The 194th General Court of the Commonwealth of Massachusetts

2025-2026

Bill Summary

Bill No: H1079

Title: AN ACT TO STRENGTHEN THE STATE CREDIT UNION CHARTER

Sponsor: Representative Shirley B Arriaga

Committee: Financial Services

Hearing Date: April 15th, 2025

Reporting Date: June 14th, 2025

Similar Matters: S837

Prior History: H1034 (2019-2020), H1108 (2021-2022), H1034 (2023-2024) Ext. - study

Current Law:
M.G.L. Chapter 167I governs corporate bank transactions, including mergers, consolidations, and purchase of assets and conversions. Section 4 of Chapter 167I sets guidelines for mergers or consolidation of mutual banks or subsidiary banking institutions and credit unions. Section 12 of Chapter 167I sets guidelines for federally charted banks. M.G.L. Chapter 171 governs credit unions. Section 57 of Chapter 171 discusses loans to members. Section 67 of Chapter 171 discusses investments of credit unions. Section 78A of Chapter 171 defines how credit unions can merge with banking institutions. Section 80A of Chapter 171 defines the conversion of credit unions into mutual banks.

Summary:
This bill is amended to allow for a mutual bank or subsidiary bank and credit unions to merge or consolidate into a single credit union by a vote of 2/3 of the boards and approval from the Commissioner of Banks. The bill would also permit a mutual bank, upon the approval of the Commissioner, to be converted into a credit union. The depositors of the mutual bank will be required to become members of the credit union within 2 years and the bank will have 2 years to dispose of assets or investments that are not permissible for a credit union.

The bill removes language the requirement that credit unions cannot give out loans if their liquidity reserve falls below 5% of the total assets.

Four subsections have been added under investments for credit unions. These subsections include asset-backed securities; shares, stocks, obligations of an organization operated for services closely related to banking; participation in the activities of the Massachusetts Capital Growth Corporation; and another federal credit union, out-of-state credit union or any other business entity for operation functions, management staff, or other banking services.

The bill clarifies that when a credit union merges with a savings banks, co-operative banks, or a subsidiary banking institution, either of the two entities can survive as the corporation.

Language allowing for mutual savings banks, mutual co-operative banks, mutual federal savings banks, and mutual federal savings and loan associations to be converted into credit unions has been added in this bill.