

HOUSE No. 987

By Mr. Weinberg of Boston, petition of the Massachusetts CUNA Credit Union Association, Inc., that credit unions be authorized to lend surplus funds to other credit unions. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy.

AN ACT AUTHORIZING A CREDIT UNION TO LEND SURPLUS FUNDS TO ANOTHER CREDIT UNION.

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 21 of chapter 171 of the General Laws, as most
2 recently amended, is further amended by striking out the first
3 sentence and inserting in place thereof the following sen-
4 tences:—The capital, deposits, and surplus of a credit union
5 shall be invested in loans to members, with approval of the
6 credit committee, as provided in section twenty-two, and also
7 when so required herein, of the board of directors; and any
8 capital, deposits, or surplus funds in excess of the amount for
9 which loans shall be approved by the credit committee and
10 the board of directors may be loaned to other credit unions
11 located in this commonwealth; provided, that not more than
12 ten per cent of the assets of a credit union shall be invested in
13 such loans and not more than five per cent of the assets of a
14 credit union shall be loaned to any one credit union. A loan
15 to another credit union shall not be written for a period in
16 excess of one year, and shall be made only with the approval
17 of the board of directors. Any other capital, deposits or
18 surplus funds may be deposited in savings banks or trust
19 companies incorporated in the commonwealth, or in banking
20 companies so incorporated and which are members of the
21 Federal Deposit Insurance Corporation, or in national banks

22 located in the commonwealth, or invested in any bonds,
23 notes, certificates of deposit, bankers' acceptances, bank
24 stocks, or insurance stocks which are at the time of their
25 purchase legal investments for savings banks in the com-
26 monwealth, or, to the extent authorized by section three of
27 chapter two hundred and sixteen of the acts of nineteen
28 hundred and thirty-two, in the shares of the Central Credit
29 Union Funds, Inc., or in paid-up shares and accounts of and
30 in co-operative banks incorporated in the commonwealth, or
31 in the shares of savings and loan associations incorporated in
32 the commonwealth, or in the shares of federal savings and
33 loan associations having a usual place of business within the
34 commonwealth to an amount not in excess of the insurance
35 provided by the Federal Savings and Loan Insurance Corpo-
36 ration for a depositor in any one of such associations, but not
37 more than ten per cent of the assets of a credit union shall be
38 invested in bank stocks, insurance stocks or both; provided,
39 that not more than fifteen thousand dollars or one per cent of
40 the assets of a credit union, whichever is greater, shall be
41 invested in the stock of any one bank or insurance company.