

Division of Banks

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

March 20, 2008

Summary

A. New authorities:

1. Authorize credit union service organizations (“CUSOs”) to engage in securities brokerage:

This amendment would add securities brokerage services as a permissible activity for CUSOs. The existing provision, which prohibits securities brokerage services, excluding third party arrangements with independent vendors, would be repealed, and the remaining prohibitions, which are for fixed asset services, travel agency services, and real estate brokerage, would be renumbered.

2. Increase unsecured and secured personal loans from maximum term of 12 years up to maximum term of 15 years:

This amendment would increase the maximum term of consumer loans from 12 years to 15 years. The amendment would reflect the same increase at the federal level which became effective in 2007.

3. Authorize indirect mobile home loans:

This amendment would add approval authority for 20-year indirect mobile home loans.

4. Authorize credit unions to enter into consumer loan participations and non-residential real estate loan participations with CUSOs:

These two amendments would authorize credit unions to enter into consumer loan participations and non-residential real estate loans participations with CUSOs.

5. Authorize additional money transfer services for nonmembers:

This amendment would authorize credit unions to offer check cashing and money transfer services to certain nonmembers within the credit union’s field-of-membership. This authority would include (1) selling negotiable checks, travelers checks, money orders and other similar money transfer instruments; (2) cashing checks and money orders; and (3) receiving international and domestic electronic fund transfers.

B. Amendments to making certain authorities easier to implement:

The following amendments would make the specified authorities easier for credit unions to implement:

1. Amend leasing provision previously requiring approval to require notice;
2. Amend purchase and sale of loan portfolios provisions previously requiring approval or notice to require neither approval nor notice;
3. Amend lease of excess capacity provision previously requiring notice to require no notice or approval;
4. Amend specified financial counseling services provision previously requiring approval to require no notice or approval;
5. Amend interest bearing corporate checking accounts provision previously requiring notice to require no notice or approval;
6. Amend treasury tax and loan depositories provision previously requiring notice to require no notice or approval;
7. Amend provision authorizing soft second mortgages previously requiring notice to require no notice or approval;
8. Increase term of consumer loans from 6 years to 12 years in 209 CMR 50.14 and 209 CMR 50.15; and
9. Addition of 97% LTV and 100% LTV mortgages to 209 CMR 50.14 and 209 CMR 50.15.

C. Clarifications and Technical Corrections:

Following are various clarifications and technical amendments:

1. Technical correction to update NCUA citation in leasing authority;
2. Clarify correspondent services under Incidental Powers to limit to federally-insured credit unions;
3. Technical corrections to mortgage authorities in 209 CMR 50.14 and 209 CMR 50.15 eliminating cross reference that requires prior approvals.