

HOUSE No. 5654

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, May 14, 1992.

The committee on Banks and Banking, to whom was referred so much of the recommendations of the Commissioner of Banks (House, No. 9) as relates to aggregate loan and investment limitations governing credit unions (accompanied by bill, House, No. 20), reports recommending that the accompanying bill (House, No. 5654) ought to pass.

For the committee,

JAMES T. BRETT.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO AGGREGATE LOAN AND INVESTMENT LIMITATIONS
GOVERNING CREDIT UNIONS.

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. Section 59A of chapter 171 of the General Laws
2 is hereby amended by striking out the third paragraph, as
3 amended by chapter 170 of the acts of 1990, and inserting in place
4 thereof the following paragraph: —

5 The total obligation of one or more members pursuant to any
6 credit card agreement entered into under the provisions of this
7 subdivision shall not exceed five thousand dollars; and the
8 aggregate balance of principal of such loans and advances
9 outstanding at any one time shall not exceed twenty percent of
10 the assets of a credit union.

1 SECTION 2. Section 60 of said chapter 171, as appearing in
2 section 1 of chapter 79 of the acts of 1990, is hereby amended by
3 striking out the fifth sentence and inserting in place thereof the
4 following sentence: — The aggregate balance of principal of such
5 loans outstanding at any one time shall not exceed twenty-five
6 percent of the assets of a credit union.

1 SECTION 3. Section 61 of said chapter 171, as so appearing,
2 is hereby amended by striking out the second paragraph and
3 inserting in place thereof the following paragraph: —

4 The aggregate balance of principal of such loans outstanding
5 at any one time shall not exceed ten percent of the assets of a credit
6 union.

1 SECTION 4. Section 62 of said chapter 171, as so appearing,
2 is hereby amended by adding the following paragraph: —

3 The aggregate balance of principal of such loans outstanding
4 at any one time shall not exceed ten percent of the assets of a credit
5 union.

1 SECTION 5. Section 64 of said chapter 171, as so appearing,
2 is hereby amended by striking out the third paragraph and
3 inserting in place thereof the following paragraph: —

4 The aggregate balance of principal of such loans outstanding
5 at any time shall not exceed twenty percent of the assets of a credit
6 union.

1 SECTION 6. Section 65 of said chapter 171, as so appearing,
2 is hereby amended by striking out the second paragraph and
3 inserting in place thereof the following paragraph: —

4 A credit union having assets of not more than seventy-five
5 thousand dollars may invest not more than fifty percent of its
6 assets in real estate mortgages. A credit union having assets of
7 more than seventy-five thousand dollars may invest not more than
8 seventy percent of its assets in real estate mortgages. A credit
9 union having assets of five hundred thousand dollars or more may
10 invest not more than eighty percent of its assets in real estate
11 mortgages.

1 SECTION 7. Said section 65 of said chapter 171, as so
2 appearing, is hereby further amended by striking out the second
3 sentence of paragraph 1 and inserting in place thereof the
4 following sentence: — The aggregate balance of principal of such
5 loans outstanding at any one time shall not exceed two percent
6 of the assets of a credit union.

1 SECTION 8. Said section 65 of said chapter 171, as so
2 appearing, is hereby further amended by striking out the second
3 sentence of paragraph 2 and inserting in place thereof the
4 following sentence: — The aggregate balance of principal of such
5 loans outstanding at any one time shall not exceed one percent
6 of the assets of a credit union.

1 SECTION 9. Said section 65 of said chapter 171, as so
2 appearing, is hereby further amended by striking out the fifth

3 sentence of paragraph 4 and inserting in place thereof the
4 following sentence: — The aggregate balance of principal of such
5 loans outstanding at any one time shall not exceed fifteen percent
6 of the assets of a credit union.

1 SECTION 10. Said section 65 of said chapter 171, as so
2 appearing, is hereby further amended by striking out the fifth
3 sentence of paragraph 5A and inserting in place thereof the
4 following sentence: — The aggregate balance of principal of such
5 loans outstanding at any one time shall not exceed ten percent
6 of the assets of a credit union.

1 SECTION 11. Said section 65 of said chapter 171, as so
2 appearing, is hereby further amended by striking out the second
3 sentence in the first paragraph of paragraph 6 and inserting in
4 place thereof the following sentence: — The aggregate balance of
5 principal of such loans outstanding at any one time shall not
6 exceed fifteen percent of the assets of a credit union.

1 SECTION 12. Said section 65 of said chapter 171, as so
2 appearing, is hereby further amended by striking out the third
3 sentence of paragraph 8 and inserting in place thereof the
4 following sentence: — The amount which any such participating
5 credit union may invest in a participation loan shall not exceed
6 one percent of its assets or fifty thousand dollars, whichever is
7 greater, and the aggregate balance of principal of such partici-
8 pation loans outstanding at any one time by such credit union
9 shall not exceed ten percent of the assets of a credit union.

1 SECTION 13. Said section 65 of said chapter 171, as so
2 appearing, is hereby further amended by striking out the third
3 sentence of paragraph 10 and inserting in place thereof the
4 following sentence: — The aggregate balance of principal of such
5 loans outstanding at any one time shall not exceed twenty-five
6 percent of the assets of a credit union.

1 SECTION 14. Paragraph 11 of said section 65 of said chap-
2 ter 171, as so appearing, is hereby amended by adding the
3 following sentence: — The aggregate balance of principal for such

4 loans outstanding at any one time shall not exceed twenty-five
5 percent of the assets of a credit union.

1 SECTION 15. Section 67 of said chapter 171, as so appearing,
2 is hereby amended by striking out paragraphs o to r, inclusive,
3 and inserting in place thereof the following paragraph: —

4 o) in any obligations, bank stocks, bank holding company
5 stocks, insurance stocks or preferred stocks of public utility
6 companies which appear on the list of legal investments prepared
7 pursuant to said section fifteen A of said chapter one hundred
8 and sixty-seven.

9 Not more than ten percent of the assets of a credit union shall
10 be invested in bank stocks or bank holding company stocks or
11 insurance stocks or preferred stocks of public utility companies
12 or in all four of such types of stocks appearing on said list and
13 not more than fifteen thousand dollars or two percent of the assets
14 of a credit union, whichever is greater, shall be invested in the
15 stock of any one such bank, bank holding company, insurance
16 company or preferred stock of public utility companies.

17 Not more than twenty percent of the assets of a credit union
18 shall be invested in railroad obligations appearing on such list and
19 not more than one and one-half percent of the shares and deposits
20 of any such credit union shall be invested in the obligations of
21 any one operating railroad corporation.

22 Not more than twenty percent of the assets of a credit union
23 shall be invested in the obligations of telephone companies
24 appearing on said list and not more than four percent of the shares
25 and deposits of such credit union shall be invested in the
26 obligations of any one such company.

27 Not more than twenty-five percent of the assets of a credit union
28 shall be invested in obligations of public utility companies
29 appearing on said list and not more than four percent of the
30 deposits of such credit union shall be invested in the obligations
31 of any one such company.

32 Not more than ten percent of the assets of a credit union shall
33 be invested in interest bearing obligations authorized for
34 investment under the provisions of section fifteen B of chapter
35 one hundred and sixty-seven and appearing on the list of legal
36 investments prepared pursuant to said section fifteen A of said

37 chapter one hundred and sixty-seven. Not more than one half of
38 one percent of the assets of such credit union shall be so invested
39 in the obligations of any one obligor, but the foregoing limitations
40 shall not apply to obligations of telephone companies, of
41 companies engaged primarily in the distribution and sale of
42 electricity or gas, or both, or of railroad companies other than
43 terminal companies.

1 SECTION 16. Said section 67 of said chapter 171, as so
2 appearing, is hereby further amended by striking out paragraph r
3 and inserting in place thereof the following paragraph: —

4 r) in bankers' acceptance of the kinds and maturities made
5 eligible by law for rediscount with federal reserve banks; provided,
6 however, that the same are accepted by a bank, banking
7 association or trust company incorporated under the laws of the
8 United States or of this commonwealth, and having its principal
9 place of business within the commonwealth.

10 Not more than ten percent of the assets of a credit union shall
11 be invested in such bankers' acceptances and not more than five
12 percent of the shares and deposits of such credit union shall be
13 invested in the acceptances eligible by law for rediscount in federal
14 reserve banks of any one accepting bank or trust company; and
15 the aggregate amount of bankers' acceptances of any one bank,
16 banking association or trust company held by any such credit
17 union shall not exceed twenty-five percent of the paid-up capital
18 and surplus of such bank, banking association or trust company.

