

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

The amendments submitted in this document would authorize state-chartered credit unions to exercise additional broadened investment authorities; allow indirect lending authority for one category of loans and clarify other lending authorities; ease certain limitations relative to approval and notice requirements and maximum loan amounts; and broaden the base of eligible loans for loan participation authorities. Additional changes may be made based on comments received at the public hearing or during the comment period.

The proposed amendments to the parity regulations include the following:

A. *Lending and Participation Authorities*

1. Amend residential mortgage loan definition to include manufactured home loans;
2. Add the term “recreational vehicles” to the authorities for 20-year loans for boats, campers and trailers;
3. Authorize boat, camper, trailer and recreational vehicle loans to be indirect loans;
4. Clarify mortgage loan authority to include subsequent liens, not just second liens;
5. Amend consumer loan participation authority to extend beyond the Commonwealth and include government agencies;
6. Amend non-residential loan participation authority to extend beyond the Commonwealth and include government agencies;
7. Amend certain authorities requiring notice to the Division by credit unions that had previously received approval under the parity regulations to no longer require notice to the Division and to include a percentage of unimpaired capital and surplus; and
8. Amend certain authorities requiring notice to the Division by credit union that had not previously received approval under the parity regulations to include a percentage of unimpaired capital and surplus.

B. *Investment Authorities*

1. Add a new category of non-member deposits to the limitations specified;
2. Add additional investment authorities, including 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 National Credit Union Administration; and
3. Increase investments in land, building, improvements, and equipment from \$300,000 to \$500,000.

C. *Miscellaneous Provisions and Technical Amendments*

1. Add new provision to define organization members to include limited liability companies and limited liability partnerships;
2. Add authority to receive health savings accounts as defined;
3. Amend definition of automobile to delete the \$50,000 limitation for certain loans;
4. Delete definition of manufactured home;
5. Amend CUSO provision to allow credit union service organizations (“CUSO”) to incorporate in other states;
6. Consistent with a prior Opinion of the Division, amend automobile lending provisions to reflect that the amount may exceed Manufacturer’s Suggested Retail Price consistent with safety and soundness limits;
7. Change 20-year manufactured home loans into 20-year mobile home loans, consistent with statutory language;
8. Add authority for interest-bearing corporate checking accounts to provision for Regulatory Flexibility, which for qualified credit unions does not require notice to the Division;
9. Add authority for treasury tax and loan depositories to provision for Regulatory Flexibility, which for qualified credit unions does not require notice to the Division;
10. Change authority for monetary instrument services for members from notice to the Division to no notice;
11. Change authority for stored value cards from notice to the Division to no notice;
12. Provide technical corrections to the Purpose and Scope;
13. Provide technical corrections to CUSO authority; and
14. Delete duplicative federal funds provision at 209 CMR 50.12(2)(b) in conjunction with new proposed authority at 209 CMR 50.12(2)(c).