

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Eugene L. O'Flaherty

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 passage of the accompanying bill:

An Act relative to credit union branching.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Eugene L. O'Flaherty	2nd Suffolk

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 1053 OF 2007-2008.]

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO CREDIT UNION BRANCHING.

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 8 of chapter 171 of the General Laws, as appearing in the 2004 Official Edition, is hereby
2 amended by striking out the entire section and inserting in place thereof the following: --

3
4 Section 8. With the written consent of the commissioner, the location of the main office of a credit union
5 may be changed.
6

7 After such notice and hearing as the commissioner may require and with his written permission and under such
8 conditions as he may approve, a credit union may establish and maintain one or more branch offices or depots at
9 such locations determined by the commissioner to be reasonably necessary to furnish service to its members within
10 the commonwealth, or on a site in one of the states of Connecticut, Maine, New Hampshire, Rhode Island or
11 Vermont, if in the opinion of the commissioner, the public would benefit by the establishment of additional credit
12 union facilities. The establishment and maintenance of branch offices or depots in any one of the foregoing states
13 shall also be established and maintained in accordance with the laws of such state. Any of the usual business
14 transacted by a credit union at its main office may be transacted at a branch office. The business at a depot shall be
15 transacted only on such days as may be designated by the board of directors and shall be limited to the receipt of
16 deposits and the collection of moneys due or payable to the credit union, and such business shall be subject to such
17 other conditions, if any, as may be prescribed by the commissioner.
18

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

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

26 Mobile branch banking may be authorized by the Commissioner under conditions as said commissioner may
27 approve and subject to such regulations as said commissioner may establish.
28

29 SECTION 2. Chapter 171 of the General Laws, as so appearing, is further amended by inserting after section 8 the
30 following new sections: --

31
32 Section 8A: Any foreign credit union or out-of-state federal credit union, as defined in section one of this chapter,
33 doing a business similar to any business referred to in section two of this chapter, may establish and maintain branch
34 offices or depots in the commonwealth, if such 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 that the laws of the state in which
36 such entities have their principal place of business expressly authorize, under conditions no more restrictive than
37 those imposed by this chapter as determined by the commissioner, Massachusetts credit unions to establish and
38 maintain branches and depots in such state. Such foreign credit unions and out-of-state federal credit unions shall
39 establish and maintain branches or depots in the state, in accordance with the same laws which govern such
40 activities by Massachusetts credit unions; provided, that the initial branch office other than one established pursuant
41 to chapter one hundred and sixty-seven B, or, if more than one, the branch deemed to be the initial office by such
42 entities, shall be considered the main office in the commonwealth for the purposes of determining the geographical
43 limitations on the establishment of branch offices.

44
45 For purposes of this section and sections eight B through eight G of this chapter, inclusive, the terms “foreign credit
46 union” and “out-of-state federal credit union” shall mean a credit union with its principal place of business in one of
47 the states of Connecticut, Maine, New Hampshire, Rhode Island or Vermont.

48
49 Section 8B: Any credit union, federal credit union, foreign credit union, or out-of-state federal credit union with a
50 branch office in the commonwealth may establish educational credit union training programs, student savings
51 deposit programs and school branch office programs. A credit union, federal credit union, foreign credit union or
52 out-of-state federal credit union with a branch office in the commonwealth shall conduct any such program under
53 such terms and conditions as the commissioner may establish. A federal credit union or out-of-state federal credit
54 union with a branch office in the commonwealth shall conduct any such program in compliance with applicable
55 federal law and regulations.

56
57 Section 8C: A foreign credit union or out-of-state federal credit union, if such credit union does not operate a
58 branch in the commonwealth, may, upon approval by the commissioner of an application thereof in prescribed
59 manner and form, establish and maintain a branch de novo in the commonwealth; provided, however, that in each
60 instance the laws of the jurisdiction in which such credit union has its principal place of business expressly
61 authorize, under conditions no more restrictive than those imposed by this chapter as so determined by the
62 commissioner, a Massachusetts credit union to establish therein a branch de novo. Any such foreign credit union or
63 out-of-state federal credit union shall operate the same as a Massachusetts branch under the supervision of the
64 commissioner and in accordance with all applicable laws which govern such activities by Massachusetts credit
65 unions.

66
67 Any out-of-state federal credit union shall operate the same as a federal branch which shall be subject to all laws of
68 the commonwealth relative to community reinvestment, consumer protection, fair lending, establishment of intra-
69 state branches, including but not limited to, sections one to fourteen A, inclusive, of chapter ninety-three, and the
70 applicable sections of chapters ninety-three A, one hundred and sixty-seven, one hundred and sixty-seven B, one
71 hundred and seventy-one, one hundred and eighty-three and one hundred and eighty-four, including all rules and
72 regulations promulgated thereunder, and to such other laws of the commonwealth as are applicable to a federal
73 credit union with its main office in the commonwealth.

74
75 Section 8D: The commissioner shall, in the manner prescribed in chapter one hundred and sixty-seven, section two,
76 examine every foreign credit union and any out-of-state federal credit union which operates a Massachusetts branch
77 and shall inspect and examine the affairs of any such foreign credit union or out-of-state federal credit union, to the
78 extent of its operations in the commonwealth, to ascertain its financial condition and whether it has complied with
79 all applicable law. The lawful charges incurred by reason of any such examination shall be paid by such credit
80 union examined. The commissioner shall preserve a full record of each such examination. Such records and
81 information contained in the report of any such examination, other than information required by law to be published
82 or to be open to the inspection of the public, shall be open only to the inspection of the commissioner, his examiners
83 and assistants, and such other officers of the commonwealth as may have occasion and authority to inspect them in
84 the performance of their official duties. Nothing in this section shall be construed to prohibit the required

85 production of such records, and information contained in examination reports, before any court of this
86 commonwealth or any master or auditor appointed by any such court, in any criminal or civil proceeding therein
87 pending, affecting such Massachusetts or out-of-state branch, its officers, directors or employees.
88

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

95 Notwithstanding the foregoing, the commissioner may enter into cooperative agreements with credit union
96 regulators in jurisdictions other than the commonwealth to facilitate the regulatory supervision of Massachusetts and
97 out-of-state branches including agreements relative to the coordination of examinations or joint participation in
98 examinations of said branches, and may accept reports of examinations by such regulators pursuant to such
99 agreements. The commissioner may also enter into such agreements providing for enforcement actions against
100 Massachusetts and out-of-state branches. Any such agreement may include provisions relative to the amount and
101 assessment of fees for any such examination or enforcement actions. Nothing in this section shall be construed as
102 limiting in any way the authority of the commissioner to independently conduct examinations of and enforcement
103 actions against any Massachusetts or out-of-state branch.
104

105 Section 8E: Each foreign credit union and out-of-state federal credit union which operates a Massachusetts branch
106 shall register with the commissioner on forms prescribed by him which shall include such information with respect
107 to the financial condition, operations, and management of such credit union and related matters as he may deem
108 necessary or appropriate to carry out the purposes of this chapter.
109

110 The commissioner, from time to time, may require reports under oath to keep him informed as to whether the
111 provisions of this chapter and the rules and regulations established thereunder have been complied with.
112

113 Section 8F: For the purposes of section eight E of this chapter, the commissioner or the person making the
114 examination shall have free access to the vaults, books and papers of any such foreign credit union and out-of-state
115 federal credit union, and may summon the directors, officers or agents thereof, and such other witnesses as deemed
116 necessary for examination relative to the affairs, transactions and condition of such credit unions, and for that
117 purpose is empowered to administer oaths.
118

119 Section 8G: If, upon examination, it appears that any such foreign credit union or out-of-state federal credit union is
120 insolvent, or that its capital is impaired, or that its condition is such as to render the continuance of business
121 hazardous to the public or to those having funds in its custody, the commissioner shall apply, or if any such credit
122 union appears to have exceeded its powers or failed to comply with any provision of applicable law may apply, to
123 the supreme judicial court, which shall have jurisdiction in equity on such application, to issue an injunction
124 restraining any such credit union, in whole or in part, from further proceeding with its business, and to make further
125 orders or decrees as justice and equity may require. The court may appoint one or more receivers to take possession
126 of its property and effects, subject to such directions as may from time to time be prescribed by the court.
127

128 SECTION 3: Section 79 of said chapter 171, as so appearing, is hereby amended by striking out the second
129 paragraph.
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