

Appendix D

Federal Credit Union Powers Considered and Excluded by the Division of Banks

Member Business Loans – 12 U.S.C. §1757(a), 12 CFR §723.

Credit Union Service Organizations (“CUSO”)¹, specific activities and services as follows:

- **Application process to conduct certain CUSO activities pursuant to 209 CMR 50.06(3)(c):**
 - **Clerical, professional and management services.** All activities and services included at 12 CFR § 712.3(b) were included except for the following:
 - Supervisory committee audits [See 12 CFR §712.5(b)(5)].
 - **Fixed asset services.** This category is excluded in its entirety.
 - Management, development, sale or lease of fixed assets [See 12 CFR §712.5(f)(1)]; and
 - Sale, lease or servicing of computer hardware or software [See 12 CFR §712.5(f)(2)].
 - **Insurance brokerage or agency.**² This category is excluded in its entirety. Examples provided within the regulation were as follows:
 - Agency for sale of insurance [See 12 CFR §712.5(g)(1)];
 - Provision of vehicle warranty programs [See 12 CFR §712.5(g)(2)]; and
 - Provision of group purchasing programs [See 12 CFR §712.5(g)(3)].
 - **Securities brokerage services.**³ This category is excluded in its entirety. [See 12 CFR §712.5(k).]
 - **Shared credit union branch (service center) operations.** This category is excluded in its entirety. [See 12 CFR §712.5(l).]
 - **Travel agency services** This category is excluded in its entirety. [See 12 CFR §712.5(n).]
 - **Trust and trust-related services.** This category is excluded in its entirety. Examples provided in the regulation were as follows:
 - Acting as administrator for prepaid legal service plans [See 12 CFR §712.5(o)(1)];

¹ It should be noted that the CUSO activities and services listed in the NCUA regulation set forth by category at 12 CFR §712.5 are pre-approved and illustrative only. The Division’s proposed CUSO powers set forth at 209 CMR 50.06(3) and 209 CMR 50.10 are for those activities and services specified.

² It should be noted that the insurance brokerage or agency prohibition at 209 CMR 50.06(3)(c)3.b. does not extend to third party arrangements with independent vendors. Authority for said third party arrangements is available through the application process.

³ It should be noted that the securities brokerage services prohibition at 209 CMR 50.06(3)(c)3.c. does not extend to third party arrangements with independent vendors. Authority for said third party arrangements is available through the application process.

- Acting as trustee, guardian, conservator, estate administrator, or in any other fiduciary capacity [See 12 CFR §712.5(o)(2)]; and
- Trust services [See 12 CFR §712.5(o)(3)].
- **Real estate brokerage services.** This category is excluded in its entirety. [See 12 CFR §712.5(p).]
- **Notice process to conduct certain CUSO activities pursuant to 209 CMR 50.10(3):**
 - **Clerical, professional and management services.** All activities and services included at 12 CFR §712.3(b) were included except for the following:
 - Internal audits for credit unions⁴ [See 12 CFR §712.5(b)(5)];
 - Locator services⁵ [See 12 CFR §712.5(b)(6)]; and
 - Supervisory committee audits [See 12 CFR §712.5(b)(10)].
 - **Consumer mortgage loan origination.**⁶ This category was excluded in its entirety. [See 12 CFR §712.5(c).]
 - **Electronic transaction services.** All activities and services included at 12 CFR §712.3(d) were included except for the following:
 - Cyber financial services⁷ [See 12 CFR §712.5(d)(8)];
 - **Financial counseling services.** This category was excluded in its entirety. Examples provided in the regulation were as follows:
 - Developing and administering Individual Retirement Accounts (IRA), Keogh, deferred compensation, and other personnel benefit plans⁸ [See 12 CFR §712.5(e)(1)];
 - Estate planning⁹ [See 12 CFR §712.5(e)(2)];
 - Financial planning and counseling¹⁰ [See 12 CFR §712.5(e)(3)];
 - Income tax preparation¹¹ [See 12 CFR §712.5(e)(4)];
 - Investment counseling¹² [See 12 CFR §712.5(e)(5)]; and
 - Retirement counseling¹³ [See 12 CFR §712.5(e)(6)].

⁴ Authority for internal audits for credit unions is available through the application process at 209 CMR 50.06(3)(c)2.b.5.

⁵ Authority for locator services is available through the application process at 209 CMR 50.06(3)(c)2.b.6.

⁶ Authority for consumer mortgage loan origination is available through the application process at 209 CMR 50.06(3)(c)2.c.

⁷ Authority for cyber financial services is available through the application process at 209 CMR 50.06(3)(c)2.d.8.

⁸ Authority for developing and administering Individual Retirement Accounts (IRA), Keogh, deferred compensation, and other personnel benefit plans is available through the application process at 209 CMR 50.06(3)(c)2.e.1.

⁹ Authority for estate planning is available through the application process at 209 CMR 50.06(3)(c)2.e.2.

¹⁰ Authority for financial planning and counseling is available through the application process at 209 CMR 50.06(3)(c)2.e.3.

¹¹ Authority for income tax preparation is available through the application process at 209 CMR 50.06(3)(c)2.e.4.

¹² Authority for investment counseling is available through the application process at 209 CMR 50.06(3)(c)2.e.5.

- **Fixed asset services.** This category was excluded in its entirety. Examples provided in the regulation were as follows:
 - Management, development, sale or lease of fixed assets [See 12 CFR §712.5(f)(1)]; and
 - Sale, lease or servicing of computer hardware or software [See 12 CFR §712.5(f)(2)].
- **Insurance brokerage or agency**¹⁴. This category was excluded in its entirety. Examples provided in the regulation were as follows:
 - Agency for sale of insurance [See 12 CFR §712.5(g)(1)];
 - Provision of vehicle warranty programs [See 12 CFR §712.5(g)(2)]; and
 - Provision of group purchasing programs [See 12 CFR §712.5(g)(3)].
- **Leasing.** This category was excluded in its entirety. Examples provided in the regulation were as follows:
 - Personal property¹⁵ [See 12 CFR §712.5(h)(1)]; and
 - Real estate leasing of excess CUSO property¹⁶ [See 12 CFR §712.5(h)(2)].
- **Loan support services.** All activities and services included at 12 CFR §712.5(i) were included except for the following:
 - Debt collection services¹⁷ [See 12 CFR §712.5(i)(1)].
- **Securities brokerage services**¹⁸. This category was excluded in its entirety. [See 12 CFR §712.5(k).]
- **Shared credit union branch (service center) operations.** This category was excluded in its entirety. [See 12 CFR §712.5(l).]
- **Travel agency services.** This category was excluded in its entirety. [See 12 CFR §712.5(n).]
- **Trust and trust-related services.** This category was excluded in its entirety. Examples provided in the regulation were as follows:

¹³ Authority for retirement counseling is available through the application process at 209 CMR 50.06(3)(c)2.e.6.

¹⁴ It should be noted that the insurance brokerage or agency prohibition at 209 CMR 50.06(3)(c)3.b. does not extend to third party arrangements with independent vendors. Authority for said third party arrangements is available through the application process.

¹⁵ Authority for the leasing of personal property is available through the application process at 209 CMR 50.06(3)(c)2.f.1.

¹⁶ Authority for the real estate leasing of excess CUSO property is available at 209 CMR 50.06(3)(c)2.f.2.

¹⁷ Authority for debt collection services is available through the application process at 209 CMR 50.06(3)(c)2.f.1.

¹⁸ It should be noted that the securities brokerage services prohibition at 209 CMR 50.06(3)(c)3.c. does not extend to third party arrangements with independent vendors. Authority for said third party arrangements is available through the application process.

- Acting as administrator for prepaid legal service plans [*See* 12 CFR §712.5(o)(1)];
 - Acting as trustee, guardian, conservator, estate administrator, or in any other fiduciary capacity [*See* 12 CFR §712.5(o)(2)]; and
 - Trust services [*See* 12 CFR §712.5(o)(3)].
- **Real estate brokerage services.** This category was excluded in its entirety. [*See* 12 CFR §712.5(p).]

Incidental Powers¹⁹, as follows:

- **Correspondent services at 12 CFR §721.3(b).** All activities and services included at 12 CFR §721.3(b) were included in the proposed regulation but it should be noted that two additional requests by the trade association were not included:
 - receiving share and loan payments; and
 - other back office operations.
- **Electronic financial services at 12 CFR §721.3(c).** All activities and services included at 12 CFR §721.3(c) were included in the proposed regulation but it should be noted that an additional request by the trade association was not included:
 - electronic bill payment.
- **Excess capacity at 12 CFR §721.3(d).** All activities and services included at 12 CFR §721.3(d) were included in the proposed regulation but it should be noted that an additional request by the trade association was not included:
 - sharing of employees.
- **Loan-related products at 12 CFR §721.3(g).** All activities and services included at 12 CFR §721.3(g) were included in the proposed regulation except for the following:
 - letters of credit and leases.
- **Operational programs at 12 CFR §721.3(j).** This category was excluded in its entirety. Examples provided in the regulation were as follows:
 - electronic funds transfers;
 - remote tellers;
 - point of purchase terminals;
 - debit cards;
 - payroll deduction;
 - pre-authorized member transactions;
 - direct deposit;
 - check clearing services;

¹⁹ It should be noted that the activities and services listed in the NCUA's Incidental Powers set forth by category at 12 CFR §721.3 are pre-approved and illustrative only. The Division's proposed Incidental Powers set forth at 209 CMR 50.07 are for those activities and services specified.

- savings bond purchases and redemptions;
 - tax payment services;
 - wire transfers;
 - safe deposit boxes;
 - loan collection services; and
 - service fees.
- **Trustee or custodial services at 12 CFR §721.3(l).** This category was excluded in its entirety. The following example was provided in the regulation:
 - Acting as a trustee or custodian for member retirement and education accounts.