

**SENATE . . . . . No. 2379**

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**The Commonwealth of Massachusetts**

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**In the Year Two Thousand Fourteen**  
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SENATE, Thursday, October 2, 2014

The committee on Ways and Means, to whom was referred the House Bill relative to credit union branching (House, No. 4139); reports, recommending that the same ought to pass with an amendment striking out all after the enacting clause and inserting in place thereof the text of Senate document numbered 2379.

For the committee,  
Stephen M. Brewer

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In the Year Two Thousand Fourteen  
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1 SECTION 1. Chapter 171 of the General Laws is hereby amended by striking out  
2 section 8, as appearing in the 2012 Official Edition, and inserting in place thereof the following 7  
3 sections:-

4 Section 8. The location of the main office of a credit union may be changed with the  
5 written consent of the commissioner.

6 After such notice and hearing as the commissioner may require and with the  
7 commissioner's written permission and under such conditions as the commissioner may approve,  
8 a credit union may establish and maintain 1 or more branch offices or depots in the county  
9 wherein the main office is located, or on a site within 100 miles from the premises of the main  
10 office in a city or town in another county including on a site in the states of Connecticut, Maine,  
11 New Hampshire, New York, Rhode Island or Vermont, if in the opinion of the commissioner, the  
12 public would benefit by the establishment of additional credit union facilities. The establishment  
13 and maintenance of branch offices or depots in any 1 of the foregoing states shall also be  
14 established and maintained in accordance with the laws of that state. Any of the usual business  
15 transacted by a credit union at its main office may be transacted at a branch office. The business  
16 at a depot shall be transacted only on such days as may be designated by the board of directors

17 and shall be limited to the receipt of deposits and the collection of moneys due or payable to the  
18 credit union and the business shall be subject to such other conditions, if any, as may be  
19 prescribed by the commissioner. Credit unions shall not submit more than 1 out-of-state branch  
20 application for the commissioner's review in any 12-month period.

21 With the written consent of the commissioner a branch office or depot may be closed or  
22 its location may be changed.

23 The offices of any credit union consolidating or merging pursuant to section 78 may be  
24 maintained as branch offices of the credit union with the written permission of and under such  
25 conditions, if any, as may be approved by the commissioner.

26 Mobile branch banking may be authorized by the commissioner under conditions the  
27 commissioner may approve and subject to regulations the commissioner may establish.

28 Section 8A. For the purposes of this section and sections 8B to 8F, inclusive, the terms  
29 "foreign credit union" and "out-of-state federal credit union" shall mean a credit union with its  
30 principal place of business in the state of Connecticut, Maine, New Hampshire, New York,  
31 Rhode Island or Vermont.

32 Any foreign credit union or out-of-state federal credit union doing business similar to any  
33 business referred to in section 2, may establish and maintain branch offices or depots in the  
34 commonwealth, if the foreign credit union or out-of-state federal credit union is expressly  
35 authorized to do so by the laws under which it is organized and operates; provided, however, that  
36 the laws of the state in which the credit union has its principal place of business expressly  
37 authorize, under conditions not more restrictive than those imposed by this chapter as determined  
38 by the commissioner, Massachusetts credit unions to establish and maintain branches and depots

39 therein. Such foreign credit unions and out-of-state federal credit unions shall establish and  
40 maintain branches or depots in Massachusetts, in accordance with the same laws which govern  
41 such activities by Massachusetts credit unions; provided, however, that the initial branch office  
42 other than 1 established pursuant to chapter 167B, or, if more than 1, the branch deemed to be  
43 the initial office by such entities, shall be considered the main office in the commonwealth to  
44 determine the geographical limitations on the establishment of branch offices.

45 The commissioner of banks shall promulgate rules and regulations relative to the  
46 administration and enforcement of sections 8A to 8F, inclusive. The rules and regulations shall  
47 include procedures for accepting applications from qualifying credit unions for approval to open  
48 a branch office.

49 Section 8B. A credit union, federal credit union or out-of-state federal credit union with a  
50 branch office in the commonwealth may establish educational credit union training programs,  
51 student savings deposit programs and school branch office programs. A credit union, federal  
52 credit union or out-of-state federal credit union with a branch office in the commonwealth shall  
53 conduct such a program under the terms and conditions as the commissioner may establish. A  
54 federal credit union or out-of-state federal credit union with a branch office in the  
55 commonwealth shall conduct such a program in compliance with applicable federal laws and  
56 regulations.

57 Section 8C. A foreign credit union or out-of-state federal credit union, if such credit  
58 union does not operate a branch in the commonwealth, may establish and maintain a new branch  
59 in the commonwealth; provided, however, that the credit union submits an application in the  
60 manner and form prescribed by the commissioner and the commissioner approves that

61 application; provided further, that the laws of the state in which the credit union has its principal  
62 place of business expressly authorize, under conditions not more restrictive than those imposed  
63 by this chapter as determined by the commissioner, a Massachusetts credit union to establish and  
64 maintain a branch therein. Any such foreign credit union or out-of-state federal credit union  
65 shall operate under the supervision of the commissioner and in accordance with all applicable  
66 laws governing Massachusetts credit unions, including all rules and regulations promulgated  
67 thereunder.

68 An out-of-state federal credit union shall operate the same as a federal branch which shall  
69 be subject to all laws of the commonwealth relative to community reinvestment, consumer  
70 protection, fair lending, establishment of intra-state branches, including but not limited to,  
71 sections 1 to 14A, inclusive, of chapter 93, and the applicable sections of chapters 93A, 167,  
72 167B, 171, 183 and 184, including all rules and regulations promulgated thereunder and to such  
73 other laws of the commonwealth as are applicable to a federal credit union with its main office in  
74 the commonwealth.

75 Section 8D. The commissioner shall, in the manner prescribed in section 2 of chapter  
76 167, examine any foreign credit union or out-of-state federal credit union that operates a branch  
77 in the commonwealth and shall inspect and examine the affairs of such a credit union, to the  
78 extent of its operations in the commonwealth, to ascertain its financial condition and whether it  
79 has complied with all applicable laws. The lawful charges incurred by reason of the examination  
80 shall be paid by the credit union examined. The commissioner shall preserve a full record of  
81 each such examination. Records and information contained in the report of any examination,  
82 other than information required by law to be published or to be open to the inspection of the  
83 public, shall be open only to the inspection of the commissioner, the commissioner's examiners

84 and assistants and other officers of the commonwealth as may have occasion and authority to  
85 inspect the records in the performance of their official duties. Nothing in this section shall be  
86 construed to prohibit the required production of such records and information contained in  
87 examination reports before a court of this commonwealth or a master or auditor appointed by the  
88 court in a criminal or civil proceeding therein pending, affecting the branch in the  
89 commonwealth or out-of-state branch, its officers, directors or employees.

90         Copies of reports of such examinations shall be furnished to the parent credit union of the  
91 branch examined for its use only and shall not be exhibited to any other person, organization or  
92 agency without the prior written approval of the commissioner. The commissioner may, in the  
93 commissioner's discretion, furnish to any credit union regulatory agency or law enforcement  
94 agency or the banking departments of other states such information, reports and statements  
95 relating to the institutions under the commissioner's supervision as the commissioner deems  
96 appropriate.

97         The commissioner, in making the examination, shall have free access to the vaults, books  
98 and papers of foreign credit union or out-of-state federal credit union and may summon the  
99 directors, officers or agents thereof, and such other witnesses as deemed necessary for  
100 examination relative to the affairs, transactions and condition of such credit unions, and for that  
101 purpose is empowered to administer oaths.

102         Notwithstanding anything in this section to the contrary, the commissioner may enter into  
103 cooperative agreements with credit union regulators in jurisdictions other than the  
104 commonwealth to facilitate the regulatory supervision of branches in the commonwealth and out-  
105 of-state branches including agreements relative to the coordination of examinations or joint

106 participation in examinations of the branches and may accept reports of examinations by the  
107 regulators pursuant to such agreements. The commissioner may also enter into such agreements  
108 providing for enforcement actions against branches in the commonwealth and out-of-state  
109 branches. Any such agreement may include provisions relative to the amount and assessment of  
110 fees for an examination or enforcement actions. Nothing in this section shall be construed as  
111 limiting in any way the authority of the commissioner to independently conduct examinations of  
112 and enforcement actions against any branch in the commonwealth or out-of-state branch.

113           Section 8E. Each foreign credit union or out-of-state federal credit union that operates a  
114 branch in the commonwealth shall register with the commissioner on forms prescribed by the  
115 commissioner which shall include information regarding the financial condition, operations and  
116 management of the credit union and other related matters the commissioner may deem necessary  
117 or appropriate to carry out this chapter.

118           The commissioner, from time to time, may require reports under oath to keep informed as  
119 to whether this chapter and the rules and regulations established thereunder have been complied  
120 with.

121           Section 8F. If, upon examination, it appears that a foreign credit union or out-of-state  
122 federal credit union is insolvent, or that its capital is impaired, or that its condition is such as to  
123 render the continuance of business hazardous to the public or to those having funds in its  
124 custody, the commissioner shall apply, or if any such credit union appears to have exceeded its  
125 powers or failed to comply with applicable law may apply, to the supreme judicial court, which  
126 shall have jurisdiction in equity on such application, to issue an injunction restraining the credit  
127 union, in whole or in part, from further proceeding with its business, and to make further orders

128 or decrees as justice and equity may require. The court may appoint 1 or more receivers to take  
129 possession of its property and effects, subject to such directions as may from time to time be  
130 prescribed by the court.

131           SECTION 2. Notwithstanding any general or special law to the contrary, the  
132 commissioner of banks shall promulgate rules and regulations relative to the administration and  
133 enforcement of this act not later than July 1, 2015. The rules and regulations shall include  
134 procedures for accepting applications from qualifying credit unions for approval to open a  
135 branch office. Upon promulgation of the rules and regulations required in this act, the  
136 commissioner of banks shall accept, from credit unions qualified pursuant to chapter 171 of the  
137 General Laws, applications for approval to open a branch office pursuant to section 1.

138           SECTION 3. Section 1 shall take effect on October 1, 2015.

139           SECTION 4. Section 2 shall take effect upon its passage.