

Proposed Amendments to 209 CMR 50.00 *et seq.*, Parity with Federal Credit Unions

March 25, 2004

1. Non-Residential Mortgage Community Development Loan Participations

Summary: Would add the provisions set forth in Opinion Letter 00-126 to permit a credit union, with other state or federally-chartered credit unions, to invest in or lend to a loan participation that would be used to provide or support one of the following activities: (1) equity or debt financing for small businesses; (2) area revitalization or stabilization or (3) other activities, services or facilities that primarily promote public welfare.

Citation: 701 CFR 701.22

Text: 209 CMR 50.00 *et seq.* is hereby amended by inserting after 209 CMR 50.06(3)(m) the following new paragraph:

(n) Non-Residential Real Estate Loan Participations. A credit union may, by written agreement, make or invest in non-residential real estate loan participations with other credit unions, federal credit unions or federally-insured banks having their main office in the Commonwealth, subject to the terms and conditions applicable to federal credit unions found in 12 CFR §701.22(b) through 12 CFR § 701.22(d), a loan pool that would be used to provide or support one of the following activities: (1) equity or debt financing for small businesses; (2) area revitalization or stabilization or (3) other activities, services or facilities that primarily promote public welfare for the purpose of meeting its obligations under the Massachusetts Community Reinvestment Act, M.G.L. c. 167, §14. For the purposes of 209 CMR 50.06(3)(n), a non-residential real estate loan participation shall include any loan made under M.G.L. c. 171 §65 and 209 CMR 50.06(3)(j) and 209 CMR 50.06(3)(k). A credit union may invest in the aggregate up to 10% of its assets in non-residential real estate loan participation interests.

2. Insurance

Summary: Would make the following amendments relative to the sale of insurance:

- Delete reference to investing in insurance companies from the CUSO regulation;
- Delete prohibition against engaging in insurance brokerage or agency services excluding third party arrangements with independent vendors from the CUSO regulation; and
- Delete language relative to Unauthorized Activities, all of which were related to insurance sales.

Citation: 209 CMR 50.06(3)(c)1.c.
209 CMR 50.06(3)(c)3.b.
209 CMR 50.13(1)-(3)

Proposed Language:

- 209 CMR 50.00 *et seq.* is further amended in 209 CMR 50.06(3)(c) by striking 209 CMR 50.06(3)(c)1.c. and replacing it with the following:
 - c. Investment Limitations. The investment authorized by 209 CMR 50.06(3)(c)a. shall not include the power to acquire control, directly or indirectly, of another financial institution or to invest in shares, stocks of obligations of a trade association, liquidity facility or any similar organization, corporation or association, except as otherwise expressly authorized by 12 U.S.C. §1781 *et seq.* or M.G.L. c. 171.
- 209 CMR 50.00 *et seq.* is further amended in 209 CMR 50.06(3)(c)3. by striking 209 CMR 50.06(3)b. through 209 CMR 50.06(3)f. and replacing it with the following:
 - b. “Securities brokerage services” under 12 CFR § 712.5(k), excluding third party arrangements with independent vendors;
 - c. “Travel agency services” under 12 CFR § 712.5(n);
 - d. “Real estate brokerage” under 12 CFR §712.5(p).
- 209 CMR 50.00 *et seq.* is further amended by striking 209 CMR 50.13(1) through (3) in its entirety.

3. Trust-Related Services – Incidental Powers

Summary: Would add third-party and direct trust services to authorities under the Incidental Powers regulations as follows:

- Third party trust services: For well-capitalized credit unions, notice only.
- Third party trust services: For adequately-capitalized credit unions, by application.
- Direct trust services: For well- capitalized and adequately-capitalized credit unions, by application.

Adds additional language to the application process at 209 CMR 50.07(2) and notice process at 209 CMR 50.07(3).

Also amends the definitions at 209 CMR 50.04 to define “trustee or custodial services” pursuant to the NCUA’s regulation at 12 CFR §721(l).

Citation: 209 CMR 50.07; 209 CMR 50.04; 12 CFR §721(l).

Proposed Language:

Summary – Amendments to 209 CMR 50.07(2)(b):

Adds provisions authorizing trustee or custodial services through outside vendors and directly based on level of capitalization.

Text:

209 CMR 50.00 *et seq.* is further amended by striking 209 CMR 50.07(2)(b), and replacing it with the following:

(b) General Provisions for Trustee or Custodial Services. A credit union that is well capitalized and has not been notified that it is significantly undercapitalized or a credit union that is adequately capitalized and has not been notified that it is significantly undercapitalized may engage in the activity listed under 209 CMR 50.07(5)(k)2. and 209 CMR 50.07(5)(l)1. by submitting an application to, and receiving approval from the Commissioner before commencing the activity.

(c) Application. The application must include a complete description of the credit union's proposed activity, the credit union's investment in such activity, a detailed business plan containing financial projections and assumptions, the written policies required by 209 CMR 50.05(2), as well as a representation and undertaking that the activity will be conducted in accordance with Massachusetts and Federal law. The application must also provide any other information the Commissioner may require.

209 CMR 50.00 *et seq.* is further amended by striking 209 CMR 50.07(3)(b), and replacing it with the following:

(3) Notice Process to Conduct Certain Activities.

(b) General Provisions for Trustee or Custodial Services. A credit union that is well capitalized and has not been notified that it is significantly undercapitalized may engage in the activity listed under 209 CMR 50.07(5)(k)1. by providing the Commissioner written notice within ten days after commencing the new activity.

(c) Notice. The written notice must include a complete description of the activity conducted, the credit union's investment in such activity, and a representation and undertaking that the activity will be conducted in accordance with Massachusetts and Federal law. Any credit union filing notice pursuant to 209 CMR 50.07(3)(a) or 209 CMR 50.07(3)(b) is deemed to have agreed to conduct the activity in a manner consistent with applicable guidelines.

Summary – Amendments to 209 CMR 50.07(5):

Would add third-party and direct trust services to authorities under the Incidental Powers regulations as follows:

- Third party trust services: For well-capitalized credit unions, notice only.
- Third party trust services: For adequately-capitalized credit unions, by application.
- Direct trust services: For well- capitalized and adequately-capitalized credit unions, by application.

Text:

209 CMR 50.07(5) is further amended by adding at the end thereof the following two paragraphs:

(k) Trustee or Custodial Services through Outside Vendors.

1. Activities Requiring Notice. A well capitalized credit union, by providing notice pursuant to 209 CMR 50.07(3)(b), may offer trustee or custodial services as defined at 209 CMR 50.04 through outside vendors.
2. Activities Requiring Application. An adequately capitalized credit union, with approval from the Commissioner pursuant to 209 CMR 50.07(2)(b), may offer trustee or custodial services as defined at 209 CMR 50.04 through outside vendors.

(l) Trustee or Custodial Services.

1. Activities Requiring Application. A well capitalized credit union or an adequately capitalized credit union, with approval from the Commissioner pursuant to 209 CMR 50.07(2)(b), may offer trustee or custodial services as defined at 209 CMR 50.04.

Summary – Amendments to 209 CMR 50.04

Adds the NCUA’s definition of “trustee or custodial services” from its Incidental Powers regulation at 12 CFR §721.2(1):

Trustee or custodial services are services which a credit union or a vendor is authorized to act under any written trust instrument or custodial agreement created or organized in the United States and forming part of a pension or profit-sharing plan, as authorized under the Internal Revenue Code. These services may include acting as a trustee or custodial for member retirement and education accounts.

Text:

209 CMR 50.04 is hereby amended by adding at the end thereof the following:

Trustee or Custodial Services. Trustee or custodial services are services as defined at 12 CFR §721.3(1).

4. Third-Party Trust-Related Services – CUSOs

Summary: Would add third-party trust-related services to the list of activities CUSOs are authorized to provide and would delete trust services from the list of Prohibited Activities.

Citation: 209 CMR 50.06(3)(c)2.
209 CMR 50.06(3)(c)3.
12 CFR 712.5(p)

Proposed Language:

- 209 CMR 50.00 *et seq.* is further amended by adding after 209 CMR 50.06(3)(c)2.k. the following:
 - 1. Trust and Trust-Related Services. Trust and trust-related services as set forth at 12 CFR 712.5(p): acting as administrator for prepaid legal service plans; acting as trustee, guardian, conservator, estate administrator, or in any other fiduciary capacity; and trust services.
- 209 CMR 50.00 *et seq.* is further amended in 209 CMR 50.06(3)(c)3. by striking 209 CMR 50.06(3)(c)3.e. through 209 CMR 50.06(3)(c)3.f. and replacing it with the following:
 - e. “Real estate brokerage” under 12 CFR §712.5(p).

Comment: The trust and trust-related services authority for federal CUSOs at 12 CFR 712.5(p) is as follows:

- (p) Trust and trust-related services:
 - (1) Acting as administrator for prepaid legal service plans;
 - (2) Acting as trustee, guardian, conservator, estate administrator, or in any other fiduciary capacity; and
 - (3) Trust services.

5. 40-Year Term for 97% Loan-To-Value Residential Mortgages – Technical Correction

Summary: Would increase the term of the class of 97% loan-to-value first lien residential mortgage loans authorized in the 2002 parity regulation amendments to 40 years.

Citation: 209 CMR 50.06(3)(k)2.

Proposed Language:

209 CMR 50.00 *et seq.* is further amended by striking the first sentence of 209 CMR 50.06(3)(k)2. and replacing it with the following:

2. 97% Loan to Value Residential Mortgage Loans. A credit union may make first lien residential mortgage loans, not exceeding 97% of the value of the real estate, to members subject to the terms and limitations of M.G.L. c. 171, §65 paragraph 5 or pursuant to 209 CMR 50.06(3)(j) to meet the distinct needs of low to moderate income members or as part of a first-time home buyer program or as written in accordance with mortgage loan programs of public instrumentalities created by the commonwealth for the purpose of financing and expanding the supply of residential mortgages or affordable housing. Any such residential mortgage loan which is not fully consistent with the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or other established secondary market participant shall be calculated against the 10% of total real estate loans aggregate limit set out in Regulatory Bulletin 4.2-103. The maximum loan amount per property and the total real estate borrowing limit per member shall be subject to approval by the Commissioner.

Comment: This is a technical correction. Absent a reference to 209 CMR 50.06(3)(j), the statutory limitation of 35 years is in effect.

6. Regulatory Flexibility Program

Summary: Would create a Regulatory Flexibility Program for well-capitalized, well-managed credit unions for the following authorities, which would not require an application or notice to the Division:

- Investment in land, building, improvements, and equipment up to \$300,000 for one parcel of real estate or purchase of equipment per transaction.
- Purchase of any of the following loans from any federally-insured credit unions as long as the loans are loans that the purchasing credit union is empowered to grant:
 - Automobile loans
 - Credit card loans
 - Student loans
 - Mortgage loans

Adds definition of “strong or satisfactory management” at 209 CMR 50.04.

Citation: Regulatory Flexibility Program: 12 CFR 742.

Proposed Language:

209 CMR 50.00 *et seq.* is further amended by adding at the end thereof the following:

50.13: Regulatory Flexibility Program.

- (1) A credit union that is well capitalized and has not been notified that it is significantly undercapitalized and that has strong or satisfactory management as defined at 209 CMR 50.04 may engage in the activities listed in 209 CMR 50.13 without filing an application or providing notice to the Commissioner; provided the activities continue to be deemed legally permissible by the Commissioner, and the activities are conducted in accordance with applicable Massachusetts or Federal law.
- (2) A credit union may engage in the following activities pursuant to 209 CMR 50.13(1):
 - (a) Investments in Land, Building, Improvements, and Equipment. A credit union may invest up to \$300,000 in land, building, improvements and equipment not to exceed \$300,000 for one parcel of real estate or purchase of equipment per transaction.
 - (b) Purchase of Loan Portfolios. Notwithstanding the general provisions in M.G.L. c. 171, a credit union meeting the eligibility requirements set forth in 209 CMR 50.13(1) may purchase any auto loan, credit card loan, student loan or mortgage loan from any federally insured credit union as long as the loans are loans that the purchasing credit union is empowered to grant. The credit union is authorized to keep these loans in its portfolio. If a credit

union is purchasing the eligible obligations of a liquidating credit union, the loans purchased cannot exceed 5% of the unimpaired capital and surplus of the purchasing credit union.

209 CMR 50.04 is further amended by adding at the end thereof the following:

Strong or Satisfactory Management. A credit union shall be deemed to have strong or satisfactory management if the credit union's management rating meetings the definitions set forth in Division of Banks Regulatory Bulletin 1.1-101, Appendix A; NCUA Letter to Credit Union No. 161; and NCUA Letter to Credit Union No. 167.

7. **Additional Notice Authorities**

Summary: Would provide 11 additional notice authorities for eligible credit unions that have previously received approval under the parity regulations, and 10 additional notice authorities for eligible credit unions that have not previously received approval under the parity regulations.

Eligibility requirements would include the following:

- Adequately or well-capitalized;
- Meets definition of “strong or satisfactory management”
- Meeting the requirements of 209 CMR 50.05 relative to financial and managerial resources, policy requirements, and having a CRA rating of least “Satisfactory.”

Comment: The Division notes that these additional authorities do not limit requested authorities through the application process.

A. **Notice authorities for credit unions that have previously received approval:**

Summary: Would provide the following 11 notice authorities for eligible credit unions that have previously received approval pursuant to 209 CMR 50.06, 209 CMR 50.07, and 209 CMR 50.11:

- Personal loans up to \$30,000 for a term up to 6 years;
- Direct automobile financing up to 100% of the value of the collateral up to \$75,000 for a term up to 6 years;
- Indirect automobile financing up to 100% of the value of the collateral up to \$75,000 for a term up to 6 years;
- Lines of credit and credit cards up to \$25,000;
- Home improvement loans up to \$125,000 for a term up to 20 years;
- Manufactured home loans up to \$125,000 for a term up to 20 years;
- Boat, camper, and trailer loans up to \$100,000 for a term up to 20 years;
- First lien residential mortgages up to \$900,000 for a term up to 40 years;
- Second lien or non-purchase residential-closed end home equity loans up to \$250,000 for a term up to 20 years;
- Second lien or non-purchase residential open-end home equity mortgage loans up to \$250,000; and

- 95% loan-to-value for first lien 40-year residential mortgage loans up to \$900,000, and 20-year closed-end and open-end second lien and non-purchase residential mortgage loans up to \$250,000.

Comment: The Division notes that these additional authorities do not limit requested authorities through the application process. Additionally, previous parity authorities do not have to be for the specific authorities chosen. For example, an eligible credit union that previously had received approval for consumer loans under parity would be eligible for the notice authority relative to automobile loans.

Proposed Language:

209 CMR 50.00 *et seq.* is further amended by adding at the end thereof the following:

50.14: Additional Notice Authorities For Credit Unions That Have Previously Received Approval Pursuant To 209 CMR 50.00 *et seq.*

- (1) General. A credit union that has previously received approval to engage in activities set forth in 209 CMR 50.06, 209 CMR 50.07, 209 CMR 50.11 and that is adequately capitalized and has not been notified that it is significantly undercapitalized or a credit union that is well capitalized and has not been notified that it is significantly undercapitalized; that has strong or satisfactory management as defined at 209 CMR 50.04; and meets all requirements set forth in 209 CMR 50.05 may engage in any activity listed under 209 CMR 50.14(3) by providing the Commissioner written notice within ten days after commencing the new activity.
- (2) Notice. The written notice must include a complete description of the activity conducted, the credit union's investment in such activity, and a representation and undertaking that the activity will be conducted in accordance with Massachusetts and Federal law. Any credit union filing notice pursuant to 209 CMR 50.14(1) is deemed to have agreed to conduct the activity in a manner consistent with applicable guidelines.
- (3) Activities Subject to Notice. A credit union may engage in the following activities pursuant to 209 CMR 50.14(1):
 - (a) Consumer Loans. A credit union may make a personal loan not to exceed \$30,000 to a member for a term of up to 6 years for any personal loan authorized by M.G.L. c. 171, §59 or M.G.L. c. 171, §64. Any such personal loan shall be included in the loan limitations per member and aggregate outstanding loan balance limitations set forth in 209 CMR 50.06(3)(e), and shall be subject to all other conditions set forth in 209 CMR 50.06(3)(e).
 - (b) Direct 100% Automobile Financing. A credit union may make a direct automobile loan to a member in an amount up to 100% of the value of the collateral not to exceed \$75,000 for a term not to exceed 6 years or the useful life of the automobile, whichever is less. Any such direct automobile loan shall be included in the loan limitations per member and aggregate outstanding loan balance limitations set forth in 209 CMR 50.06(3)(f), and shall be subject to all conditions set forth in 209 CMR 50.06(3)(f).

- (c) Indirect 100% Automobile Financing. A credit union may make an indirect automobile loan to a member in an amount up to 100% of the value of the collateral not to exceed \$75,000 for a term not to exceed 6 years or the useful life of the automobile, whichever is less. Indirect lending for automobiles shall be deemed to be done in conjunction with the provisions of 209 CMR 50.06(3)(l). Any such indirect automobile loan shall be included in the loan limitations per member and aggregate outstanding loan balance limitations set forth in 209 CMR 50.06(3)(f), and shall be subject to all conditions set forth in 209 CMR 50.06(3)(f).
- (d) Lines of Credit and Credit Cards. A credit union may grant an unsecured line of credit, including issuing a credit card, up to \$25,000. Any such unsecured line of credit and credit card shall be included in the loan limitations per member and aggregate outstanding loan balance limitations set forth in 209 CMR 50.06(3)(g), and shall be subject to all conditions set forth in 209 CMR 50.06(3)(g).
- (e) Home Improvement Loans. A credit union may make a loan up to \$125,000 to finance the repair, alteration or improvement of improved real estate that is occupied by a member, for a term of up to 20 years. Any such home improvement loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(i)1. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(i)5., and shall subject be to all conditions set forth in 209 CMR 50.06(3)(i)1. and 209 CMR 50.06(3)(i)4..
- (f) Manufactured Home Loans. A credit union may make a loan up to \$125,000 for a manufactured home, as defined by M.G.L. c. 171, §61, for a term of up to 20 years or the useful life of the manufactured home, whichever is less. Any such manufactured home loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(i)2. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(i)5., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(i)2. and 209 CMR 50.06(3)(i)4..
- (g) Boat, Camper, and Trailer Loans. A credit union may make a loan to a member to finance a boat, camper or trailer not to exceed \$100,000 for a term up to 20 years. Any such boat, camper or trailer loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(i)3. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(i)5., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(i)3. and 209 CMR 50.06(3)(i)4..
- (h) First Lien Residential Mortgages. A credit union may make first lien residential mortgage loans to members not to exceed \$900,000 for a term up to 40 years on any class or type of real estate loan authorized by M.G.L. c. 171, §65 or 209 CMR 50.06(3)(j)1. Any such first lien residential mortgage loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(j)1. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(j)4.c., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(j)1. and 209 CMR 50.06(3)(j)4.c.
- (i) Closed-end Home Equity Mortgages. A credit union may make second lien or non-purchase money first lien closed-end home equity residential mortgage loans to members up to \$250,000 for a term of up to 20 years on any class or type of real estate loan authorized by M.G.L. c. 171, §65 or 209 CMR 50.06(3)(j)2. Any such second lien or non-purchase money first lien closed-end home equity residential mortgage loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(j)2. and the aggregate outstanding loan balance limitations set forth at

209 CMR 50.06(3)(j)4.c., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(j)2. and 209 CMR 50.06(3)(j)4.c.

- (j) Open-end Home Equity Mortgages. A credit union may make second lien or non-purchase money first lien open-end home equity residential mortgage loans up to \$250,000 on any class or type of real estate loan authorized by M.G.L. c. 171, §65 or 209 CMR 50.06(3)(j)3. Any such second lien or non-purchase money first lien open-end home equity residential mortgage loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(j)3. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(j)4.c., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(j)3. and 209 CMR 50.06(3)(j)4.c.
- (k) 95% Loan to Value Residential Mortgage Loans. A credit union may make first lien residential mortgage loans, not exceeding 95% of the real estate, to members subject to the terms and limitations of M.G.L. c. 171, §65 paragraph 5 or pursuant to 209 CMR 50.06(3)(k)1. The authority granted herein shall be subject to the conditions and limitations set forth in 209 CMR 50.14(3)(h), 209 CMR 50.14(3)(i), and 209 CMR 50.14(3)(j), and subject to the conditions and limitations set forth in 209 CMR 50.06(3)(k)1.

B. Notice authority for credit unions that have not previously applied for parity approval:

Summary: Would provide the following notice authorities for eligible credit unions that have not received approval pursuant to 209 CMR 50.06, 209 CMR 50.07, and 209 CMR 50.11:

- Personal loans up to \$20,000 for a term up to 6 years;
- Direct automobile financing up to 100% of the value of the collateral up to \$60,000 for a term up to 6 years;
- Lines of credit and credit cards up to \$20,000;
- Home improvement loans up to \$75,000 for a term up to 20 years;
- Manufactured home loans up to \$75,000 for a term up to 20 years;
- Boat, camper, and trailer loans up to \$75,000 for a term up to 20 years;
- First lien residential mortgages up to \$500,000 for a term up to 40 years;
- Second lien or non-purchase residential 20-year closed-end home equity loans up to \$125,000;
- Second lien or non-purchase residential open-end home equity mortgage loans up to \$125,000; and

- 95% loan-to-value for first lien 40-year residential mortgage loans up to \$500,000, and 20-year closed-end and open-end second lien and non-purchase residential mortgage loans up to \$125,000.

Proposed Language:

209 CMR 50.00 *et seq.* is further amended by adding at the end thereof the following:

50.15: Additional Notice Authorities For Credit Unions That Have Not Previously Received Approval Pursuant To 209 CMR 50.00 *et seq.*

- (1) General. A credit union that has not previously received approval to engage in activities set forth in 209 CMR 50.06, 209 CMR 50.07, 209 CMR 50.11 and that is adequately capitalized and has not been notified that it is significantly undercapitalized or a credit union that is well capitalized and has not been notified that it is significantly undercapitalized; that has strong or satisfactory management as defined at 209 CMR 50.04; and meets all requirements set forth in 209 CMR 50.05 may engage in any activity listed under 209 CMR 50.15(3) by providing the Commissioner written notice within ten days after commencing the new activity.
- (2) Notice. The written notice must include a complete description of the activity conducted, the credit union's investment in such activity, and a representation and undertaking that the activity will be conducted in accordance with Massachusetts and Federal law. Any credit union filing notice pursuant to 209 CMR 50.15(1) is deemed to have agreed to conduct the activity in a manner consistent with applicable guidelines.
- (3) Activities Subject to Notice. A credit union may engage in the following activities pursuant to 209 CMR 50.15(1):
 - (a) Consumer Loans. A credit union may make a personal loan not to exceed \$20,000 to a member for a term of up to 6 years for any personal loan authorized by M.G.L. c. 171, §59 or M.G.L. c. 171, §64. Any such personal loan shall be included in the loan limitations per member and aggregate outstanding loan balance limitations set forth in 209 CMR 50.06(3)(e), and shall be subject to all other conditions set forth in 209 CMR 50.06(3)(e).
 - (b) Direct 100% Automobile Financing. A credit union may make a direct automobile loan to a member in an amount up to 100% of the value of the collateral not to exceed \$60,000 for a term not to exceed 6 years or the useful life of the automobile, whichever is less. Any such direct automobile loan shall be included in the loan limitations per member and aggregate outstanding loan balance limitations set forth in 209 CMR 50.06(3)(f), and shall be subject to all conditions set forth in 209 CMR 50.06(3)(f).
 - (c) Lines of Credit and Credit Cards. A credit union may grant an unsecured line of credit, including issuing a credit card, up to \$20,000 to a member. Any such unsecured line of credit and credit card shall be included in the loan limitations per member and aggregate outstanding loan balance limitations set forth in 209 CMR 50.06(3)(g), and shall be subject to all conditions set forth in 209 CMR 50.06(3)(g).

- (d) Home Improvement Loans. A credit union may make a loan up to \$75,000 to finance the repair, alteration or improvement of improved real estate that is occupied by a member, for a term of up to 20 years. Any such home improvement loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(i)1. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(i)5., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(i)1. and 209 CMR 50.06(3)(i)4..
- (e) Manufactured Home Loans. A credit union may make a loan up to \$125,000 for a manufactured home, as defined by M.G.L. c. 171, §61, for a term of up to 20 years or the useful life of the manufactured home, whichever is less. Any such manufactured home loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(i)2. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(i)5., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(i)2. and 209 CMR 50.06(3)(i)4..
- (f) Boat, Camper, and Trailer Loans. A credit union may make a loan to a member to finance a boat, camper or trailer not to exceed \$75,000 for a term up to 20 years. Any such boat, camper or trailer loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(i)3. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(i)5., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(i)3. and 209 CMR 50.06(3)(i)4..
- (g) First Lien Residential Mortgages. A credit union may make first lien residential mortgage loans to members not to exceed \$500,000 for a term up to 40 years on any class or type of real estate loan authorized by M.G.L. c. 171, §65 or 209 CMR 50.06(3)(j)1. Any such first lien residential mortgage loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(j)1. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(j)4.c., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(j)1. and 209 CMR 50.06(3)(j)4.c.
- (h) Closed-end Home Equity Mortgages. A credit union may make second lien or non-purchase money first lien closed-end home equity residential mortgage loans to members up to \$125,000 for a term of up to 20 years on any class or type of real estate loan authorized by M.G.L. c. 171, §65 or 209 CMR 50.06(3)(j)2. Any such second lien or non-purchase money first lien closed-end home equity residential mortgage loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(j)2. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(j)4.c., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(j)2. and 209 CMR 50.06(3)(j)4.c.
- (i) Open-end Home Equity Mortgages. A credit union may make second lien or non-purchase money first lien open-end home equity residential mortgage loans up to \$125,000 on any class or type of real estate loan authorized by M.G.L. c. 171, §65 or 209 CMR 50.06(3)(j)3. Any such second lien or non-purchase money first lien open-end home equity residential mortgage loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(j)3. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(j)4.c., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(j)3. and 209 CMR 50.06(3)(j)4.c.

- (j) 95% Loan to Value Residential Mortgage Loans. A credit union may make first lien residential mortgage loans not exceeding 95% of the real estate, to members subject to the terms and limitations of M.G.L. c. 171, §65 paragraph 5 or pursuant to 209 CMR 50.06(3)(k)1. The authority granted herein is subject to the conditions and limitations set forth in 209 CMR 50.15(3)(g), 209 CMR 50.15(3)(h), and 209 CMR 50.15(3)(i), and subject to the conditions and limitations set forth in 209 CMR 50.06(3)(k)1.

8. Incidental Powers – Technical Amendment

Summary: This is a technical amendment to the general provisions of Incidental Powers.

Citation: 209 CMR 50.07(1).

Proposed Language:

209 CMR 50.00 *et seq.* is further amended by striking 209 CMR 50.07(1) and replacing it with the following:

(1) General. The authorities provided in 209 CMR 50.07 are only for those activities listed. A credit union may engage in other activities if said activities are permitted and determined by the NCUA as incidental powers pursuant to 12 CFR §721 pursuant to regulations, guidelines of written opinions of the General Counsel of the NCUA only if the Commissioner affirmative determines by regulation or in writing that the activity is reasonably related to an individual power set out in 209 CMR 50.07.

Proposed Amendments to 209 CMR 50.00 *et seq.*

March 25, 2004

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