

## **Final Amendments – Effective 12/19/25**

209 CMR 50.00 is hereby amended by striking out the text in its entirety and replacing it with the following:--

209 CMR 50.00:                   PARITY WITH FEDERAL CREDIT UNIONS

### Section

50.01: Purpose and Scope

50.02: Definitions

50.03: Advisory Opinions

50.04: Credit Union Eligibility to Conduct Activities

50.05: Application Process to Conduct Certain Activities

50.06: Notice Process to Conduct Certain Activities

50.07: Activities Requiring No Application or Notice

50.08: Credit Union Service Organizations

### 50.01: Purpose and Scope

The purpose of 209 CMR 50.00 *et seq.* is to specify authorized powers and activities of credit unions, pursuant to M.G.L. c. 171, §6A, and to establish procedures and requirements, applicable to credit unions seeking to exercise powers granted to or conduct activities authorized for federal credit unions under federal law, to the extent that such powers are not otherwise prohibited.

In determining whether or not to authorize any power or activity, the Commissioner shall also determine whether or not competition among credit unions will be unreasonably affected and whether public convenience and advantage will be promoted.

A credit union may, under M.G.L. c. 171, §6A and 209 CMR 50.00 *et seq.*, exercise only those powers and engage in only those activities expressly authorized by the Commissioner as set forth in 209 CMR 50.00 *et seq.* Powers and activities not so authorized are prohibited.

209 CMR 50.00 *et seq.* shall apply only to credit unions as defined by 209 CMR 50.02.

Any power authorized and exercised pursuant to 209 CMR 50.00 *et seq.* shall be independent from, and in addition to, any other powers granted to credit unions under applicable General Laws, or regulations promulgated thereunder. The express powers granted to credit unions under the General Laws are not limited or otherwise restricted by 209 CMR 50.00 *et seq.*

Any lending power authorized and exercised pursuant to 209 CMR 50.00 *et seq.* shall be subject to the limitations on total obligations to one borrower found in M.G.L. c. 171, § 58, unless otherwise specified in 209 CMR 50.00.

## 50.02: Definitions

As used in 209 CMR 50.00 *et seq.*, the following words shall, unless the context otherwise requires, have the following meanings:

Adequately Capitalized. A credit union shall be deemed adequately capitalized if the credit union meets the definition of an adequately capitalized institution as defined under the prompt corrective action provisions of the Federal Credit Union Act, 12 U.S.C. § 1790d, and the regulations promulgated by the NCUA.

Automobile. The word automobile shall include a motorcycle or a truck.

Commissioner. The commissioner of banks, including the Division of Banks.

Credit union. A credit union chartered pursuant to M.G.L. c. 171 and subject to examination and supervision by the Commissioner under M.G.L. c. 167.

CUSO. A credit union service organization authorized under 209 CMR 50.08.

Federal law. The Federal Credit Union Act, 12 U.S.C. § 1781 *et seq.*, and its implementing regulations; any other federal statute or regulation authorizing a federal credit union to engage in activities; and, any officially published interpretation or guideline issued thereunder, by the NCUA. An "officially published guideline" must be formally published and circulated by the NCUA or a commercial publisher and be generally available to the public. This phrase shall not include a private, unpublished staff attorney letter issued to a federal credit union.

NCUA. The National Credit Union Administration.

Real Estate Loan. The term real estate loan shall mean a loan secured by a mortgage on an owner-occupied one-to-four family property; on an owner-occupied unit of a condominium; or a loan secured by a mortgage on non-owner occupied, commercial or any other type of real estate that is authorized pursuant to M.G.L. c. 171 and 209 CMR 50.00. Real Estate Loan shall also mean a loan secured by a mortgage on a manufactured home that is permanently affixed to the land, qualifies as real property by being titled as real property under the laws of the state where it is located, and qualifies for a home mortgage interest deduction under the Internal Revenue Code.

Troubled Condition. A credit union is deemed to be in troubled condition if notified of such by the Division or the NCUA pursuant to the Federal Credit Union Act and the regulations promulgated by the NCUA.

Well Capitalized. A credit union shall be deemed to be well capitalized if the credit union meets the definition of a well capitalized institution as defined under the prompt corrective action provisions of the Federal Credit Union Act, 12 U.S.C. § 1790d, and the regulations promulgated by the NCUA.

## 50.03: Advisory Opinions

The Commissioner may issue from time to time advisory rulings, pursuant to M.G.L. c. 30A, § 8, interpreting any provision of the regulations issued hereunder. Each regulation or officially published interpretation or guideline issued by the NCUA which interprets a provision of federal law, as defined by 209 CMR 50.02, similar in substance to a provision of 209 CMR 50.00 *et seq.*, shall, until rescinded by the NCUA, be deemed by the Commissioner to be an advisory ruling issued under M.G.L. c. 30A, § 8; provided, however, that the Commissioner, at any time, may reject such a regulation or officially published interpretation or guideline issued by the NCUA.

#### 50.04: Credit Union Eligibility to Conduct Activities

(1) Financial, Managerial, and Community Requirements. In order to commence an activity pursuant to 209 CMR 50.00 *et seq.* a credit union at a minimum:

- (a) must be well or adequately capitalized,
- (b) shall not be in troubled condition, and
- (c) must have received at least a satisfactory CRA rating at the most recent examination conducted by the Commissioner pursuant to M.G.L. c. 167, § 14.
- (d) Additional requirements may apply depending on the specific activity and applicable federal regulation.

(2) Policy and Procedure Requirements. Any credit union engaging in an activity pursuant to 209 CMR 50.00 *et seq.* must have in place adequate policies and procedures governing the performance of such activity by the credit union and its employees, to minimize any credit, market, liquidity, operational, legal and reputational risks to the credit union. Any credit union engaging in an activity pursuant to 209 CMR 50.00 *et seq.* is deemed to have agreed to conduct the activity in a manner consistent with applicable guidelines.

(3) Review. Any activity undertaken by a credit union pursuant to 209 CMR 50.00 *et seq.* shall remain subject to periodic review by the Commissioner. The Commissioner may modify, curtail, rescind or otherwise limit a credit union's authority to conduct any activity pursuant to 209 CMR 50.00 *et seq.* through a formal or informal remedial action if a credit union ceases to meet any applicable requirements, based upon a report of examination conducted by the Commissioner or the NCUA, or based on other reliable information.

#### 50.05: Application Process to Conduct Certain Activities

(1) General. A credit union that meets the requirements of 209 CMR 50.04(1) may engage in any activity listed under 209 CMR 50.05(3) by submitting an application to, and receiving written approval from the Commissioner before commencing the activity.

(2) Application. The application must include:

- (a) a complete description of the credit union's proposed activity,
- (b) the credit union's investment in such activity,

- (c) a description of the business purpose,
- (d) a description of the anticipated financial and business impact,
- (e) the written policies required by 209 CMR 50.04(2), and
- (f) a confirmation 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.

(3) Activities subject to application and approval. A credit union may engage in the following activities pursuant to application and approval requirements of 209 CMR 50.05:

- (a) Subordinated Debt. A credit union may engage in subordinated debt activities as authorized pursuant to 12 CFR Part 702, Subpart D, including meeting the eligibility standards and complying with the procedural and substantive requirements contained therein.
- (b) Authority to Engage in an Activity that is Not Authorized as within a Credit Union's Incidental Powers. A credit union may submit an application pursuant to this section to engage in activities as set forth in 12 CFR 721.4 that may be within the credit union's incidental powers but that would not be authorized pursuant to 209 CMR 50.07(2)(h).

#### 50.06: Notice Process to Conduct Certain Activities

(1) General. A credit union that meets the requirements of 209 CMR 50.04(1) may engage in any activity listed under 209 CMR 50.06(3), by providing written notice to and receiving a written non-objection from the Commissioner before commencing the activity. The notice must be submitted at least 30 days before the credit union intends to commence the activity. At the time the notice is filed or at any time the notice is pending, a credit union may request that the Commissioner waive and the Commissioner may waive the remaining notice period.

(2) Notice. The written notice must include:

- (a) a complete description of the activity conducted,
- (b) the credit union's investment in such activity, and
- (c) a confirmation that the activity will be conducted in accordance with Massachusetts and federal law. The Commissioner may require other information as deemed necessary.

(3) Activities Subject to Notice. A credit union may engage in the following activities pursuant to the notice and non-objection requirements of 209 CMR 50.06:

- (a) Temporary Branch Offices. A credit union may establish and operate a temporary branch office, to be

open at a designated site for less than a year or on an intermittent basis, subject to the investment limitations to purchase, hold and lease real estate suitable for the transaction of business, found at M.G.L. c. 171, § 75.

(b) Shared Branch Offices.

1. Authority. A credit union may establish and operate a branch office on a shared basis with one or more credit unions or federal credit unions. Relocation and closure of any branch office shall be in accordance with the provisions of M.G.L. c. 171, §§ 8 and 75.
2. Credit Union Service Organizations. Shared branch offices may be established through a CUSO or by written agreement among two or more credit unions. Such CUSO shall comply with 209 CMR 50.08.
3. Mandatory safeguards. Any such CUSO or agreement shall establish adequate safeguards relative to credit union liability for employee breaches of member confidentiality; loss against fraud or dishonesty; and any other risks associated with the operation of a shared branch office.
4. Additional Notification. Additional notice to the Division is not required for every subsequent update in a nationwide shared branching network.
5. Maximum Investment. Shared branch offices shall be subject to the investment limitations to purchase, hold and lease real estate suitable for the transaction of business, found at M.G.L. c. 171, § 75. In the event of a conflict between the investment limitations of M.G.L. c. 171, § 75 and the maximum investment limitations of 209 CMR 50.08(3)(a)l.a. and b. governing CUSOs, the former provision shall control.

(c) Employee Benefits Funded by Impermissible Investments. A credit union may provide employee benefits, including retirement benefits, to its employees and officers, individually or collectively with other credit unions, that are funded by impermissible investments in conformance with the procedural and substantive requirements of 12 CFR § 701.19. A credit union investment to fund an employee benefit plan obligation is not subject to the investment limitations of M.G.L. c. 171 and may purchase an investment that would otherwise be impermissible if the investment is directly related to the credit union's obligation or potential obligation under the employee benefit plan and the credit union holds the investment only for as long as it has an actual or potential obligation under the employee benefit plan.

(d) Derivatives Authority. A credit union may engage in derivatives activities in conformance with the procedural and substantive requirements of 12 CFR § 703, Subpart B and 12 CFR § 741.219(b).

(e) Pilot Investment Program. A credit union may participate in a pilot investment program in conformance with the procedural and substantive requirements of 12 CFR § 703.19(b)(1) through 12 CFR § 703.19(b)(9).

50.07: Activities Requiring No Application or Notice

(1) General. A credit union that meets the requirements of 209 CMR 50.04(1) may engage in the activities listed in 209 CMR 50.07(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) A credit union may engage in the following activities pursuant to 209 CMR 50.07(1):

(a) Additional Consumer Loan Participation Authority Not Included in M.G.L. c. 171. A credit union may, by written agreement, make or invest in consumer loan participations with any credit union service organization or any state or federal government agency and its subdivisions meeting the requirements of 209 CMR 50.07 subject to the terms and conditions applicable to federal credit unions found in 12 CFR § 701.22. For the purposes of 209 CMR 50.07(2)(a), a consumer loan is defined as a loan or line of credit, whether secured by collateral or security of any nature or unsecured, for consumer or other purposes other than a real estate loan.

(b) 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 50.07(2)(b)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. Cash on Hand Requirements. Deposits or certificates of deposit authorized by 209 CMR 50.07(2)(c)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.

(c) 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.

(d) 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.

(e) 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. 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.

(f) Community Development Investments.

1. Investments in Community Development Credit Unions. A credit union may, individually or with other credit unions or federal credit unions, make deposits in, invest in, or lend to, a state or federally chartered credit union designated as a community development or low-income credit union located in the Commonwealth. A credit union's total deposits, investments and loans to all community development credit unions shall not exceed, in the aggregate, 5% of its total paid in and unimpaired capital and surplus, as of its last calendar year-end financial report.

2. Community Development Loan Pools. A credit union may, with other state or federally-chartered credit unions or banks, invest in, or lend to, a residential mortgage loan pool designed to promote affordable housing for low to moderate income persons residing in the Commonwealth for the purpose of meeting its obligations under the Massachusetts Community Reinvestment Act, M.G.L. c. 167, § 14. Such investments and loans shall not exceed, in the aggregate, 5% of the credit union's total paid in and unimpaired capital and surplus, as of its last calendar year-end financial report. Credit unions shall comply with the member business lending provisions found in NCUA Rules and Regulations Part 723 when lending to mortgage loan pools.

(g) Non-Member Deposits.

1. Low Income Designated Credit Unions. A credit union designated in writing as “low income” by the Division of Banks pursuant to G.L. c. 171, § 3 or by the Division of Banks and NCUA pursuant to 12 CFR § 741.204(b) may accept deposits for any purpose from any source up to the limitation set forth at 12 CFR 701.32(b)(1). Said deposits shall not exceed federal or excess share insurance limits. Any acceptance of deposits made under 209 CMR 50.07(2)(g)1. shall be made in accordance with a detailed written policy approved and reviewed annually by the credit union's directors. The authority at 209 CMR 50.07(2)(g)1. shall not apply to public units.

2. Non-low Income Designated Credit Unions. A credit union that is not designated as low income may accept deposits for any purpose from any credit union insured by the NCUA up to the limitation set forth at 12 CFR 701.32(b)(1). Said deposits shall not exceed federal or excess share insurance limits. Any acceptance of deposits made under 209 CMR 50.07(2)(g)2. shall be made in accordance with a detailed written policy approved and reviewed annually by the credit union's directors. The authority at 209 CMR 50.07(2)(g)2. shall not apply to public units.

(h) Additional Powers.

1. General. The authorities provided in 209 CMR 50.07(2)(h)2. are only for those activities listed. A credit union may engage in other activities if they are permitted and determined by the NCUA to be 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 50.07(2)(h)2.

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. Charitable Contributions and Donations. A credit union may make charitable contributions and donations, including gifts the credit union provides to assist others through contributions of staff, equipment, money, or other resources. Examples of charitable contributions include donations to community groups, nonprofit organizations, other credit unions or credit union affiliated causes, as well as donations to create charitable foundations.

c. 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; and may perform internal audits for other credit unions.

d. 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.

e. Excess Capacity.

i. 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.

ii. 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.

iii. 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.

f. 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.

g. Finder Activities. Finder activities are activities in which the credit union introduces or otherwise brings together outside vendors with its members so that the two parties may negotiate and consummate transactions and include vendors of non-financial products, vendors that are other financial institutions, and vendors of financial products such as securities. Finder activities may include endorsing a product or service, negotiating



group discounts on behalf of the credit union's members, offering third party products and services to the credit union's members through the sale of advertising space on its website, account statements and receipts, and selling statistical or consumer financial information to outside vendors to facilitate the sale of their products to credit union members. The credit union may perform administrative functions on behalf of vendors to facilitate transactions between its members and another institution.

h. 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.

i. Member Monetary Instrument Services. A credit union may provide the following monetary instrument services to its members: 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 purposes for its own account.

j. 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, electronic benefits transfer script, and similar media.

k. Health Savings Accounts. A credit union may offer health savings accounts. The term health savings account shall include a tax-advantaged savings account a member may use to pay some medical expenses not covered by health insurance in accordance with 26 U.S.C. § 223 and any guidelines issued by the NCUA.

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

- i. The credit union shall adopt policies relative to debt cancellation or debt suspension agreements to include provisions addressing, but not limited to, disclosures relative to the prohibition against tying; total fees; payment methods and termination process; eligibility requirements; and an affirmative election by the member to purchase a debt cancellation or debt suspension product, and a written acknowledgment of the disclosures with receipt by the member.
- ii. Any agreement between the credit union and the vendor, and any agreements with additional or different third parties in connection with this authority, must include a provision that allows the Division access to its records regarding debt cancellation or debt suspension products for examination purposes. Any agreement with the vendor or any additional or different third parties must include provisions granting the Division access to the books and records of third party providers for the purpose of verifying compliance with applicable laws, rules, regulations and regulatory guidelines.
- iii. The credit union shall also be subject to any directives and regulations the National Credit Union Administration and the Division may promulgate in the future on debt cancellation or debt suspension products.

iv. Should the credit union decide to compensate member service representatives for the sale of debt cancellation or debt suspension agreements, said compensation would have to be at a nominal level. The credit union would be required to establish written policies and internal controls in connection with said incentive and monitor compliance with such policies and controls at least annually.

m. Charitable Donation Accounts. A credit union may establish charitable donation accounts. All charitable donation accounts shall conform to the procedural and substantive requirements of 12 CFR § 721.3(b)(2).

n. Operational Programs. A credit union may provide payroll services.

o. Trustee or Custodial Services through Outside Vendors. A credit union may offer trustee or custodial services as defined at 12 CFR § 721.3 either directly or through outside vendors.

(i) Services for Nonmembers within the Field of Membership. A credit union may engage in services for nonmembers within the credit union's field of membership as set forth in 12 CFR § 701.30.

(j) Permissible Investment Activities.

Permissible Investment Activities. A credit union may engage in the following permissible investment activities:

1. Regular way settlement and delivery versus payment basis pursuant to 12 CFR § 703.13(a);
2. Federal funds pursuant to 12 CFR § 703.13(b);
3. Investment repurchase transactions pursuant to 12 CFR § 703.13(c);
4. Borrowing repurchase transactions pursuant to 12 CFR § 703.13(d); and
5. Securities lending transactions pursuant to 12 CFR § 701.13(e).

All activities under 209 CMR 50.07(2)(j) shall conform to the procedural and substantive requirements of 12 CFR 703.13.

(k) Permissible Investments.

Permissible Investment Activities. A credit union may engage in the following permissible investments:

1. Variable rate investment pursuant to 12 CFR § 703.14(a);
2. Corporate credit union shares or deposits pursuant to 12 CFR § 703.14(b);
3. Registered investment company pursuant to 12 CFR § 703.14(c);

4. Collateralized mortgage obligation/real estate mortgage investment conduit pursuant to 12 CFR § 703.14(d);
5. Municipal security pursuant to 12 CFR § 703.14(e);
6. Instruments issued by institutions described in Section 107(8) of the Act pursuant to 12 CFR § 703.14(f);
7. Mortgage note repurchase transactions pursuant to 12 CFR § 703.14(h);
8. Zero-coupon investments pursuant to 12 CFR § 703.14(i);
9. Commercial mortgage related security pursuant to 12 CFR § 703.14(j);
10. Loan pipeline management pursuant to 12 CFR § 703.14(k); and
11. Embedded options pursuant to 12 CFR § 703.14(l).

All activities under 209 CMR 50.07(2)(k) shall conform to the procedural and substantive requirements of 12 CFR 703.14.

#### 50.08 Credit Union Service Organizations.

(1) General. A credit union that meets the requirements of 209 CMR 50.04(1) may engage in any activity listed under 209 CMR 50.08(3), by providing written notice to and receiving a written non-objection from the Commissioner before commencing the activity. Notice is required for each activity pursuant to 209 CMR 50.08. The written notice must be submitted at least 30 days before the credit union intends to commence the activity. At the time the notice is filed or at any time the notice is pending, a credit union may request that the Commissioner waive and the Commissioner may waive the remaining notice period.

(2) Notice. The written notice must include:

- (a) a complete description of the activity conducted,
- (b) the credit union's investment in such activity, and
- (c) a confirmation that the activity will be conducted in accordance with Massachusetts and federal law. The Commissioner may require other information as deemed necessary.

(3) Activities Subject to Notice. A credit union may engage in the following activities pursuant to 209 CMR 50.08(3):

(a) Investments in Credit Union Service Organizations. A credit union may, individually or with other credit unions, federal credit unions, or non-credit union parties, invest in one or more CUSOs. Investments in or loans to CUSOs are permissible only if the CUSO primarily services credit unions, its membership, or the membership of credit unions contracting with the CUSO, provided, however, with respect to any CUSO service as set out in 209 CMR 50.08(3)(a)2.s., this requirement is met if the CUSO primarily provides such services to persons who are eligible for membership in the credit union

or are eligible for membership in credit unions contracting with the CUSO. Such investments in or loans to CUSOs shall otherwise conform to the customer base requirements of 12 CFR §712.3(b) and shall conduct activities and services related to the routine, daily operations of a credit union. Investments in or loans to CUSOs are permissible only if said CUSO limits itself at all times to those activities that can be conducted by a CUSO pursuant to 209 CMR 50.08(3). Investment or lending pursuant to 209 CMR 50.08(3) shall be subject to the following conditions and limitations:

1. Maximum Investment.

a. Equity Investments. A credit union may invest in the shares, stocks or obligations of any other organization, providing services which are associated with the routine operations of credit unions, up to 1% of its total paid in and unimpaired capital and surplus, as of its last calendar year-end financial report, subject to 209 CMR 50.08.

b. Lending. A credit union's total loans to all CUSOs shall not exceed, in the aggregate, 1% of its total paid in and unimpaired capital and surplus, as of its last calendar year-end financial report. The lending authority under 209 CMR 50.08(3)(a)l.b. is independent from the investment authority authorized under 209 CMR 50.08(3)(a)l.a.

c. Investment Limitations. The investment authorized by 209 CMR 50.08(3)(a)l.a. shall not include the power to acquire control, directly or indirectly, of another financial institution or to invest in shares, stocks or 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.

2. Permissible Activities. A credit union may invest in, or lend to a CUSO that engages in any of the following activities:

a. Checking and Currency Services.

i. Check cashing;

ii. Coin and currency services;

iii. Money order, savings bonds, travelers checks, and purchase and sale of U.S. Mint commemorative coins services; and

iv. Stored value products.

b. Clerical, Professional and Management Services.

i. Accounting services;

ii. Courier services;

iii. Credit analysis;

iv. Facsimile transmissions and copying services;

v. Internal audits for credit unions;

- vi. Locator services;
  - vii. Management and personnel training and support;
  - viii. Marketing services;
  - ix. Research services;
  - x. Supervisory committee audits;
  - xi. Excess Capacity. Agreements Relative to Excess Capacity in Personnel. A CUSO 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, and applicable state and federal law.
- c. Electronic Transaction Services.
- i. Automated teller machine (ATM) services;
  - ii. Credit card and debit card services;
  - iii. Data processing;
  - iv. Electronic fund transfer (EFT) services;
  - v. Electronic income tax filing;
  - vi. Payment item processing;
  - vii. Wire transfer services; and
  - viii. Cyber financial services.
- d. Financial Counseling Services.
- i. Developing and administering Individual Retirement Accounts (IRA), Keogh, deferred compensation, and other personnel benefit plans;
  - ii. Estate planning;
  - iii. Financial planning and counseling;
  - iv. Income tax preparation;
  - v. Investment counseling;
  - vi. Retirement counseling; and
  - vii. Business counseling and consultant services.
- e. Fixed asset services.

- i. Management, development, sale, or lease of fixed assets;  
and
  - ii. Sale, lease, or servicing of computer hardware or software;
- f. Insurance brokerage or agency.
  - i. Agency for sale of insurance;
  - ii. Provision of vehicle warranty programs;
  - iii. Provision of group purchasing programs; and
  - iv. Real estate settlement services.
- g. Leasing.
  - i. Personal property; and
  - ii. Real estate leasing of excess CUSO property.
- h. Loan Support Services.
  - i. Debt collection services;
  - ii. Loan processing, servicing, and sales;
  - iii. Sale of repossessed collateral;
  - iv. Real estate settlement services;
  - v. Purchase and servicing of non-performing loans; and
  - vi. Referral and processing of loan applications for members whose loan applications have been denied by the credit union;
- i. Record Retention, Security and Disaster Recovery Services.
  - i. Alarm-monitoring and other security services;
  - ii. Disaster recovery services;
  - iii. Microfilm, microfiche, optical and electronic imaging, CD-ROM data storage and retrieval services;
  - iv. Provision of forms and supplies; and
  - v. Record retention and storage.

- j. Securities Brokerage Services.
- k. Shared credit union branch (service center) operations.
- l. Travel agency services.
- m. Trust and Trust-Related Services.
  - i. Acting as administrator for prepaid legal service plans;
  - ii. Acting as trustee, guardian, conservator, estate administrator, or in any other fiduciary capacity; and
  - iii. Trust services;
- n. Real estate brokerage services.
- o. CUSO Investments in Non-CUSO Service Providers. In connection with providing a permissible service, a CUSO may invest in a non-CUSO service provider. The amount of the CUSO's investment is limited to the amount necessary to participate in the service provider, or a greater amount if necessary to receive a reduced price for goods or services.
- p. Payroll processing services.
- q. Loan origination, including originating, purchasing, selling, and holding any type of loan permissible for Massachusetts-chartered credit unions to originate, purchase, sell, and hold, including the authority to purchase and sell participation interests that are permissible for Massachusetts-chartered credit unions to purchase and sell;
- r. Other categories of activities as approved in writing by the NCUA and published on the NCUA's website.
- s. Check Cashing and Money Transfer Services to Certain Nonmembers Who Are Eligible for Specified Fields of Membership.
  - i. Selling negotiable checks, travelers checks, money orders and other similar money transfer instruments;
  - ii. Cashing checks and money orders; and
  - iii. Receiving international and domestic electronic fund transfers.

(4) Corporate Requirements.

(a) Corporate Structure. A credit union may invest in or lend to a CUSO structured as a business corporation, provided such entity is established and maintained under relevant

federal or state law, or limited liability company or limited partnership, provided such entity is established and maintained under relevant state law. A credit union may also invest in a CUSO pursuant to 209 CMR 50.08 if said CUSO limits itself at all times to those activities that can be conducted by a CUSO pursuant to 209 CMR 50.08(3).

(b) Separate Corporate Identity. A CUSO shall maintain a separate and distinct corporate identity from the investing credit union. A credit union or CUSO that complies with the provisions of 12 CFR § 712.3, 12 CFR § 712.4, and 12 CFR § 712.8 shall be deemed to be in compliance with 209 CMR 50.08(4).

(5) Officials and Senior Management Employees. Officials, senior management employees and their immediate family members of a credit union that has outstanding loans or investments in a CUSO shall not receive any salary, commission, investment income, or other income or compensation from the CUSO either directly or indirectly, or from any person being serviced through the CUSO as set forth under 12 CFR § 712.8.

#### REGULATORY AUTHORITY

209 CMR 50.00: M.G.L. c. 171, § 6A.