

HOUSE No. 1159

The Commonwealth of Massachusetts

PRESENTED BY:

Frank A. Moran

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 enhancing the mission of credit unions and promoting fair competition among financial institutions.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Frank A. Moran</i>	<i>17th Essex</i>	<i>2/17/2021</i>

HOUSE No. 1159

By Mr. Moran of Lawrence, a petition (accompanied by bill, House, No. 1159) of Frank A. Moran relative to the mission of credit unions and promoting competition among financial institutions. Financial Services.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Second General Court
(2021-2022)**

An Act enhancing the mission of credit unions and promoting fair competition among financial institutions.

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 14 of said chapter 167 of the General Laws, as appearing in the
2 2018 Official Edition, is hereby amended by inserting after the sixth paragraph the following two
3 paragraphs:- If a person is eligible for membership in a credit union on the basis of living in a
4 geographic area specified in the by-laws then the examination of its record of performance under
5 this section shall assess its compliance with community reinvestment throughout the entire
6 geographic area specified in the by-law.

7 A foreign credit union applying to establish a branch office in the Commonwealth
8 pursuant to section 8A of chapter 171 shall file with the Division of Banks the credit union’s
9 assessment area for compliance with this section or a strategic plan for satisfying its continuing
10 and affirmative obligation to help meet the credit needs of the communities in the
11 Commonwealth it states it will serve.

12 SECTION 2. Chapter 171 of the General Laws, as so appearing, is hereby amended by
13 striking out section 10, as most recently amended by section 26 of chapter 338 of the Acts of
14 2020, and inserting in place thereof the following two sections:–

15 Section 10. The by-laws may be amended at any annual meeting, or at a special meeting
16 called for the purpose, by a majority vote of all of the members present and entitled to vote;
17 provided, however, that the notice of the meeting and of the proposed amendment is given each
18 member in the manner prescribed in said by-laws. .

19 The by-laws containing the conditions of residence, occupation, or association that
20 qualify persons for membership may be amended by a three-fourths vote of all of the members
21 present and entitled to vote. The membership vote may only be held at the annual meeting;
22 provided, that it may be held at a special meeting called for the purpose of a merger if the
23 membership by-law amendment is a necessary component of the merger, as determined by the
24 commissioner. No such amendment shall become operative until an application is submitted to
25 and approved in writing by the commissioner. The vote of the credit union’s members must
26 occur prior to the submission of an application and a certified copy of the vote shall be submitted
27 with the application. In order to be a valid vote on the amendment to the membership by-law,
28 the number of members voting on the date set for the vote or voting by mail, if authorized in the
29 by-laws, and received by that date must represent five per cent of the total number of members of
30 the credit union as listed in the most recent call report filed with the National Credit Union
31 Administration. It is prohibited for a member to vote by proxy.

32 Section 10A. A credit union shall establish a written policy that the credit union will
33 follow to verify that a person meets the qualifications for membership. The policy must identify

34 the specific documents the credit union will accept for verification of residency, occupation,
35 association, work location, family relationship or other membership criteria specified in the by-
36 law. For each new member, a credit union shall retain a copy of the document used to verify a
37 person's qualification for membership. Such documentation shall be maintained and segregated
38 on a calendar quarter and annual basis for review by examiners.

39 SECTION 3. The second paragraph of section 11 of said chapter 171 , as most recently
40 amended by section 27 of chapter 338 of the Acts of 2020, is hereby amended by adding the
41 following sentence:- A credit union that has more than 25,000 members as reported in its most
42 recent quarterly report to the National Credit Union Administration shall provide its members
43 with the option to vote by electronic means at any annual meeting or special meeting.

44 SECTION 4. Section 3 of this act shall apply to any an annual meeting or special meeting
45 held on or after two years from the effective date of this act.