

**HOUSE . . . . . No. 1065**

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**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:

*Frank A. Moran*

DISTRICT/ADDRESS:

*17th Essex*

**HOUSE . . . . . No. 1065**

By Mr. Moran of Lawrence, a petition (accompanied by bill, House, No. 1065) 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-First General Court  
(2019-2020)**

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 2016 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. Said chapter 171 is hereby further amended by striking out Section 10, as so  
13 appearing, and inserting in place thereof the following two sections:– Section 10. The by-laws  
14 may be amended at any annual meeting, or at a special meeting called for the purpose, by a  
15 majority vote of all of the members present and entitled to vote; provided, however, that the  
16 notice of the meeting and of the proposed amendment is given each member in the manner  
17 prescribed in said by-laws. No amendment or amendments containing a change in the location or  
18 change in name shall become operative until approved in writing by the commissioner.

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. Section 30 of said chapter 171, as so appearing, is hereby amended by  
40 inserting after the first paragraph the following paragraph:- It is prohibited for a credit union to  
41 receive shares or deposits from a person or entity that is not a member except as authorized by  
42 another provision of this chapter other than section 6A: provided that a credit union may receive  
43 deposits from the National Credit Union Share Insurance Fund; the Massachusetts Credit Union  
44 Share Insurance Corporation or another credit union; and provided, further that a credit union  
45 may receive deposits to provide non-member monetary instrument services as authorized in  
46 applicable regulations.

47 SECTION 4. Said chapter 171, as so appearing, is hereby amended by inserting after  
48 section 65E, the following section:- Section 65F. It is prohibited for a credit union to make,  
49 acquire or participate in loans to organization members if the total amount of such loans  
50 outstanding at a credit union at any one time shall exceed the lesser of 1.75 times the actual net  
51 worth of the credit union or 12.25% of the assets of the credit union stated in its most recent call  
52 report.