

Appendix A

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

209 CMR 50.06 is hereby amended in 209 CMR 50.06(3)(c)2. by adding at the end thereof the following:

209 CMR 50.06(3)(c)2.m. Securities Brokerage Services.

209 CMR 50.06 is further amended in 209 CMR 50.06(3)(c)3. by striking out 209 CMR 50.06(3)(c)3.b., as follows:

3. Prohibited Activities. Notwithstanding 12 CFR § 712.5, a credit union may not invest in or lend to a CUSO that engages in the following activities or services, unless such activity or service is otherwise expressly authorized under M.G.L. c. 171:
 - a. "Fixed asset services" under 12 CFR § 712.5(g)(1) and (2);
 - b. "Travel agency services" under 12 CFR § 712.5(o); and
 - c. "Real estate brokerage" under 12 CFR § 712.5(q).

209 CMR 50.06 is further amended by striking out 209 CMR 50.06(3)(e)1. and replacing it with the following:

(e) 15 Year Consumer Loans.

1. General. A credit union may make a personal loan to a member for a term of up to 15 years for any personal loan authorized by M.G.L. c. 171, § 59 or M.G.L. c. 171, § 64. Except as provided by 209 CMR 50.06(3)(e)2., any such personal loan shall be subject to the limitations, terms and conditions relative to collateral, loan to value, and variation in the rate of interest set forth in M.G.L. c. 171, § 59(1) through (3) or M.G.L. c. 171, § 64.

209 CMR 50.06 is further amended by striking out 209 CMR 50.06(3)(h)2. and replacing it with the following:

2. Conditions and limitations. All credit union leasing activities shall strictly conform to the conditions and limitations set forth in 12 CFR Part 714, *Leasing*. Those requirements include, but are not limited to, provisions governing maximum residual value; salvage values over leased property; and, contingent liability insurance policy endorsements for leasing. Credit union leasing activities shall remain subject to applicable usury limits under Massachusetts law.

209 CMR 50.06 is further amended by striking out 209 CMR 50.06(3)(i) and replacing it with the following:

(i) 20 Year Loans.

1. Home Improvement Loans. Notwithstanding the loan maturity requirements of M.G.L. c. 171, § 60, a credit union may make a loan 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. Such home improvement loans may be up to any amount, provided such loan would not cause the member to be indebted to the credit union in an aggregate amount exceeding 10% of the credit union's total unimpaired shares and surplus.

2. Direct Mobile Home Loans. Notwithstanding the loan maturity requirements of M.G.L. c. 171, § 61, a credit union may make a loan to a member to finance a mobile home, as defined by M.G.L. c. 171, § 61, for a term of up to 20 years or the useful life of the mobile home, whichever is less. Such mobile home loan may be up to any amount, provided such loan or advance would not cause the member to be indebted to the credit union in an aggregate amount exceeding 10% of the credit union's total unimpaired shares and surplus.

3. Indirect Mobile Home Loans. Notwithstanding the loan maturity requirements of M.G.L. c. 171, § 61, a credit union may make an indirect loan to a member to finance a mobile home, as defined by M.G.L. c. 171, § 61, for a term of up to 20 years or the useful life of the mobile home, whichever is less. Such mobile home loan may be up to any amount, provided such loan or advance would not cause the member to be indebted to the credit union in an aggregate amount exceeding 10% of the credit union's total unimpaired shares and surplus.

4. Direct Boat, Camper, Trailer, or Recreational Vehicle Loans. Notwithstanding the loan maturity requirements of M.G.L. c. 171, § 62, a credit union may make a direct loan to a member to finance a boat, camper, trailer, or recreational vehicle for a term of up to 20 years or the useful life of the collateral, whichever is less. Such boat, camper, trailer, or recreational vehicle loan may be up to any amount, provided such loan or advance would not cause the member to be indebted to the credit union in an aggregate amount exceeding 10% of the credit union's total unimpaired shares and surplus.

5. Indirect Boat, Camper, Trailer, or Recreational Vehicle Loans. Notwithstanding the loan maturity requirements of M.G.L. c. 171, § 62, a credit union may make an indirect loan to a member to finance a boat, camper, trailer, or recreational vehicle for a term of up to 20 years or the useful life of the collateral, whichever is less. Such boat, camper, trailer, or recreational vehicle loan may be up to any amount, provided such loan or advance would not cause the member to be indebted to the credit union in an aggregate amount exceeding 10% of the credit union's total unimpaired shares and surplus.

6. Loan Policies. Any such loan made under 209 CMR 50.06(3)(i)1. through 5. shall be:

- a. made in accordance with a detailed written loan policy approved by the credit union's directors;
- b. evidenced by a note of the borrower; and
- c. secured by a perfected pledge or security interest in the collateral.

7. Aggregate Outstanding Loan Balance Limitations. Credit unions making home improvement, mobile home and boat, camper, trailer, and recreational vehicle loans under 209 CMR 50.06(3)(i)1. through 5. shall be subject to the aggregate outstanding loan balance limitations of M.G.L. c. 171, § 60 through 62, respectively. A credit union shall aggregate all loans made under M.G.L. c. 171, § 60 through 62 with loans made under 209 CMR 50.06(3)(i)1. through 5. in calculating its maximum outstanding loan limitations under 209 CMR 50.06(3)(i)7..

209 CMR 50.06 is further amended by striking out 209 CMR 50.06(3)(m) and replacing it with the following:

(m) Consumer Loan Participations. A credit union may, by written agreement, make or invest in consumer loan participations with other credit unions, federal credit unions, federally-insured banks, any state or federal government agency and any subdivision thereof, subject to the terms and conditions applicable to federal credit unions found in 12 CFR

§ 701.22(b) through 12 CFR § 701.22(d). For the purposes of 209 CMR 50.06(3)(m), a consumer loan shall include any loan made under M.G.L. c. 171, §§ 59-59A and 209 CMR 50.06(3)(e) through 209 CMR 50.06(3)(g). A credit union may invest in the aggregate up to 10% of its assets in consumer loan participation interests.

(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, federally-insured banks, any state or federal government agency and any subdivision thereof, subject to the terms and conditions applicable to federal credit unions found in 12 CFR §701.22(b) through 12 CFR § 701.22(d), or any credit union service organization meeting the requirements of 209 CMR 50.06(3)(c) 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.

209 CMR 50.06 is hereby amended by adding at the end thereof the following:

(p) Additional Powers.

1. General. The authorities provided in 209 CMR 50.06(3)(p) 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 12 CFR § 721 pursuant to regulations, guidelines or written opinions of the General Counsel of the NCUA only if the Commissioner affirmatively determines by regulation or in writing that the activity is reasonably related to an individual power set out in 209 CMR 50.06(3)(p).

2. Permissible Activities.

(a) Certain Correspondent Services. A credit union may perform internal audits.

(b) Certain Finders Activities. A credit union may make insurance,

mutual fund, and annuities available to its members through outside vendors subject to the requirements of 12 CFR § 721 and Massachusetts law, and may provide additional finder activities.

(c) Loan-related Products. A credit union may provide the following loan-related products: debt cancellation agreements and debt suspension agreements.

(d) Trustee or Custodial Services through Outside Vendors. A credit union may offer trustee or custodial services as defined at 209 CMR 50.04 through outside vendors.

(e) Trustee or Custodial Services. A credit union may offer trustee or custodial services as defined at 209 CMR 50.04.

209 CMR 50.07 is hereby amended by striking out 209 CMR 50.07 and replacing it with the following:

209 CMR 50.07: Incidental Powers.

209 CMR 50.09(3) is hereby amended by adding at the end thereof the following:

(d) Leasing.

1. Authority. A credit union may engage in automobile and personal property lease financing transactions with its members on a net, full payout basis. Such automobile and personal leasing activities may be conducted on either a direct or indirect basis and on either an open or closed end basis.

2. Conditions and limitations. All credit union leasing activities shall strictly conform to the conditions and limitations set forth in 12 CFR Part 714, Leasing NCUA Interpretive Ruling and Policy Statement 83-3, FCU Leasing of Personal Property to Members, (November 16, 1983). Those requirements include, but are not limited to, provisions governing maximum residual value; salvage values over leased property; and, contingent liability insurance policy endorsements for leasing. Credit union leasing activities shall remain subject to applicable usury limits under Massachusetts law.

(e) Additional Powers.

1. General. The authorities provided in 209 CMR 50.09(3)(e) 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 12 CFR § 721 pursuant to regulations, guidelines or written opinions of the General Counsel of the NCUA only if the Commissioner affirmatively determines by regulation or in writing that the activity is reasonably related to an individual power set out in 209 CMR 50.09(3)(e).

2. Notice Process for Certain Activities. A credit union 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 may engage in the activity listed under 209 CMR 50.09(3)(e)4.a. by providing the Commissioner written notice within ten days after commencing the new activity.

3. General Provisions for Trustee or Custodial Services through Outside Vendors. 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 50.09(3)(e)4.b. by providing the Commissioner written notice within ten days after commencing the new activity.

4. Permissible Activities.

a. Non-Member Monetary Instrument Services. As set forth in NCUA Opinion Letter 02-0250, a credit union, in order to provide monetary instrument services pursuant to 209 CMR 50.09(3)(e)4.a. may engage in the following: may establish a simplified membership program, with a non-dividend bearing membership account; with appropriate limitations may provide wire transfer services as a promotional activity pursuant to 209 CMR 50.12(4)(j)2.g. and 209 CMR 50.09(3)(e)4.a.; and in appropriate circumstances may provide wire transfer services as a charitable activity. A credit union may also offer check cashing and money transfer services to certain nonmembers within the credit union's field-of-membership including the following: the sale of negotiable checks, travelers checks, money orders and other similar money transfer instruments; the cashing of checks and money orders; and the receiving of international and domestic electronic fund transfers.

b. Trustee or Custodial Services through Outside Vendors. A well capitalized credit union may offer trustee or custodial services as defined at 209 CMR 50.04 through outside vendors.

209 CMR 50.12 is hereby amended by striking out 209 CMR 50.12 in its entirety and inserting in place thereof the following:

50.12: Activities Requiring No Application or Notice

(1) A credit union that is well capitalized and has not been notified that it is significantly undercapitalized may engage in the activities listed in 209 CMR 50.12(4)(a), 209 CMR 50.12(4)(b) and 209 CMR 50.12(4)(c) 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 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 50.12(4)(d), 209 CMR 50.12(4)(e), 209 CMR 50.12(4)(f) and 209 CMR 50.12(4)(g) 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.

(3) 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 activities listed in 209 CMR 50.12(4)(h), 209 CMR 50.12(4)(i) and 209 CMR 50.12(4)(j) 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.

(4) A credit union may engage in the following activities pursuant to 209 CMR 50.12(1), 209 CMR 50.12(2) or 209 CMR 50.12(3):

(a) Deposits in Federally Insured Banks and Credit Unions.

1. Types of Deposits.

a. A credit union may invest in the deposits, including certificates of deposit, of federally insured banks located within or without the Commonwealth, provided such institutions are

"well capitalized" under applicable federal share or deposit insurance laws and regulations.

b. A credit union may invest in the shares and deposits, including certificates of deposit, of federally insured credit unions located within or without the Commonwealth, provided such institutions are "well capitalized" under applicable federal share or deposit insurance laws and regulations.

c. Certificates of deposit authorized by 209 CMR 50.12(4)(a)1.a. and b. may exceed two years in maturity provided such investment is consistent with a credit union's formal asset liability management strategy.

2. Investment Policies. The investments authorized by 209 CMR 50.12(4)(a)1.a. through c. shall conform to written investment policies which meet the requirements of Regulatory Bulletin Manual, 2.2-101, entitled *Investment Policy Minimum Requirements* (1998 ed.), and any amendments thereto.

3. Cash on Hand Requirements. Deposits or certificates of deposit authorized by 209 CMR 50.12(4)(a)1.a. and b. shall not qualify towards the cash on hand requirements of M.G.L. c. 171, § 71, unless the deposit or certificate of deposit meets the maturity and eligible depository requirements of M.G.L. c. 171, § 71.

(b) Non-Member Deposits.

1. Corporate Credit Unions. A credit union may accept deposits from the Central Credit Union Fund, Inc., or a corporate credit union, as defined by M.G.L. c. 171, § 1, for liquidity purposes. Said deposits shall not exceed federal or excess share insurance limits and shall comply with the maximum deposit limitations of M.G.L. c. 171, § 30.

2. Credit Unions. A credit union may accept deposits for any purpose from another credit union or a federally chartered credit union having its main office in the Commonwealth. Said deposits shall not exceed federal or excess share insurance limits and shall comply with the maximum deposit limitations of M.G.L. c. 171, § 30.

(c) Additional Investment Authorities. A credit union may invest or engage in investment repurchase transactions; securities lending transactions; borrowing repurchase transactions, including reverse repurchase transactions; and federal funds from any financial institution insured by the Federal Deposit Insurance Corporation or the NCUA subject to the terms and conditions applicable to federal credit unions found in 12 CFR Part 703. Any investments made under 209 CMR 50.12(4)(c) shall be made in accordance with a detailed written policy approved and reviewed annually by the credit union's directors.

(d) Interest Bearing Corporate Checking Accounts. To the extent permitted by federal law, a credit union may pay dividends on organization member share draft accounts and may permit such

organization members to make withdrawals from such accounts by negotiable or transferable instruments or other orders for the purpose of making transfers to third parties; provided, however, that the entire beneficial interest in such account shall be held by an organization member.

(e) Treasury Tax and Loan Depositories. A credit union may establish Treasury Tax and Loan Remittance Accounts subject to the requirements and limitations of 12 U.S.C. § 1767(a) and 12 CFR § 701.37, its implementing regulations. Such authority shall not extend to acting as a fiscal agent or depository for the Commonwealth or its political subdivisions unless expressly authorized by Massachusetts law.

(f) Investments in Land, Building, Improvements, and Equipment. A credit union may invest up to \$500,000 in land, building, improvements and equipment not to exceed \$500,000 for one parcel of real estate or purchase of equipment per transaction.

(g) Purchase of Loan Portfolios from Any Federally Insured Credit Union. Notwithstanding the general provisions in M.G.L. c. 171, a credit union meeting the eligibility requirements set forth in 209 CMR 50.12(2) 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.

(h) Purchase and Sale of Loan Portfolios.

1. General. A credit union may purchase, sell or pledge any consumer or mortgage loan made under M.G.L. c. 171 or 209 CMR 50.00 *et seq.*, (hereinafter "eligible obligation") subject to the requirements of 209 CMR 50.12(4)(h)2..

2. Requirements. All loan purchases, sales or pledges under 209 CMR 50.12(4)(h)2. shall conform to the procedural and substantive requirements of 12 CFR § 701.23(b) governing the purchase of eligible obligations; 12 CFR § 701.23(c) governing the sale of eligible obligations; and 12 CFR § 701.23(d) governing the pledge of eligible obligations.

(i) Mortgage Loans Written in Accordance with Certain Mortgage Loan Programs of Public Instrumentalities. A credit union may make first and subsequent lien residential mortgage loans, other than reverse mortgage loans, to members if said loans are written in accordance with mortgage loan programs of public instrumentalities created by the commonwealth, its municipalities, or the federal government 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, unless such loan is immediately assigned to the public instrumentality or other entity as part of the program. All activities pursuant to 209 CMR 50.12(4)(i) shall be undertaken in a manner consistent with applicable guidelines.

(j) Additional Powers.

1. General. The authorities provided in 209 CMR 50.12(4)(j)2. 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 12 CFR § 721 pursuant to regulations, guidelines or written opinions of the General Counsel of the NCUA only if the Commissioner affirmatively determines by regulation or in writing that the activity is reasonably related to an individual power set out in 209 CMR 50.12(4)(j)2.

A credit union 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 may engage in the activities listed in 209 CMR 50.12(4)(j)2. 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. Permissible Activities.

a. Certification Services. A credit union may provide the following certification services: notary services, signature guarantees, certification of electronic signatures, and share draft certifications.

b. Correspondent services. A credit union may provide the following correspondent services to other federally-insured credit unions: loan processing, loan servicing, member check cashing services, disbursing share withdrawals and loan proceeds, cashing and selling money orders, and automated teller machine deposit services.

c. Electronic Financial Services. A credit union may provide the following electronic financial services: automated teller machines, electronic fund transfers, online transaction processing through a web site, web site hosting services, account aggregation services, and Internet access services to perform or deliver products or services to members.

d. Excess Capacity.

1. Agreements Relative to Excess Capacity in Personnel. A credit union with excess capacity in its personnel may enter into an agreement to permit its employees to work elsewhere subject to the provisions of M.G.L. c. 171, § 19.

2. Sale or Lease of Excess Capacity in Data Processing Equipment or Services. A credit union may sell or lease the excess capacity in data processing equipment or services.

3. Sale or Lease of Excess Capacity in Facilities, Equipment or Office Space. A credit union may sell or lease the excess capacity in facilities, equipment or office space.

e. Financial Counseling. A credit union may provide advice, guidance or services to members to promote thrift or to otherwise assist members on financial matters and may provide the following financial counseling services if said services are provided by the credit union for a fee: income tax preparation service; electronic tax filing for members; counseling regarding estate and retirement planning; investment counseling; and debt and budget counseling.

f. Finder Activities. A credit union may provide the following finder activities by offering products and services to members through outside vendors: through the sale of advertising space on the credit union's web site and account statements and receipts; and selling statistical or consumer financial information to outside vendors to facilitate the sale of their products to the members of the credit union.

g. Marketing Activities. A credit union may engage in the following marketing activities: advertising and other promotional activities such as raffles, membership referral drives, and the purchase or use of advertising.

h. Member Monetary Instrument Services. A credit union may provide the following monetary instrument services: sale and exchange of foreign currency and U.S. commemorative coins; use of a credit union's accounts in foreign financial institutions to facilitate members' transfer and negotiation of checks denominated in foreign currency; and engaging in monetary transfer services for members, provided, however, that under no circumstances can a credit union engage in foreign exchange activities for speculative purpose for its own account.

i. Stored Value Products. A credit union may provide the following stored value products: stored value cards, public transportation tickets, event and attraction tickets, gift certificates, prepaid phone cards, postage stamps, and electronic benefits transfer script, and similar media.

j. Health Savings Accounts. A credit union may offer health savings accounts, as defined at 209 CMR 50.04.

209 CMR 50.13 is hereby amended by striking out 209 CMR 50.13 in its entirety and replacing it with the following:

209 CMR 50.13 Regulatory Flexibility Program.

209 CMR 50.14(1) is hereby amended by adding at the end thereof the following:

The following activities will require no application or notice notwithstanding internal cross-references within 209 CMR 50.00.

209 CMR 50.14 is further amended by striking out 209 CMR 50.14(2)(a) and replacing it with the following:

(a) Consumer Loans. A credit union may make a personal loan not to exceed \$30,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, to a member for a term of up to 12 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).

209 CMR 50.14 is further amended by striking out 209 CMR 50.14(2)(e) through 209 CMR 50.14(2)(j), inclusive, and inserting in place thereof the following:

- (e) Home Improvement Loans. A credit union may make a loan up to \$125,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, 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)7., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(i)1. and 209 CMR 50.06(3)(i)6..

- (f) Direct Mobile Home Loans. A credit union may make a loan up to \$125,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, for a mobile home, as defined by M.G.L. c. 171, §61, for a term of up to 20 years or the useful life of the mobile home, whichever is less. Any such mobile 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)7., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(i)2. and 209 CMR 50.06(3)(i)6..

- (g) Direct Boat, Camper, Trailer, or Recreational Vehicle Loans. A credit union may make a direct loan to a member to finance a boat, camper, trailer or recreational vehicle not to exceed \$100,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, for a term up to 20 years. Any such direct boat, camper, trailer or recreational vehicle loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(i)4. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(i)7., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(i)4. and 209 CMR 50.06(3)(i)6..

- (h) First Lien Residential Mortgages. A credit union may make first lien residential mortgage loans to members not to exceed \$900,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, 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)4.

- (i) Closed-end Home Equity Mortgages. A credit union may make a closed-end home equity residential mortgage loan secured by a non-purchase money first lien or a second or subsequent lien to a member up to \$250,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, 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)4.

- (j) Open-end Home Equity Mortgages. A credit union may make an open-end home equity residential mortgage loan secured by a non-purchase money first lien or a second or subsequent lien to a member up to \$250,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, 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)4.

209 CMR 50.14(2) is further amended by adding at the end thereof the following two paragraphs:

- (l) 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)1. and 209 CMR 50.06(3)(j)4. to meet the distinct needs of low to moderate income members or as part of a first-time home buyer program. 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.

(m) 100% Loan to Value Residential Mortgage Loans. A credit union may make first lien residential mortgage loans, not exceeding 100% 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)1. and 209 CMR 50.06(3)(j)4. and shall obtain appropriate credit enhancement in the form of mortgage insurance or readily marketable collateral, provided, however, that such loans made pursuant to 209 CMR 50.14(2)(m) for an amount less than \$35,000.00 shall not require such credit enhancement. 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.

209 CMR 50.15(1) is hereby amended by adding at the end thereof the following:

The following activities will require no application or notice notwithstanding internal cross-references within 209 CMR 50.00.

209 CMR 50.15(3) is hereby amended by striking out 209 CMR 50.15(3)(a) and replacing it with the following:

- (a) Consumer Loans. A credit union may make a personal loan not to exceed \$20,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, to a member for a term of up to 12 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).

209 CMR 50.15(3) is further amended by striking out 209 CMR 50.15(3)(d) through 209 CMR 50.15(3)(i), inclusive, and inserting in place thereof the following:

- (d) Home Improvement Loans. A credit union may make a loan up to \$75,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, 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)7., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(i)1. and 209 CMR 50.06(3)(i)6..

- (e) Direct Mobile Home Loans. A credit union may make a loan up to \$75,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, for a mobile home, as defined by M.G.L. c. 171, §61, for a term of up to 20 years or the useful life of the mobile home, whichever is less. Any such mobile 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)7., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(i)2. and 209 CMR 50.06(3)(i)6..

- (f) Direct Boat, Camper, Trailer, and Recreational Vehicle Loans. A credit union may make a direct loan to a member to finance a boat, camper, trailer, or recreational vehicle not to exceed \$75,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, for a term up to 20 years. Any such boat, camper, trailer, or recreational vehicle loan shall be included in the loan limitations per member set forth at 209 CMR 50.06(3)(i)4. and the aggregate outstanding loan balance limitations set forth at 209 CMR 50.06(3)(i)7., and shall be subject to all conditions set forth in 209 CMR 50.06(3)(i)4. and 209 CMR 50.06(3)(i)6..

- (g) First Lien Residential Mortgages. A credit union may make first lien residential mortgage loans to members not to exceed \$500,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, 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)4.

- (h) Closed-end Home Equity Mortgages. A credit union may make a closed-end home equity residential mortgage loan secured by a non-purchase money first lien or a second or subsequent lien to a member up to \$125,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, 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)4.

- (i) Open-end Home Equity Mortgages. A credit union may make an open-end home equity residential mortgage loan secured by a non-purchase money first lien or a second or subsequent lien to a member up to \$125,000 or 10% of the credit union's total unimpaired capital and surplus, whichever is greater, 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)4.

209 CMR 50.15(3) is further amended by adding at the end thereof the following two paragraphs:

(k) 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)1. and 209 CMR 50.06(3)(j)4. to meet the distinct needs of low to moderate income members or as part of a first-time home buyer program. 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.

(l) 100% Loan to Value Residential Mortgage Loans. A credit union may make first lien residential mortgage loans, not exceeding 100% 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)1. and 209 CMR 50.06(3)(j)4. and shall obtain appropriate credit enhancement in the form of mortgage insurance or readily marketable collateral, provided, however, that such loans made pursuant to 209 CMR 50.15(3)(l) for an amount less than \$35,000.00 shall not require such credit enhancement. 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.

209 CMR 50.16 is amended by striking it out in its entirety.