

Appendix E

Additional Federal Credit Union Powers Authorized by and Related Amendments to 209 CMR 50.00 *et seq.*

- Credit Union Service Organizations (“CUSO”), as follows:

Additional Authority

- New authority for CUSOs to invest in or lend to federally-chartered CUSOs at 209 CMR 50.06(3)(c)1. *See* 12 CFR Part 712.
- New authority for CUSO to engage in activities related to routine, daily operations at 209 CMR 50.06(3)2.k. and 209 CMR 50.10(3)h. *See* 12 CFR Part 712.
- New authority for CUSOs to invest in non-CUSO service providers at 209 CMR 50.06(3)(c)2.j. and 209 CMR 50.10(3)g. *See* 12 CFR §712.3(q).
- For credit unions that have already established CUSOs pursuant to 209 CMR 50.06(3)(c), the activities and services are authorized by notice pursuant to 209 CMR 50.10¹:

(3) Notice Process to Conduct Certain Activities Relative to CUSOs.

(1) Activities subject to notice.

a. Checking and currency services.

1. Check cashing;
 2. Coin and currency services; and
 3. Money order, savings bonds, travelers checks, and purchase and sale of U.S. Mint commemorative coins services.
- See* 12 CFR § 712.5(a).

b. Clerical, professional and management services.

1. Accounting services;
 2. Courier services;
 3. Credit analysis;
 4. Facsimile transmissions and copying services;
 5. Management and personnel training and support;
 6. Marketing services; and
 7. Research services.
- See* 12 CFR § 712.5(b).

c. Electronic transaction services.

1. Automated teller machine (ATM) services;
2. Credit card and debit card services;

¹ The Division notes that CUSO activities and services authorized pursuant to the notice provisions at 209 CMR 50.10 are a subset of the CUSO activities and services authorized pursuant to the approval provisions at 209 CMR 50.06(3)(c).

3. Data processing;
 4. Electronic fund transfer (EFT) services;
 5. Electronic income tax filing;
 6. Payment item processing; and
 7. Wire transfer services.
See 12 CFR § 712.5(d).
- d. Loan support services.
1. Loan processing, servicing, and sales; and
 2. Sale of repossessed collateral.
See 12 CFR § 712.5(i).
- e. Record retention, security and disaster recovery services.
1. Alarm-monitoring and other security services;
 2. Disaster recovery services;
 3. Microfilm, microfiche, optical and electronic imaging, CD-ROM data storage and retrieval services;
 4. Provision of forms and supplies; and
 5. Record retention and storage.
See 12 CFR § 712.5(j).
- f. Student loan origination.
See 12 CFR § 712.5(m).
- g. 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.
See 12 CFR § 712.5(q).
- h. Activities related to routine daily operations. A CUSO may engage in other activities if said activities are related to the routine daily operations of credit unions as permitted by the NCUA pursuant to 12 CFR §712.5 provided, however, that the Commissioner affirmatively deems such activity permissible by regulation or in writing.
See 12 CFR Part 712.

Related Amendments

- Language setting the same restrictions on officials and senior management employees relative to transactions and compensation that are applicable to federally-chartered credit unions at 209 CMR 50.06(3)(c)5. *See* 12 CFR §712.8.
- The activities and services authorized by application within 209 CMR 50.06(3)(c) are now specified within each of the following categories:

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.
 1. Check cashing;
 2. Coin and currency services; and
 3. Money order, savings bonds, travelers checks, and purchase and sale of U.S. Mint commemorative coins services.

See 12 CFR §712.5(a).
 - b. Clerical, professional and management services.
 1. Accounting services;
 2. Courier services;
 3. Credit analysis;
 4. Facsimile transmissions and copying services;
 5. Internal audits for credit unions;
 6. Locator services;
 7. Management and personnel training and support;
 8. Marketing services; and
 9. Research services.

See 12 CFR §712.5(b)(1)-(9).
 - c. Consumer mortgage loan origination.

See 12 CFR §712.5(c).
 - d. Electronic transaction services.
 1. Automated teller machine (ATM) services;
 2. Credit card and debit card services;
 3. Data processing;
 4. Electronic fund transfer (EFT) services;
 5. Electronic income tax filing;
 6. Payment item processing;
 7. Wire transfer services; and
 8. Cyber financial services.

See 12 CFR §712.5(d).
 - e. Financial counseling services.
 1. Developing and administering Individual Retirement Accounts (IRA), Keogh, deferred compensation, and other personnel benefit plans;
 2. Estate planning;
 3. Financial planning and counseling;
 4. Income tax preparation;
 5. Investment counseling; and
 6. Retirement counseling.

See 12 CFR §712.5(e).
 - f. Leasing.
 1. Personal property; and

2. Real estate leasing of excess CUSO property.
See 12 CFR §712.5(h).
- g. Loan support services.
 1. Debt collection services;
 2. Loan processing, servicing, and sales; and
 3. Sale of repossessed collateral.*See* 12 CFR §712.5(i).
- h. Record retention, security and disaster recovery services.
 1. Alarm-monitoring and other security services;
 2. Disaster recovery services;
 3. Microfilm, microfiche, optical and electronic imaging, CD-ROM data storage and retrieval services;
 4. Provision of forms and supplies; and
 5. Record retention and storage.*See* 12 CFR §712.5(j).
- i. Student loan origination.
See 12 CFR §712.5(m).
- j. 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.
See 12 CFR §712.5(q).
- k. Activities related to routine daily operations. A CUSO may engage in other activities if said activities are related to the routine daily operations of credit unions as permitted by the NCUA pursuant to 12 CFR §712.5 provided, however, that the Commissioner affirmatively deems such activity permissible by regulation or in writing.
See 12 CFR Part 712.

- 100% Loan-to-Value Financing for Automobiles

Additional Authority

- Expedited approval for five-year 100% loan-to-value financing for automobiles at 209 CMR 50.06(3)(f).
See 12 CFR § 701.21(c)(1-4).

Related Amendments

- Clarification of definition relative to automobile loans at 209 CMR 50.04.
See 42 U.S.C. 5402(6); *see also* 12 CFR § 701.21(c)(1-4).

- Residential Mortgage Loans

Additional Authority

- A new class of 97% loan-to-value for residential mortgages at 209 CMR 50.06(3)(k).
See 12 CFR § 701.21(g).

Related Amendments

- Several clarifications of real estate mortgage lending at 209 CMR 50.06(3)(j).
See 12 CFR § 701.21(f) and 12 CFR § 701.21(g).

- Incidental Powers

- New authority for incidental powers at 209 CMR 50.07, specific activities and services as follows:

50.07 Incidental Powers

(5) Permissible Activities

(a) Certification services.

1. Activities Requiring No Application or Notice.

- notary services;
- signature guarantees;
- certification of electronic signatures; and
- share draft certifications.

See 12 CFR § 721.3(a).

(b) Correspondent services.

1. Activities Requiring No Application or Notice.

- 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.

See 12 CFR § 721.3(b).

2. Activities Requiring Application.

- internal audits.

See 12 CFR § 721.3(b).

(c) Electronic financial services.

1. Activities Requiring No Application or Notice.

- 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.

See 12 CFR § 721.3(c).

(d) Excess capacity.

1. Activities Requiring No Application or Notice.

- 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.
- A credit union may sell or lease the excess capacity in data processing equipment or services.

See 12 CFR § 721.3(d).

2. Activities Requiring Notice.

- A credit union, by providing notice may sell or lease the excess capacity in facilities, equipment or office space.

See 12 CFR § 721.3(d).

(e) Financial counseling.

Activities Requiring No Application or Notice.

- advice, guidance or services to members to promote thrift or to otherwise assist members on financial matters.

See 12 CFR § 721.3(e).

Activities Requiring Application. A credit union 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; and
- investment counseling; and debt and budget counseling.

See 12 CFR § 721.3(e).

(f) Finder activities.

1. Activities Requiring No Application or Notice. A credit union, pursuant to 209 CMR 50.07(4)(a), may provide the following finder activities by offering products and services to members through outside vendors:

- 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.

See 12 CFR § 721.3(f).

2. Activities Requiring Application².

- insurance through outside vendors subject to the requirements of 12 CFR § 721 and Massachusetts law;
- annuities through outside vendors subject to the requirements of 12 CFR § 721 and Massachusetts law;
- annuities through outside vendors subject to the requirements of 12 CFR § 721 and Massachusetts law; and
- additional finder activities.

See 12 CFR § 721.3(f).

(g) Loan-related products.

1. Activities Requiring Application.

- debt cancellation agreements; and
- debt suspension agreements.

See 12 CFR § 721.3(g).

(h) Marketing activities.

1. Activities Requiring No Application or Notice.

- advertising; and
- other promotional activities such as raffles, membership referral drives, and the purchase or use of advertising.

See 12 CFR § 721.3(h).

(i) Monetary instrument services.

1. Activities Requiring Notice.

a. Member 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.

See 12 CFR § 721.3(i).

b. Non-Member Monetary Instrument Services³.

- 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 50.07(5)(h) and 209 CMR 50.07(5)(i); and

² *See* 66 Fed. Reg. 40852-40853; *see also* National Credit Union Administration Opinion Letter 01-0869.

³ *See* National Credit Union Administration Opinion Letter 02-0250.

- in appropriate circumstances may provide wire transfer services as a charitable activity.
See 12 CFR § 721.3(i).

(j) Stored value products.

1. Activities Requiring Notice.

- 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.

See 12 CFR § 721.3(k).

- Purchase and Sale of Consumer and Mortgage Loans

- Notice authority for the purchase and sale of consumer and mortgage loans for well-capitalized credit unions at 209 CMR 50.09.
See 12 CFR § 701.23 (b), (c), and (d); *see also* 12 CFR Part 742.

- Pilot investment program at 209 CMR 50.11.

See 12 CFR § 703.140.