

**HOUSE . . . . . No. 3334**

---

---

**The Commonwealth of Massachusetts**

---

HOUSE OF REPRESENTATIVES, February 26, 1962.

The committee on Banks and Banking, to whom were referred so much of the recommendations of the Commissioner of Banks (House, No. 2) as relates to authorizing a credit union to accept as a co-maker one who is not a member of the credit union (accompanied by bill, House, No. 4); and the petition (accompanied by bill, House, No. 1209) of the Massachusetts CUNA Association, Inc., George W. Spartichino and another for legislation to limit the power of credit unions to make personal loans, report the accompanying bill (House, No. 3334).

For the committee,

CHARLES E. LUKE DRISCOLL.

## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Sixty-Two.

AN ACT AUTHORIZING CERTAIN CREDIT UNIONS TO MAKE LOANS OF FIFTEEN HUNDRED DOLLARS AND TO ACCEPT A NON-MEMBER AS A CO-MAKER ON A NOTE.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Subdivision (A) of section 24 of chapter 171 is  
2 hereby amended by striking out lines 1 through 7 as appearing  
3 in chapter 133 of the acts of 1958 and inserting the following:—

4 A member may act as co-maker for another member; pro-  
5 vided, that the liability of such co-maker shall not at any one  
6 time exceed an amount equal to two thousand dollars plus the  
7 amount of his shares and deposits, if any, pledged to secure said  
8 obligation and minus the amount of any loans remaining unpaid  
9 made to him under the provisions of paragraph 1, 2 or 3, except  
10 that if the credit union has assets of more than five hundred  
11 thousand dollars, the liability of such co-maker may equal but  
12 not exceed forty-five hundred dollars determined as provided  
13 above.

14 A credit union may accept as co-maker or endorser on a note  
15 one who is not a member; provided, however, that no one such  
16 co-maker or endorser shall be liable at any one time for more than  
17 two thousand dollars except that if the credit union has assets  
18 of more than five hundred thousand dollars, such liability may  
19 equal but not exceed three thousand dollars.

20 The maximum amount of a loan or loans made to a member  
21 in excess of his shares and deposits, and in excess of the shares  
22 and deposits of the co-maker, if any, pledged to secure the same  
23 shall be limited as follows except that where satisfactory collat-  
24 eral is pledged additional loans may be made under the provi-  
25 sions of paragraph 1, 2 or 3 provided that the total of such  
26 additional loans does not exceed the limits contained in para-  
27 graph 3:—

1 SECTION 2. Said subdivision (A) is hereby further amended  
2 by striking out paragraph 3 and inserting the following para-  
3 graph:—

4 3. To an amount not exceeding one thousand dollars when the  
5 assets of the credit union are five hundred thousand dollars or  
6 less and fifteen hundred dollars when said assets are more than  
7 five hundred thousand dollars if evidenced by a note of the bor-  
8 rower with two or more responsible co-makers or endorsers  
9 thereon, or with satisfactory collateral pledged to secure the  
10 same.

1. Section 2. This subsection (A) is hereby further amended  
 2. by striking out paragraph 2 and inserting the following there-  
 3. in:  
 4. "2. To a person who is a resident of this State and who  
 5. is a member of the State Bar of California, the State Bar  
 6. shall have the right to practice law in this State and to  
 7. be admitted to the practice of law in any other State or  
 8. Territory where the laws are so framed as to admit to the  
 9. practice of law a person who is a member of the State Bar of  
 10. California and who is a resident of this State."

11. Section 3. This subsection (A) is hereby further amended  
 12. by striking out paragraph 2 and inserting the following there-  
 13. in:  
 14. "2. To a person who is a resident of this State and who  
 15. is a member of the State Bar of California, the State Bar  
 16. shall have the right to practice law in this State and to  
 17. be admitted to the practice of law in any other State or  
 18. Territory where the laws are so framed as to admit to the  
 19. practice of law a person who is a member of the State Bar of  
 20. California and who is a resident of this State."

21. Section 4. This subsection (A) is hereby further amended  
 22. by striking out paragraph 2 and inserting the following there-  
 23. in:  
 24. "2. To a person who is a resident of this State and who  
 25. is a member of the State Bar of California, the State Bar  
 26. shall have the right to practice law in this State and to  
 27. be admitted to the practice of law in any other State or  
 28. Territory where the laws are so framed as to admit to the  
 29. practice of law a person who is a member of the State Bar of  
 30. California and who is a resident of this State."