of directors may expel from a credit union a member who: (i) has not carried  
180 out the member's engagements with the credit union; (ii) has been convicted of a criminal  
181 offense; (iii) neglects or refuses to comply with this chapter or the by-laws of the credit union;

182 (iv) habitually neglects to pay the member's debts; or (v) has deceived the corporation or any  
183 committee thereof with regard to the use of borrowed money; provided, however, that a member  
184 shall not be expelled until the member has been provided with reasonable notice in writing of the  
185 charges against the member and with an opportunity to be heard; provided further, that a director  
186 who becomes insolvent or bankrupt shall be withdrawn from the board of directors  
187 automatically, with no requirement for notice or an opportunity to be heard; and provided  
188 further, that the board of directors may suspend from the credit union any member who has been  
189 convicted of a criminal offense.

190 SECTION 31. Section 15 of said chapter 171, as so appearing, is hereby amended by  
191 striking out the second paragraph and inserting in place thereof the following paragraph:-

192 At such meeting, the directors shall elect an auditing committee from among the  
193 directors, an investment committee comprised of at least 1 member of the board of directors and  
194 a credit committee, if applicable, comprised of at least 1 member of the board of directors. Each  
195 such committee shall be comprised of not less than 3 members and not more than 5 members;  
196 provided, however, that no member of the board of directors shall be a member of both the credit  
197 committee, if any, and the auditing committee.

198 SECTION 32. Said section 15 of said chapter 171, as so appearing, is hereby further  
199 amended by striking out the last paragraph and inserting in place thereof the following  
200 paragraph:-

201 The board of directors may appoint an executive committee or a membership officer from  
202 among the board or other employees, other than the treasurer, an assistant treasurer or a loan

203 officer, and authorize the committee or officer to approve applications for membership under  
204 such conditions as the board of directors may prescribe.

205 SECTION 33. The first paragraph of section 16 of said chapter 171, as so appearing, is  
206 hereby amended by striking out the second and third sentences and inserting in place thereof the  
207 following sentence:- The auditing committee shall: (i) hold meetings not less than once each  
208 month; (ii) keep records of the meetings; (iii) certify the monthly statements submitted by the  
209 treasurer; (iv) make a thorough annual audit of the books, including income and expenses; (v)  
210 report to the board of directors its findings, together with any recommendations; and (vi) make  
211 an annual report at the annual meeting.

212 SECTION 34. The second paragraph of said section 16 said chapter 171, as so appearing,  
213 is hereby amended by striking out the third sentence.

214 SECTION 35. Section 17 of said chapter 171, as so appearing, is hereby amended by  
215 striking out the first paragraph and inserting in place thereof the following paragraph:-

216 The credit committee, if any, shall hold meetings not less than once in each month, act on  
217 all applications for loans and approve, in writing, all personal loans granted and the security, if  
218 any, pledged therefor, except as provided in this section. The credit committee shall submit to the  
219 board of directors all applications for loans to be secured by mortgages of real estate with their  
220 recommendations thereon. The credit committee may reasonably delegate its duties to employees  
221 in accordance with written loan policies that establish appropriate limits and standards and that  
222 are consistent with safe and sound banking practices.

223 SECTION 36. The third paragraph of said section 17 of said chapter 171, as so appearing,  
224 is hereby amended by striking out the third sentence.

225 SECTION 37. Section 18 of said chapter 171, as so appearing, is hereby amended by  
226 adding the following paragraph:-

227 The investment committee shall hold meetings not less than once in each month. The  
228 investment committee may reasonably delegate its duties to employees in accordance with  
229 written investment policies that establish appropriate limits and standards and that are consistent  
230 with safe and sound banking practices.

231 SECTION 38. Section 19 of said chapter 171, as so appearing, is hereby amended by  
232 striking out, in line 10, the following words:- state or.

233 SECTION 39. Said section 19 of said chapter 171, as so appearing, is hereby further  
234 amended by inserting after the word “affiliate,” in line 12, the following words:- a mortgage  
235 company owned by a bank.

236 SECTION 40. Section 21 of said chapter 171, as so appearing, is hereby amended by  
237 striking out, in line 8, the words “such bonds” and inserting in place thereof the following  
238 words:- bonds upon which changes are made.

239 SECTION 41. Said chapter 171 is hereby further amended by striking out section 26, as  
240 so appearing, and inserting in place thereof the following section:-

241 Section 26. Not more than 30 days after the last business day of December, a credit union  
242 shall make a report to the commissioner in such form as the commissioner may prescribe  
243 accurately showing its condition at the close of business on that day and containing such other  
244 information as the commissioner may require. The annual report shall be in accordance with  
245 generally accepted accounting principles and shall fairly present the credit union’s condition as

246 of the last business day of the credit union’s fiscal year. A statement of condition of a credit  
247 union shall be available for examination for reasonable purposes by members at the principal  
248 office of a credit union during business hours or made available to a member upon reasonable  
249 request.

250 SECTION 42. Section 30 of said chapter 171, as so appearing, is hereby amended by  
251 inserting after the word “Administration” in line 9, the following words:- and to members of  
252 low-income credit unions.

253 SECTION 43. Said chapter 171 is hereby further amended by striking out section 32A, as  
254 so appearing and inserting in place thereof the following 2 sections:-

255 Section 32A. Notwithstanding any general or special law to the contrary, a credit union  
256 may accept a funeral trust account, as defined in regulations promulgated by the board of  
257 registration in embalming and funeral directing.

258 Section 32B. A natural person not more than 18 years of age or not less than 65 years of  
259 age may choose 1 demand deposit account and 1 savings account upon which no service,  
260 maintenance or other similar charge shall be imposed; provided, however, that any such demand  
261 deposit account and any such savings account shall each include a joint account in which the  
262 spouse of the eligible depositor, if applicable and regardless of age, is the joint tenant therein or  
263 the joint tenant would otherwise be an eligible depositor and that has been established and used  
264 for personal, family or household purposes. Such account shall not be subject to: (i) a minimum  
265 balance requirement; (ii) a charge for a deposit or withdrawal; or (iii) a fee for the initial order or  
266 subsequent refills of the basic line of checks offered by the credit union, which shall include the  
267 name of the depositor. A savings account in trust for another person shall be covered by the

268 notice, services, fee and charge provisions of this section only if the trustee is a person not more  
269 than 18 years of age or not less than 65 years of age. To obtain a demand deposit account and a  
270 savings account under this section, a consumer shall notify a credit union of the consumer's  
271 eligibility for such accounts and provide proof of age in a form acceptable to the credit union. A  
272 credit union may assess a fee against an account under this section for certain services in  
273 accordance with the credit union's published service charge schedule, which shall include stop  
274 payment orders, wire transfers, certified or bank checks, money orders, deposit items returned,  
275 transactions at electronic branches and through other electronic devices and a reasonable charge,  
276 as determined by the commissioner, against any such account when payment on a check or other  
277 transaction on the account has been refused because of insufficient funds or paid despite  
278 insufficient funds. A credit union shall post in each of its credit union offices a notice informing  
279 consumers of the availability of the credit union services under this section and shall disclose  
280 annually to all depositors, in a manner of its choosing, the provisions of this section. For the  
281 purposes of this section, the term "check or other transaction" shall include, but not be limited to:  
282 (i) a check, as defined in 12 U.S.C. 5002; (ii) an electronic fund transfer, as defined in section 1  
283 of chapter 167B; or (iii) a transaction processed by an automated clearinghouse.

284 SECTION 44. Sections 33 and 34 of said chapter 171 are hereby repealed.

285 SECTION 45. Section 35 of said chapter 171, as appearing in the 2018 Official Edition,  
286 is hereby amended by striking out, in lines 4 to 9, inclusive, the words "; provided, however, that  
287 the deposit accounts of any one such person, partnership or corporation shall not, except by the  
288 accumulation of interest, be permitted to exceed at any one time, seventy-five thousand dollars or  
289 one and one-half percent of the deposits or shares of the credit union, whichever is greater".

290 SECTION 46. The third paragraph of section 39 of said chapter 171, as so appearing, is  
291 hereby amended by adding the following sentence:- A surviving owner of a joint account may  
292 continue credit union membership if the surviving owner is eligible for membership and meets  
293 all requirements in the by-laws.

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

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

300 SECTION 49. Sections 44 and 45 of said chapter 171 are hereby repealed.

301 SECTION 50. Section 49 of said chapter 171 of the General Laws, as appearing in the  
302 2018 Official Edition, is hereby amended by striking out, in lines 5 and 6, the words “certified  
303 mail, return receipt requested” and inserting in place thereof the following words:- first class  
304 mail or electronic mail.

305 SECTION 51. Said section 49 of said chapter 171, as so appearing, is hereby further  
306 amended by striking out, in lines 7 to 11, inclusive, the words “no such transfer shall be made if  
307 such debt is the result of consumer credit granted under the provisions of chapter one hundred  
308 and forty D unless the written notice required by section twenty-three of said chapter one  
309 hundred and forty D has been given” and inserting in place thereof the following words:- if the  
310 debt is the result of consumer credit granted under the federal Truth in Lending Act, 15 U.S.C.  
311 1601 et. seq., any required notice shall be made in compliance with federal law.

312 SECTION 52. Section 50 of said chapter 171, as so appearing, is hereby amended by  
313 striking out, in lines 4 and 5, the words “the treasurer” and inserting in place thereof the  
314 following words:- a duly authorized officer of the corporation.

315 SECTION 53. Section 53 of said chapter 171, as so appearing, is hereby amended by  
316 striking out the definition of “Account”, and inserting in place thereof the following definition:-

317 “Account”, a (i) share, share certificate or share draft account of a member of a credit  
318 union or a nonmember served by a credit union serving predominantly low-income members, as  
319 defined by the board of the credit union, of a type approved by the board of the credit union that  
320 evidences money or its equivalent received or held by a credit union in the usual course of  
321 business and for which it has given or is obligated to give credit to the account of such member  
322 or such nonmember; (ii) share, share certificate or share draft account of a nonmember credit  
323 union and a nonmember unit of federal, state or local government and political subdivisions  
324 thereof; or (iii) custodial account established for loans sold in whole or in part; provided,  
325 however, that for the purposes of insured state credit unions, “share, share certificate or share  
326 draft account” shall include, as determined by the board of the credit union, the equivalent of  
327 such accounts under state law.

328 SECTION 54. Sections 54 to 56, inclusive, of said chapter 171 are hereby repealed.

329 SECTION 55. Section 57 of said chapter 171, as appearing in the 2018 Official Edition,  
330 is hereby amended by striking out, in lines 5 to 7, inclusive, the words “and shall state the  
331 purpose for which the loan is desired and the security, if any, offered” and inserting in place  
332 thereof the following words:- or by electronic means.

333 SECTION 56. Sections 59 to 62, inclusive, and section 64 of said chapter 171 are hereby  
334 repealed.

335 SECTION 57. Said chapter 171 is hereby further amended by inserting after section 65A  
336 the following section:-

337 Section 65A½. (a) A credit union may make, acquire, buy or sell, in whole or in part,  
338 mortgage loans on property located in the commonwealth, Connecticut, Maine, New Hampshire,  
339 New York, Rhode Island or Vermont as participation loans with a bank, credit union service  
340 organization, federally-chartered or federally-insured credit union or financial institution,  
341 insurance company or any state or federal government agency or a subdivision thereof.

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

345 (c) A credit union may enter into a mortgage loan participation on a loan originated by a  
346 bank, credit union service organization, federally-chartered or federally-insured credit union or  
347 financial institution, insurance company or any state or federal government agency or a  
348 subdivision thereof and issued to a borrower, provided, however, that the loan is a type of loan  
349 that the participating credit union may make under the participating credit union's board-  
350 approved policies. Section 66 shall not apply to loans under this subsection.

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

352 SECTION 58. Said chapter 171 is hereby further amended by striking out sections 65E  
353 and 66, as appearing in the 2018 Official Edition, and inserting in place thereof the following 2  
354 sections:-

355 Section 65E. A credit union shall have the following powers and any further incidental or  
356 complementary powers that may fairly be implied from those expressly conferred and such as are  
357 reasonably necessary to enable the credit union to exercise fully those powers according to  
358 common customs and usages:

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

362 (ii) to advance money or credits on real estate, on improvements thereto or on personal  
363 security, on terms to be agreed upon; and

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

366 This section shall be applicable to loans and mortgage loans authorized by sections 65A  
367 to 65E, inclusive.

368 Section 66. In making mortgage loans on real estate pursuant to sections 65 to 65E,  
369 inclusive, a credit union shall be subject to the condition that a person obligated from time to  
370 time to make payments under a mortgage, whether as the original borrower or as a subsequent  
371 owner of a mortgaged property, shall be or shall become a member of the credit union.

372 SECTION 59. Section 67 of said chapter 171, as so appearing, is hereby amended by  
373 striking out, in line 14, the figure “1961.” and inserting in place thereof the following figure:-  
374 1961;.

375 SECTION 60. Said section 67 of said chapter 171, as so appearing, is hereby further  
376 amended by striking out clause (o) and inserting in place thereof the following clause:-

377 (o) in any obligations, bank stocks, bank holding company stocks, insurance stocks or  
378 preferred stocks of public utility companies that appear on the list of legal investments prepared  
379 pursuant to said section 15A of said chapter 167; provided, however, that: (i) not more than 10  
380 per cent of the assets of a credit union shall be invested in bank stocks, bank holding company  
381 stocks, insurance stocks, preferred stocks of public utility companies or in all 4 of such types of  
382 stocks appearing on the list and not more than \$15,000 or 2 per cent of the assets of a credit  
383 union, whichever is greater, shall be invested in the stock of any 1 such bank, bank holding  
384 company, insurance company or preferred stock of public utility companies; (ii) not more than  
385 20 per cent of the assets of a credit union shall be invested in railroad obligations appearing on  
386 the list and not more than 1.5 per cent of the shares and deposits of any such credit union shall be  
387 invested in the obligations of any 1 operating railroad corporation; (iii) not more than 20 per cent  
388 of the assets of a credit union shall be invested in the obligations of telephone companies  
389 appearing on the list and not more than 4 per cent of the shares and deposits of such credit union  
390 shall be invested in the obligations of any 1 such company; (iv) not more than 25 per cent of the  
391 assets of a credit union shall be invested in obligations of public utility companies appearing on  
392 the list and not more than 4 per cent of the deposits of such credit union shall be invested in the  
393 obligations of any 1 such company; and (v) not more than 10 per cent of the assets of a credit  
394 union shall be invested in interest bearing obligations authorized for investment under section

395 15B of said chapter 167 and appearing on the list and not more than ½ of 1 per cent of the shares  
396 and deposits of such credit union shall be so invested in the obligations of any one obligor, but  
397 the foregoing limitations shall not apply to obligations of telephone companies, of companies  
398 engaged primarily in the distribution and sale of electricity or gas, or both, or of railroad  
399 companies other than terminal companies.

400 SECTION 61. Said section 67 of said chapter 171, as so appearing, is hereby further  
401 amended by striking out, in line 86, the word “funds.” and inserting in place thereof the  
402 following word:- funds;.

403 SECTION 62. Said section 67 of said chapter 171, as so appearing, is hereby further  
404 amended by striking out, in lines 108 and 109, the words “clause (i) of this paragraph” and  
405 inserting in place thereof the following word:- subclause (i).

406 SECTION 63. Said section 67 of said chapter 171, as so appearing, is hereby further  
407 amended by striking out clause (r) and inserting in place thereof the following clause:-

408 (r) in bankers’ acceptances of the kinds and maturities made eligible by law for  
409 rediscount with federal reserve banks; provided, however, that the same are accepted by a bank,  
410 banking association or trust company incorporated under state or federal law and having its  
411 principal place of business within the commonwealth; provided, however, that not more than 10  
412 per cent of the assets of a credit union shall be invested in such bankers’ acceptances and not  
413 more than 5 per cent of the assets of such credit union shall be invested in the acceptances  
414 eligible by law for rediscount in federal reserve banks of any 1 accepting bank or trust company;  
415 and provided further, that the aggregate amount of bankers' acceptances of any 1 bank, banking

416 association or trust company held by any such credit union shall not exceed 25 per cent of the  
417 paid-up capital and surplus of such bank, banking association or trust company;.

418 SECTION 64. Said section 67 of said chapter 171, as so appearing, is hereby further  
419 amended by striking out, in line 139, the word “and”.

420 SECTION 65. Said section 67 of said chapter 171, as so appearing, is hereby further  
421 amended by striking out, in line 140, the word “Boston.” and inserting in place thereof the  
422 following words:- Boston; and.

423 SECTION 66. Said section 67 of said chapter 171, as so appearing, is hereby further  
424 amended by striking out, in line 141, the word “paragraph” and inserting in place thereof the  
425 following word:- clause.

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

429 SECTION 68. Said chapter 171 is hereby further amended by striking out section 73, as  
430 so appearing, and inserting in place thereof the following section:-

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

433 The board may, if the credit union has a deposit or share account, borrow money for and  
434 on behalf of the credit union from a savings bank, cooperative bank, federal savings and loan  
435 association, national bank or trust company, an entity identified by the commissioner or any  
436 federally-insured corporate credit union; provided, however, that money borrowed from any such

437 institution shall be in an amount not more than the deposit or share account and shall extend not  
438 more than 1 year from the date on which the loan is made.

439 SECTION 69. The first paragraph of section 74 of said chapter 171, as so appearing, is  
440 hereby amended by striking out clauses (c) and (d) and inserting in place thereof the following  
441 words:- and (c) where the aggregate amount of sales of loans exceeds 20 per cent of the total  
442 loans outstanding, the prior written approval of the commissioner shall be obtained for any  
443 amount in excess thereof.

444 SECTION 70. Said chapter 171 is hereby further amended by striking out section 75, as  
445 so appearing, and inserting in place thereof the following section:-

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

453 (b) A credit union may invest an amount to be approved by the commissioner, subject to  
454 any applicable regulations as the commissioner may deem necessary, in: (i) a corporation or  
455 association formed for the purpose of furnishing statistical or bookkeeping services or  
456 information of the kind generally required by a credit union to such credit union or to other credit  
457 unions or banks as hereinafter provided; or (ii) invest its shares or deposits, in participation with  
458 any other credit union, bank or national banking association, in such corporation or association;

459 provided, however, that section 2 of chapter 167 shall apply to such corporations or associations.  
460 Nothing contained herein shall be construed to preclude a credit union from renting or  
461 subscribing for the services of such corporations or associations or any other corporation or  
462 association rendering such services.

463 (c) A credit union may purchase, by itself or with another credit union or bank, group life  
464 insurance on the lives of debtors who request such insurance. The premium for such insurance,  
465 or the premium on an individual life insurance policy held to cover the indebtedness, may be  
466 added to the payments required of those who elect to become insured. If a debtor so insured dies,  
467 the insurance proceeds shall be applied to reduce or extinguish the unpaid indebtedness to the  
468 extent of such payment. A director, officer or employee of such credit union shall not benefit  
469 financially, directly or indirectly, from the sale of such insurance.

470 (d) A credit union may purchase by itself, or with a group of credit unions or banks,  
471 group accident and health insurance covering debtors of such credit union or group of credit  
472 unions if the debtors request such insurance. Such insurance shall cover all or part of the  
473 indebtedness of such debtors. The premium for such insurance, or the premium on an individual  
474 accident and health insurance policy held to cover the indebtedness, may be added to the  
475 payments required of any such debtor who elects to become insured. A director, officer or  
476 employee of such credit union shall not benefit financially, directly or indirectly, from the sale of  
477 such insurance.

478 (e) A credit union may engage directly in the business of selling, issuing or registering  
479 checks, traveler's checks or money orders and may cash any check or money order whatsoever  
480 and may make charges for any of the foregoing.

481 (f) (1) For the purposes of this subsection, the following terms shall have the following  
482 meanings:

483 “Lessee”, the person in whose name a safe deposit box stands on the books of a credit  
484 union.

485 “Rent”, the amount due to a credit union for the rental or use of a safe deposit box.

486 “Safe deposit box”, a box or safe in the vault of a credit union.

487 (2) A credit union may establish and maintain safe deposit vaults and rent boxes or  
488 storage space therein under conditions prescribed by the commissioner.

489 (3) A credit union that leases a safe deposit box for rent shall advise the lessee in writing  
490 that insurance coverage for the contents of the safe deposit box is not provided by the credit  
491 union but that the lessee may, at the lessee’s own expense, insure the contents of the safe deposit  
492 box with an insurance company of the lessee’s own selection. The commissioner shall establish  
493 the rules and regulations necessary to carry out this subsection.

494 (4) If the rent for a safe deposit box has not been paid for 1 year after being due, the  
495 credit union may mail, postage prepaid, to the lessee at the lessee’s address shown on the credit  
496 union’s books, a notice stating that if the rent for the safe deposit box is not paid within 60 days  
497 from the date of the notice, the credit union may cause the safe deposit box to be opened and the  
498 contents to be disposed of in accordance with this subsection. If the lessee fails to pay the rent  
499 for the safe deposit box in full to the date of the notice within 60 days from the date of the notice,  
500 all rights of the lessee in the safe deposit box and of access to it shall cease. Any time thereafter,  
501 the credit union may, in the presence of an officer of the credit union and of a notary public not

502 in the general employ of the credit union, cause the safe deposit box to be opened and the notary  
503 public shall: (i) remove the contents of the safe deposit box; (ii) list the contents; and (iii) seal the  
504 contents in a package, marking thereon the name of the lessee and the lessee's address as shown  
505 on the books of the credit union. An affidavit setting forth the facts concerning the entry and  
506 listing the contents of the safe deposit box shall be signed by the officer and the notary public  
507 and shall be retained by the credit union. The affidavit shall be prima facie evidence of the facts  
508 set forth therein in all proceedings at law and equity wherein evidence of such facts would be  
509 admissible. The affidavit shall be in substantially the following form:-

510 COMMONWEALTH OF MASSACHUSETTS

511 County of \_\_\_\_\_

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

518 (Allow space here for listing of contents.)

519 \_\_\_\_\_

520 Signature of officer. Title.

521 \_\_\_\_\_

522 Name of Credit Union

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

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(5) The package containing the contents of any safe deposit box opened as aforesaid shall

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be retained on special deposit by the credit union subject to payment of rent due for the safe

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deposit box, all expenses incurred in connection with opening the safe deposit box and charges

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for the safekeeping of the package. If the package remains unclaimed for 7 years and the

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amounts due as above provided remain unpaid, the credit union may mail, postage prepaid, to the

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person to whom, and at the address at which, the notice provided for above was mailed, a notice

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stating that if such amounts are not be paid within 60 days from the date of such notice, the credit

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union will turn over the contents, less the rental charge, to the state treasurer as unclaimed and

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abandoned property, to be held by the state treasurer subject to chapter 200A. The credit union

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may sell, assign or deliver so much of the contents of the package, at public or private sale, as

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will enable it to realize such amount as will compensate the credit union for said charges.

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SECTION 71. Section 76 of said chapter 171, as so appearing, is hereby amended by

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striking out, in line 8, the words “, with the approval of the commissioner”.

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SECTION 72. Section 78 of said chapter 171, as so appearing, is hereby amended by

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adding the following paragraph:-

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A credit union may consolidate with and into a federally-chartered credit union and a

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federally-chartered credit union may consolidate with and into a credit union. In any such

543 consolidation, the credit union shall comply with the applicable provisions of this section. A  
544 federally-chartered credit union in such a transaction shall comply with applicable federal law.

545 SECTION 73. Said chapter 171 is hereby further amended by striking out section 79, as  
546 so appearing, and inserting in place thereof the following section:-

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

553 SECTION 74. Said chapter 171 is hereby further amended by striking out sections 82 and  
554 83, as so appearing, and inserting in place thereof the following 2 sections:-

555 Section 82. (a) For the purposes of this section and sections 83 and 84, the following  
556 terms shall have the following meanings unless the context clearly requires otherwise:

557 “Association”, the Credit Union Employees Retirement Association formed pursuant to  
558 this section.

559 “Credit union” or “credit unions”, any or all of: (i) a bank or credit union chartered by the  
560 commonwealth; (ii) such bank or credit union that has converted to a federal charter; (iii) a bank  
561 or credit union chartered by the federal government, by a state of the United States other than the  
562 commonwealth or by the District of Columbia; (iv) the Cooperative Credit Union Association,  
563 Inc. and its successors; (v) the Massachusetts Credit Union Share Insurance Corporation; (vi)

564 other banking or credit union institutions as may from time to time be provided for in the by-  
565 laws of the association; and (vii) the respective employees of each of the organizations listed in  
566 this definition.

567 “Customer”, any person or business who has established a contractual relationship for  
568 banking business purposes with any credit union located in the commonwealth that is a member  
569 of the association.

570 “Directors of a credit union”, the governing body of each member organization of the  
571 association.

572 (b) (1) Credit unions may form the Credit Union Employees Retirement Association to  
573 provide retirement or deferred compensation benefit services through plans that are qualified  
574 under section 401, section 408 or section 457 of the federal Internal Revenue Code to employees  
575 of credit unions that are established under state law and are members of the association and to  
576 their customers. Any credit union shall be eligible for membership in the association; provided,  
577 however, that a bank that was eligible to be a member of the association before January 1, 2004,  
578 shall not be eligible to become a member of the Cooperative Banks Employees Retirement  
579 Association or the Savings Banks Employees Retirement Association unless and until the  
580 Cooperative Banks Employees Retirement Association or the Savings Banks Employees  
581 Retirement Association permits a member to transfer from any or all of the qualified plans  
582 provided by said association, assets and liabilities, attributed to the member’s employees, to 1 or  
583 more qualified plans not provided by said association.

584 (2) Eligible employees may contribute a portion of their compensation and a credit union  
585 may contribute to the extent determined by its governing body; provided, however, that all such

586 contributions shall not exceed the limits of said section 401, said section 408 or said section 457  
587 of the federal Internal Revenue Code, as applicable.

588 (3) The funds contributed by participating credit unions and their employees shall be held  
589 or used by the trustees of the association for the provision of retirement and deferred  
590 compensation benefits, including pre-retirement, post-retirement cost-of-living adjustment, death  
591 and disability benefits incident thereto, in all cases subject to the limits of said section 401, said  
592 section 408 or said section 457 of the federal Internal Revenue Code, as applicable. Expenses  
593 necessary for the administration of the association shall be paid by participating members as  
594 provided in the by-laws of the association. The association shall annually provide to each  
595 member a report of assets and liabilities attributable to its participants in any or all qualified  
596 plans adopted by a member.

597 (4) A credit union providing retirement benefits to its employees through a plan offered  
598 by a provider of plans other than the association shall file with the commissioner such reports as  
599 the commissioner may from time-to-time require; provided, however, that such a plan shall be a  
600 qualified plan under said section 401, said section 408 or said section 457 of the federal Internal  
601 Revenue Code.

602 Section 83. The by-laws of the association shall be submitted to the commissioner and  
603 shall prescribe the manner in which, and the officers and agents by whom, the association may  
604 be conducted and the manner in which its funds may be invested and paid out. The association  
605 shall be formed when its by-laws have been approved and agreed to by a majority of the  
606 directors of each of 15 or more credit unions and have been approved by the commissioner. The  
607 association shall provide to the commissioner such statements of the membership and financial

608 transactions of the association as the commissioner may from time-to-time require. The  
609 commissioner may verify any such statement by an examination of the books and papers of the  
610 association.

611 The association shall not be subject to chapter 32 or chapter 175 or to such other  
612 provisions of law related to insurance companies or other retirement associations.

613 SECTION 75. Section 84 of said chapter 171, as so appearing, is hereby amended by  
614 striking out, in line 2, the words “wages or salary” and inserting in place thereof the following  
615 word:- compensation.

616 SECTION 76. Said section 84 of said chapter 171, as so appearing, is hereby further  
617 amended by inserting after the word “insolvency,” in line 6, the following words:- insurance,  
618 retirement systems or pensions.

619 SECTION 77. Section 6 of chapter 172 of the General Laws, as so appearing, is hereby  
620 amended by striking out, in line 24, the words “within 1 year after its date of issue” and inserting  
621 in place thereof the following words:- not more than 1 year after its date of issue; provided,  
622 however, that the board may grant an extension not more than once; and provided further, that  
623 the board may impose terms and conditions on such extension.