

**SENATE . . . . . No. 581**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

*James B. Eldridge*

*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:

*James B. Eldridge*

DISTRICT/ADDRESS:

*Middlesex and Worcester*

**SENATE . . . . . No. 581**

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By Mr. Eldridge, a petition (accompanied by bill, Senate, No. 581) of James B. Eldridge for legislation to modernize the Credit Union Laws. Financial Services.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. 2556 OF 2017-2018.]

**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 the  
2 2014 Official Edition, is hereby amended by striking out, in line 2, the words “federal credit  
3 unions”, and inserting in place thereof the following words:- federally-chartered credit unions.

4 SECTION 2. 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

51 SECTION 18. Section 10 of said chapter 171, as so appearing, is hereby amended by  
52 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:-

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

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

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

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



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

137 SECTION 27. The last paragraph of section 16 said chapter 171, as so appearing, is  
138 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,.

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

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

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

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

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

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

180 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.

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

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

206 SECTION 47. Section 53 of said chapter 171, as so appearing, is hereby amended by  
207 striking out the definition of “Account”, and inserting in place thereof the following definition:-  
208 “Account”, a share, share certificate, or share draft account of a member of a credit union of a  
209 type approved by the board of the credit union which evidences money or its equivalent received  
210 or held by a credit union in the usual course of business and for which it has given or is obligated  
211 to give credit to the account of the member, and, in the case of a credit union serving  
212 predominantly low-income members (as defined by said board), such terms (when referring to  
213 the account of a nonmember served by such credit union) mean a share, share certificate, or share  
214 draft account of such nonmember which is of a type approved by the board and evidences money  
215 or its equivalent received or held by such credit union in the usual course of business and for  
216 which it has given or is obligated to give credit to the account of such nonmember, and such

217 terms mean share, share certificate, or share draft account of nonmember credit unions and  
218 nonmember units of federal, State, or local governments and political subdivisions thereof, and  
219 such terms mean custodial accounts established for loans sold in whole or in part; provided, that  
220 for purposes of insured State credit unions, reference in this paragraph to “share”, “share  
221 certificate”, or “share draft”, accounts includes, as determined by the Board, the equivalent of  
222 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:-

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

265 (i) not more than 10 per cent of the assets of a credit union shall be invested in bank  
266 stocks or bank holding company stocks or insurance stocks or preferred stocks of public utility  
267 companies or in all 4 of such types of stocks appearing on the list and not more than \$15,000 or 2  
268 per cent of the assets of a credit union, whichever is greater, shall be invested in the stock of any  
269 1 such bank, bank holding company, insurance company or preferred stock of public utility  
270 companies;

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

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

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

281 (v) not more than 10 per cent of the assets of a credit union shall be invested in interest  
282 bearing obligations authorized for investment under section 15B of chapter 167 and appearing on  
283 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.

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

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

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

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

340           A credit union may invest an amount to be approved by the commissioner, subject to  
341 such regulations, if any, as he may deem necessary, in a corporation or association formed for  
342 the purpose of furnishing to such credit union, or to other credit unions or banks as hereinafter  
343 provided, statistical or bookkeeping services or information of the kind generally required by a  
344 credit union. A credit union may also, in participation with any other credit union, bank or  
345 national banking association, invest its shares or deposits in such corporation or association,  
346 subject however to the same approval and regulation, if any, as above provided. The provisions  
347 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 \_\_\_  
413 office of said credit union; that the contents of said safe were removed, examined, listed and then  
414 enclosed in a package and sealed in our presence. We further certify that the following is a true  
415 and complete list of all the contents removed from said safe.

416 (Allow space here for listing of contents.)

417 \_\_\_\_\_

418 Signature of officer. Title.

419 \_\_\_\_\_

420 Name of Credit Union

421 \_\_\_\_\_

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

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

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

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

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

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

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

441 Section 82. Credit unions may form the Credit Union Employees Retirement  
442 Association, in this section and in sections 83 and 84 called the association, for the purpose of  
443 providing retirement or deferred compensation benefit services through plans that are qualified  
444 under sections 401, 408 or 457 of the federal Internal Revenue Code to employees of credit  
445 unions established under the laws of the commonwealth and which are members of the  
446 association and to their customers. Any bank or credit union chartered by the commonwealth,

447 any such bank or credit union which has converted to federal charter , any bank or credit union  
448 chartered by the federal government, by a state of the United States other than the  
449 commonwealth or by the District of Columbia , the Cooperative Credit Union Association, Inc.,  
450 and its successors, the Massachusetts Credit Union Share Insurance Corporation, and other  
451 banking or credit union institutions as may from time to time be provided for in the by-laws of  
452 the association, and the respective employees of each of the foregoing, shall be eligible for  
453 membership in the association; provided, however, that no bank that was eligible to be a member  
454 of the association before January 1, 2004, shall be eligible to become a member of the  
455 Cooperative Banks Employees Retirement Association or the Savings Banks Employees  
456 Retirement Association unless and until the Cooperative Banks Employees Retirement  
457 Association and the Savings Banks Employees Retirement Association permits a member to  
458 transfer from any or all of the qualified plans provided by said association, assets and liabilities,  
459 attributed to the member's employees, to 1 or more qualified plans not provided by said  
460 association. For the purpose of this section and sections 83 and 84, a reference to "credit union"  
461 or "credit unions" shall, unless the context otherwise requires, mean and include any or all of the  
462 organizations named or referred to in this paragraph, a reference to "directors of a credit union"  
463 shall, unless the context otherwise requires, mean and include the governing body of each  
464 member organization, and reference to "customer" shall mean any person or business who has  
465 established a contractual relationship for banking business purposes with any credit union  
466 located in the commonwealth which is a member of the association.

467 Eligible employees may contribute a portion of their compensation and a credit union  
468 may contribute to the extent determined by its governing body; provided, however, that all such



469 contributions shall not exceed the limits of the applicable section of the federal Internal Revenue  
470 Code.

471 The funds contributed by participating credit unions and their employees shall be held or  
472 used by the trustees of the association for the provision of retirement and deferred compensation  
473 benefits, including pre-retirement, post-retirement cost-of-living adjustment, death, and disability  
474 benefits incident thereto, in all cases subject to the limits of the applicable section of the federal  
475 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.

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

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

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

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

513 shall include the name of the depositor. For the purposes of this section, the term "savings  
514 account" shall include a regular passbook, regular statement savings or regular NOW account,  
515 so-called.

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

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

536           If the application submitted is to establish a branch, an investigation fee payable to the  
537 Division of Banks must be submitted at the time the application is submitted. Said investigation  
538 fee shall be consistent with and equal to the amount of the investigation fee imposed on banks  
539 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.