

2019
ANNUAL REPORT

Massachusetts Division of Banks



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**This annual report has been developed in accordance with
Massachusetts General Laws chapter 167, §13.**

Dear Citizens and Businesses of the Commonwealth:

This has been a trying time in our state's history due to the unprecedented arrival of a global pandemic which has caused us to examine how we do business and how we lead. I want to commend our agency heads and our staff for stepping up and answering the call during this challenging period in which circumstances change almost daily.

Still, as we do every year, the Office of Consumer Affairs and Business Regulation (OCABR) looks forward to sharing its Annual Reports — reflections on the past fiscal year's accomplishments of our five regulatory agencies and a reinforcement of our core mission.

These reports highlight what has occurred within the Division of Banks (DOB), Division of Insurance (DOI), Division of Professional Licensure (DPL), Division of Standards (DOS), and the Department of Telecommunications and Cable (DTC). These agencies have a combined operating budget of over \$87 million and together have approximately 600 employees. OCABR also oversees the state's Home Improvement Contractor (HIC) Program, Lemon Laws Programs, Data Breach Reporting, and the Do Not Call Registry.

OCABR is committed to protecting and empowering the people of the Commonwealth through advocacy, outreach, and education; and to ensuring a fair playing field for Massachusetts businesses through its regulatory agencies. This is a role we do not take lightly as you will see in the pages that follow.

We are proud and honored to serve the people of Massachusetts; and, we hope that you find this information helpful.

Sincerely,

Edward A. Palleschi
Undersecretary
Office of Consumer Affairs and Business Regulation

Letter from Undersecretary Palleschi



It is my pleasure to present the 2019 Annual Report of the Massachusetts Division of Banks (Division). When I was presented with the honor to serve as the 26th Commissioner of Banks in May 2019, I was humbled and excited by the opportunity to lead a great team of experienced and committed colleagues dedicated to the agency mission of ensuring the safety and soundness of financial institutions while balancing consumer protections for Commonwealth residents.

The objectives the agency set forth in 2019 focused on internal priorities of staffing, training, and organizational processes. We worked closely with OCABR Undersecretary Palleschi to execute a staffing plan which incorporated both the internal realignment and leveraging of talent with an ambitious plan to fill double-digit vacancies. We embarked on various training efforts and formed a new inter-departmental examination unit focused on information technology, cybersecurity, and Fintech across the spectrum of our regulated entities. Furthermore, in anticipation of the re-accreditation process in the areas of bank, credit union, and mortgage supervision, the entire agency spent much of the year reviewing internal policies and procedures with an eye towards operational improvements and efficiencies.

The Division continues to provide consumers and those employed in the financial industry with information to make informed financial decisions and prepare to mitigate anticipated risks through our continued participation in public education events and community development efforts across the Commonwealth. In addition to existing efforts which provide direct financial support to financial education events (e.g. C206 first-time homeowner and foreclosure prevention grants, Credit for Life Fairs for high school students, and Operation Money Wise for veteran and military community), the Division expanded industry and consumer outreach in 2019 with the launch of *DOB Connects*—a webcast series covering regulatory developments and consumer-related topics for financial institutions and community organizations.

In addition to tracking ongoing supervisory matters including 2019 hot topics of banking of cannabis, Community Reinvestment Act reform proposals, and Real Time Payment initiatives, the Division has continued to promote industry innovation and adoption of technology in the midst of the global digital transformation. On this latter point, the Division initiated engagement with the Commonwealth's thriving Fintech community notably by hosting a *Meet the Regulators* kick-off event led by First Deputy Commissioner Cindy Begin in collaboration with the Commissioner of Insurance and representatives from the Secretary of State's Securities Division.

In closing, I would like to acknowledge the hard work of the entire team at the Division. As you will see throughout this report, 2019 was an accomplished year. The Division remains a leader in strengthening consumer protection in the financial services industry while also maintaining a secure and sound state-chartered banking and financial services system. Our objectives for 2020 aim to continue the agency's tradition of excellence.

Sincerely,

Mary L. Gallagher
Commissioner
Division of Banks

Letter from Commissioner Gallagher



Accomplishments

11,950

Licenses issued or renewed by the Division to mortgage companies, mortgage loan originators, money services businesses, debt collectors, loan servicers, and consumer finance companies.

464

Total number of completed bank, credit union, licensee, and other approval requests (456) and total number of legal opinions (8) issued.

427

Total number of examination reports mailed to depository (150) & non-depository (277) institutions.

311

Foreclosure delay requests received by the Division, of which 171 were granted.

199

Consumer complaints resolved by the Division, resulting in \$6,467,277 in reimbursements secured on behalf of 31,811 consumers.

Accomplishments: continued

90

Formal & informal regulatory orders issued by the Division.

41

In 2019, the Division partnered with 21 organizations and sent 27 staff volunteers to 41 Consumer Outreach events across the Commonwealth.

31

Division employees achieved a total of 31 new certifications in 2019 for a total of ### certifications agency-wide.

18

Total number of major corporate transactions consummated involving banks & credit unions.

11

The Division made significant progress towards agency staffing goals with 4 examiner hires in early 2019 followed by a management restructuring in Q2. The Division filled an additional 11 MassCareers vacancies (10 external hires and 1 internal promotion) with additional offers to candidates starting in early 2020.

Year in Review

First Quarter

January

- The Division's Mortgage Supervision Unit assumed responsibility of all CRA for Mortgage Lender examinations.
- The 2019 Chapter 206 Grant Program application review process began on January 8th, with 20 Division staff volunteers working in five review teams.
- On January 23rd, the Division entered into a [Consent Order](#) with Semper Home Loans, Inc. requiring various corrective actions and consumer reimbursements.
- On January 24th, the Division issued a [decision](#) relative to the application of Hometown Financial Group, MHC and Hometown Financial Group, Inc., Easthampton, Massachusetts to acquire Pilgrim Bancshares, Inc., Cohasset, Massachusetts.
- The Division and the Office of Consumer Affairs and Business Regulation (OCABR) published [guidance](#) for financial institutions, [information](#) regarding the financial industry impact, and [advice](#) to those experiencing financial hardship in the Commonwealth during the Federal Government shutdown.
- The [Online Annual Report System](#) (OARS) went live for banks and credit unions to file 2018 annual reports

February

- Division staff from the Administration, Depository Institution Supervision (DIS), Enforcement & Investigations, Non-Depository Institution Supervision (NDIS), and Operations Units attended the *2019 National Association of State Chartered Credit Union Supervisors' Enterprise Risk Management* training session on February 7th in Needham.
- Members from the Division's NDIS Unit attended the *2019 NMLS Annual Conference Training* on February 18th in Orlando, FL.
- On February 19th, Chief Director Cipolla and Public Affairs & Outreach Manager Hardiman presented *What Financial Institutions Can and Can't Do* to the Attorney General Office's *MA Elder Identity Theft Coalition*, highlighting elder abuse reporting and check scams.
- Representatives from the Division's DIS Unit served on a panel at the *Financial and Accounting Managers Boston Chapter Meeting* on February 26th. The Division recognized *America Saves Week* (February 27th—March 2nd) by partnering with OCABR on a social media campaign and participating in a first-time homebuyer workshop in Lawrence.
- In conjunction with the Treasurer's Office of Economic Empowerment (OEE), the Division [announced](#) the application period for the Operation Money Wise (OMW) grant program on February 27th.

First Quarter: continued

March

- On March 1st, the Division [posted](#) the 2018 Chapter 206 Grant Funding Summary.
- In partnership with OEE, the Division [announced](#) recipients of the Innovation Fund Credit for Life Fair grants on March 12th.
- On March 13th, the Division issued a [decision](#) relative to the merger of Belmont Savings Bank, Belmont, Massachusetts with and into People's United Bank, National Association, Bridgeport, Connecticut.
- On March 14th, the Division issued a [decision](#) relative to the merger of Coastal Heritage Bank, Weymouth, Massachusetts with and into Equitable Bank, East Weymouth, Massachusetts.
- On March 21st, Deputy Commissioner Rivera and Regional Field Manager Young spoke at the New England Adjustment Managers of MA meeting about foreclosure and delinquency trends, as well as debt collection.
- On March 25th, the Division issued a [decision](#) relative to the merger of Mutual Bank, Whitman, Massachusetts with and into North Easton Savings Bank, South Easton, Massachusetts.
- On March 26th, the Division issued a [decision](#) relative to the merger of Blue Hills Bank, Hyde Park, Massachusetts with and into Rockland Trust Company, Rockland, Massachusetts.
- On March 27th, Chief Risk Officer Cindy Begin and Chief Director Liam O'Driscoll participated on a regulators panel at the Consumer Financial Protection Bureau's New England Regional Huddle to discuss coordinated supervision of regulated entities.
- On March 28th, the Division's DIS Consumer Protection and Outreach (CPO) Unit hosted an internal webinar training about the APRwin Program featuring the program's creator.
- The Bank Risk Management and Credit Union Safety and Soundness Units updated examination request materials and the Officers' Questionnaire.

Second Quarter

April

- On April 4th, the Division issued a [decision](#) relative to the merger of Optima Bank & Trust Company, Portsmouth, New Hampshire with and into Cambridge Trust Company, Cambridge, Massachusetts.
- On April 15th, the Division co-signed a [letter](#) with other state regulators asking Congressional leaders to consider legislation to resolve the conflict between State *Cannabis* Programs and federal statutes around banking.
- In collaboration with the OCABR, the Division distributed an [industry letter](#) celebrating *Financial Capability Month* on April 16th. The letter contains resources for state-chartered banks and credit unions to help promote financial wellness.
- On April 22nd, the Division [awarded](#) \$1.5 million in Chapter 206 Grants to fund 10 first-time homeownership education programs and 10 foreclosure prevention counseling centers throughout the Commonwealth.
- On April 23rd, the Division served a [Cease Directive](#) to First American Trust, LLC to cease engaging in the business of debt collection until it has obtained the appropriate license in Massachusetts.
- The Division contracted a Training Consultant to augment on-the-job examiner training for the DIS Risk Management Unit.

May

- On May 6th, the Division filed an [Order of Prohibition](#) against Adam J. Lynds, which prohibits him from acting, in any manner, as a mortgage loan originator under the jurisdiction of the Division, and from being employed by, as an agent of, or operating on behalf of a mortgage loan originator or any other business which requires a license from the Commissioner, on a permanent basis.
- On May 8th, the Baker-Polito Administration [announced](#) new leadership at the Division of Banks. Undersecretary of Consumer Affairs and Business Regulations Ed Palleschi swore in Mary Gallagher as the Commissioner of Banks. Ms. Gallagher had recently served as Chief Operating Officer for the Division and comes to the role of Commissioner with 21 years of experience in both the public and private sectors.
- In addition, Cynthia Begin was sworn in as First Deputy Commissioner of Banks. Ms. Begin had most recently served as Chief Risk Officer for the Division, and she comes to the First Deputy Commissioner position with 25 years of experience with the Division.
- On May 8th, the Division issued a [decision](#) relative to the merger of Savings Institute Bank and Trust Company, Willimantic, Connecticut with and into Berkshire Bank, Pittsfield, Massachusetts.
- The Division participated in a credit union roundtable with the Cooperative Credit Union Association (CCUA) on May 9th.
- On May 14th, the Division issued a [decision](#) relative to the merger of Abington Bank, Abington, Massachusetts with and into Pilgrim Bank, Cohasset, Massachusetts.
- Chief Director Cipolla [participated](#) on a panel about the growing threat of elder financial exploitation at the NEACH Conference on May 15th.
- On May 16th, the Division co-hosted the [Basic Banking and CRA Connection Webinar](#) with the Massachusetts Community and Banking Council to highlight the benefits of participating in the [Basic Banking Program](#) and CRA consideration.
- In conjunction with the Office of the State Treasurer, the Division [announced](#) the recipients of the Operation Money Wise Financial Education Opportunity Grants on May 22nd. The grants support organizations that foster financial literacy in the Military, Veteran, Family and Survivor Communities.
- On May 23rd, the Mortgage Exam Unit held their semi-annual training to cover anti-money laundering and information technology reviews, Exam Process and Targeted Initial Examination procedures, the Nationwide Multistate Licensing System (NMLS), Mortgage Call Reports, Examiner Tools, and Client Funds Accounts and Upfront Fees.
- In conjunction with the Community Banking Research and Policy Conference, DIS staff began to participate in the *Banker Interviews – Five Questions for Five Bankers* at the end of May.

Second Quarter: continued

June

- On June 5th, the Division issued [Opinion 19-001](#) refining the definition of investors “acting in concert” for purposes of determining the acquisition of control of a Massachusetts state-chartered stock bank.
- On June 6th, the Division participated in a credit union roundtable with the CCUA.
- On June 15th, the Division recognized [World Elder Abuse Awareness Day](#) by providing a [consumer advisory](#) with tips and resources for seniors and a [letter](#) to regulated banks and credit unions with resources to protect their senior customers.
- On June 18th, the Division issued a [decision](#) establishing certain maximum dishonored check fees at Massachusetts state-chartered institutions.
- On June 19th, the Division hosted a live national industry webinar in collaboration with the Federal Reserve Bank of St. Louis’ “Ask the Fed” Program titled “*The Basics of Fintech (Part II): Technology Enabled Lending*”. The webinar was open to state and federal regulators and bank and credit union executives, and attracted nearly 1,200 participants from across the country.
- The [2018 Annual Report of the Commissioner of Banks](#) was filed on June 25th.
- On June 25th, the Division co-hosted a webinar with MassHousing focused on how innovative and flexible lending products may be eligible for CRA credit consideration. Examiner Greve participated and Deputy Commissioner Rivera moderated the discussion.
- On June 26th, First Deputy Commissioner Begin and Undersecretary Palleschi attended a forum hosted by the Massachusetts Continuing Legal Education (MLCE) on *Massachusetts Cannabis Industry: Challenges with Social Equity*.
- With the increase of Non-QM activity, the Mortgage Supervision Unit started to implement procedures to include tracking Non-QM volume through NMLS Mortgage Call Reports and through Mortgage Analytics. When appropriate, an examiner will question the Licensee about its Non-QM policies and procedures pertaining to a consumer’s ability to repay those loans.
- DIS Risk Management completed the offsite examination project to explore the effectiveness of performing more off-site examination work.
- Regional Field Manager Dumont joined the NCUA’s MERIT working group which will focus on replacing the AIREX examination software.

Third Quarter

July

- The DIS CPO Unit participated in the *Berkshire Bank/Eastern Bank Q2 2019 Quarterly Monitoring Discussions* call with fellow regulators. The CFPB launched this initiative to connect banks over \$10B with the FDIC, the Federal Reserve, and the Division on a quarterly basis to discuss updates or changes the institution may have on products, services, audits, and other related topics.
- The Division introduced [DOB connects](#), a program consisting of periodic webinars and webcasts covering regulatory developments and consumer-related topics for financial institutions and community organizations. Event recordings are posted on the DOB website.
- On July 29th, the Division published a [fact sheet](#) for consumers containing information on the terms of the Equifax settlement with federal and state authorities.
- Under Commissioner Gallagher and First Deputy Commissioner Begin's lead and with the support of the Administration, the Division seized the opportunity to make internal restructuring moves to leverage skill sets, create efficiencies, and fill some long outstanding management vacancies with the promotion of eight managers into new roles.

August

- On August 5th, the Division entered into a [Consent Order](#) with Freedom Financial Asset Management, LLC to resolve allegations that the company operated as a loan servicer prior to obtaining appropriate licensing or registration in Massachusetts.
- First Deputy Commissioner Begin, Deputy Commissioner Cuff, and Chief Director Barry attended the *2019 AARMR Conference* in San Diego August 6th-8th. First Deputy Commissioner Begin moderated the *State Hot Topics Panel* and Deputy Commissioner Cuff presented on *Emerging Trends in Mortgage Lending Products/House Finance Options*.
- Deputy Commissioner Rivera and Examiner Grieco participated in the [CRA and Fintech: Could There Be a Connection? Webinar](#) on August 8th.
- On August 13th, the Division issued [Selected Opinion 19-004](#) regarding whether payment services using the ACH network, as described, require a foreign transmittal agency license.
- On August 20th, the Division issued a [decision](#) relative to the merger of Beverly Bank, Beverly, Massachusetts with and into North Shore Bank, a Co-operative Bank, Peabody, Massachusetts.

Third Quarter: continued

September

- On September 10th, the Division in conjunction with the OCABR and the OEE announced that applications for high school financial literacy fairs through the [Financial Education Innovation Fund](#) for the 2019-2020 academic year were being accepted and due by October 1st.
- On September 10th, Examiner Weiss discussed *CMS, Frequent Examination Findings, and Compliance Hot Topics* with the FDIC and the Federal Reserve at the *Eastern Mass Compliance Conference*.
- On September 10th, the Division issued [Opinion 19-002](#) regarding credit union real estate loan purchases and real estate loan participations.
- Chief Director Elizabeth Benotti, in her role as president of the North American Collection Agency Regulatory Association (NACARA), ran the 2019 NACARA Annual Conference & Training Event in Santa Fe, New Mexico from September 16th to 18th.
- On September 18th, First Deputy Commissioner Begin spoke at the Worcester Regional Chamber of Commerce Financial Services Roundtable about the *State of the Financial Services Industry*.
- On September 18th, the Division served a [Cease Directive](#) to Cafeta Foods, LLC to cease engaging in the business of cashing checks until it has obtained the appropriate license.
- On September 18th, Senior Deputy Commissioner Bienvenu and Regional Field Manager Reyes presented at the North Central Chamber of Commerce in Fitchburg on the *State of Banking the Cannabis Industry*.
- On September 24th, Deputy Commissioner Rivera moderated the [Harnessing a Community Presence Webinar](#) with Commissioner Gallagher and Fall River Municipal Credit Union CEO Matthew Shondeck covering the topics of how a credit union makes a difference in celebrating the diversity of a gateway community, economic challenges and opportunities, and providing access.
- On September 26th, the Division issued [Selected Opinion 19-005](#) regarding whether providing the specified products and services, as described, require a foreign transmittal agency license.
- Within the DIS CPO Unit, four examiners participated in cross-training while conducting CRA/Compliance exams in an effort to meet production goals and schedules.
- Regional Field Manager Dumont began serving as the project manager for the Credit Unions Safety and Soundness Unit initiative to streamline the exam report format for readability and to reduce repetition.
- As per an executive branch initiative, the Division's Legal Unit began the *Regulatory Review Project* to draft proposals for the Division's 21 regulations.
- The DIS CPO Unit streamlined the *Risk/Scope Assessment* document used for examination scoping and successfully reduced the lengthy 30 page document down to a more manageable and less time consuming 10 page document without losing its integrity.

Fourth Quarter

October

- On October 1st, First Deputy Commissioner Begin and Julianne Thurlow, CEO of Reading Cooperative Bank, attended the Community Banking Research and Policy Conference in St. Louis where Ms. Thurlow delivered the community banker keynote address.
- In recognition of National Cybersecurity Awareness Month, the Division provided an [advisory](#) with tips and resources for consumers, institutions, and communities. The *Own It, Secure It, Protect It* campaign is a collaborative effort between government agencies and industry to raise awareness on the importance of cybersecurity while endeavoring to ensure that American consumers have the necessary resources to be safer and more secure online.
- On October 3rd, the Division issued a [decision](#) approving the merger of Millbury Savings Bank, Millbury, Massachusetts with and into Hometown Bank, Oxford, Massachusetts.
- In collaboration with the CCUA, the Division hosted the [Possibilities in Gateway Communities: A Look at the Real Estate and Mortgage Markets in North Central Massachusetts Webinar](#) on October 8th. Deputy Commissioner Cuff moderated the discussion about the financial restraints impacting the region, mortgage and homeownership trends, credit needs and ability to repay, and community partnerships and resources. Deputy Commissioner Rivera was the Program Administrator.
- On October 9th, the Division issued a [Consent Order](#) against Seterus, Inc. to resolve examination findings alleging non-compliance with federal and state laws and regulations including those governing mortgage loan servicing practices, RESPA, and failure to exercise reasonable diligence with regards to documents.
- On October 15th, the Division issued a [Consent Order](#) against Hodan Global Money Services, Inc. to resolve allegations of substantial non-compliance with state and federal statutes, rules, and regulations governing the conduct of foreign transmittal agencies.
- On October 15th, the Division issued [Opinion 19-003](#) providing clarification on Vendor Single-Interest Insurance (VSI).
- On October 22nd, Examiner Maio spoke at the *Mass Bankers' Credit & Lending Conference* in Westborough.

November

- The *2020 Licensing Renewal Season* opened on November 1st.
- On November 6th, Deputy Commissioner Rivera administered and First Deputy Commissioner Begin moderated the *DOB connects* [Webinar Generating Economic and Community Growth: Perspectives from the Federal Home Loan Bank of Boston & the Federal Reserve Bank of Boston](#).
- On November 7th, Compliance Examiners participated in the NASCUS Compliance Management System Training.
- On November 8th, the Division issued [Opinion 19-006](#) regarding licensing requirements for a real estate conveyance attorney providing mortgage information and assistance to clients.
- On November 14th, Counsel Miller received the *Courtney R. Hickson Outstanding Attorney Award* from the Office of Consumer Affairs and Business Regulation. The award in Ms. Hickson's honor recognizes and appreciates those attorneys within OCABR who display many of her admirable qualities through excellence in their field of practice, leadership, teamwork, and commitment to their community.
- On November 15th, Examiners Frish and Park, Counsel Bennett, Chief Director Weydt, and Deputy Commissioner Rivera spoke at the CCUA's Training on CRA and Fair Lending.

Fourth Quarter: continued

November: continued

- On November 20th, the Division hosted a [Public Hearing](#) on proposed amendments to *209 CMR 41.00: The Licensing of Mortgage Loan Originators* and *209 CMR 45.00: The Licensing and Regulation of Money Services Businesses*.
- In conjunction with the Division of Professional Licensure, the Division held an [Open Meeting](#) of the *Special Commission to Plan, Develop, and Implement Strategies to Support and Promote Minority-Owned Real Estate and Financial Services Organizations in the Commonwealth* on November 21st.
- In partnership with OEE, the Division [announced](#) the recipients of the 2019-2020 Innovation Fund on November 25th. A total of \$121,447 was awarded to 46 high schools across the Commonwealth to expand or establish financial education programs.

December

- On December 5th, the Division issued a [decision](#) on the Applications Relative to the Reorganization into a Mutual Holding Company by Needham Bank, Needham, Massachusetts.
- On December 6th, the Division issued [Opinion 19-007](#) regarding licensing requirements for the sale of virtual currency through a kiosk.
- On December 11th, the Division issued [Opinion 19-009](#) confirming that a Massachusetts-chartered financial institution's donation to HOME is a qualified invested under CRA.
- On December 13th, the Division organized and invited the Commonwealth's Division of Insurance and the Secretary of State's Securities Division to a [Meet the Regulators Breakfast](#) with members of the Fintech Community. The collaboration provided a forum for the state's financial supervisors to present regulatory information to fintech innovators, entrepreneurs, and end-users while also creating networking and communication channels for these communities.
- On December 16th, the Division posted a [notice](#) for a January 7, 2020 Public Meeting for *the Special Commission to Plan, Develop, and Implement Strategies to Support and Promote Minority-owned Real Estate and Financial Services*. The purpose of the information session is to solicit input from individuals and entities interested in the mission of the Special Commission.
- The Division's DASH Committee organized a food drive in all four of the Division's offices.
- On December 16th, the Division posted a [Public Service Announcement](#) on cybersecurity and provided resources about online prevention tips in both English and Spanish.
- On December 17th, the Division issued a [decision](#) relative to the merger of Family Federal Savings, F.A., Fitchburg, Massachusetts with and into Fidelity Co-operative Bank, Fitchburg, Massachusetts.
- On December 19th, the Division issued a [decision](#) relative to the merger of First Ipswich Bank, Ipswich, Massachusetts with and into Brookline Bank, Brookline, Massachusetts.
- DIS Banks Risk Management Unit implemented the new first day letter and item request list process in order to help streamline the pre-examination process and synchronize it with the bank modernization's updated statutes.

Annual Enforcement Report

The Division issued a total of 90 formal and informal regulatory Enforcement Orders which included 7 formal public orders listed below during 2019.

Mortgage Companies	
Semper Home Loans, Inc.	Consent Order
Mortgage Loan Originators	
Adam J. Lynds	Order of Prohibition
Third Party Loan Servicers	
Freedom Financial Asset Management, LLC	Consent Order
Foreign Transmittal Companies	
Hoban Global Money Services, LLC	Consent Order
Debt Collectors	
Seterus, Inc.	Consent Order
First American Trust, LLC	Cease Directive
Check Cashers	
Cafeta Foods, LLC dba El Pikante Foods	Cease Directive

Consent Orders Terminated/Resolved

- Liberty Home Equity Solutions, Inc.
- American Internet Mortgage, Inc.
- American Neighborhood Mortgage Acceptance Company, LLC. dba AnnieMac Home Mortgage
- The Money Source, Inc.

Key Agency Actions

- The Division of Banks introduced *DOB connects*, a program consisting of periodic webinars and webcasts covering regulatory developments and consumer-related topics for financial institutions and community organizations. Recordings of these webinars and webcasts can be found [here](#).
- The Division of Banks and the Office of Consumer Affairs and Business Regulation issued an advisory for those who were experiencing financial hardship during the Federal Government Partial Shutdown in January. The advisory lists some of the potential impacts of the partial shutdown on federal employees and consumer and small business lending. The advisory can be found [here](#).

In addition, the Division posted [information](#) regarding the impact of the partial shutdown on the financial services industry.

- As part of its goal to monitor developments in the marijuana banking environment in Massachusetts and across the country, the Division of Banks, with 24 other state banking supervisors, co-signed a letter to federal Congressional leaders urging consideration of legislation creating a safe harbor for financial institutions to serve businesses operating legally under state law regarding marijuana-related activity. A copy of the letter can be read [here](#).

Annual Enforcement Report: continued

Key Agency Actions: continued

- In addition to the [announcement](#) of \$1.5 million in grants to 10 foreclosure prevention centers and 10 consumer counseling organizations to provide foreclosure counseling and first-time Homebuyers Education, the Baker-Polito Administration, State Treasurer's Office, and the Division of Banks announced a commitment of \$50,000 to Operation Money Wise. This program supports non-profit organizations, public agencies, and higher education institutions in the Commonwealth that foster financial literacy in the Military, Veteran, Family, and Survivor Community. It is funded entirely by Division funds obtained through a settlement involving alleged unlawful lending practices. More information can be found [here](#).

In March, the Division posted information on the outcomes of the 2018 Foreclosure Education and First-Time Homeowner grants. It can be found [here](#).

- As part of its Elder Financial Abuse Prevention Initiative, the Division of Banks issued a consumer advisory on June 15th, World Elder Abuse Awareness Day. This [advisory](#) contained tips and resources for seniors on financial abuse awareness. In addition, the Division issued a [letter](#) to state regulated banks and credit unions with resources on protection for their senior consumers.
- During National Cybersecurity Awareness Month in October, the Division of Banks and the Office of Consumer Protection and Business Regulation published an [advisory](#) with tips and resources for consumers, institutions, and communities. The *Own It, Secure It, Protect It* campaign is a collaborative effort between government agencies and industry to raise awareness on the importance of cybersecurity while endeavoring to ensure that American consumers have the necessary resources to be safer and more secure online.
- The Division held a "Meet the Regulators" Breakfast event for the Fintech community inviting the Commonwealth's Division of Insurance and Securities Division for an opportunity to engage and network with various innovators, entrepreneurs, and other stakeholders. The event's agenda is [here](#).

Agency Strategic Goals

The Division of Banks' (Division) 2019 Strategic Plan reflected the agency's commitment to the mission of ensuring a sound, competitive, and accessible financial services environment throughout the Commonwealth. The Plan focused on our agency's vision and core values, as reflected and strived for in the daily work of the Division's staff. Throughout the year, agency staff made significant steps in working to achieve our vision of a financial services environment in which:

- the public has confidence in its financial institutions;
- consumers have the information needed to make wise financial choices; and
- financial institutions can compete on a level playing field.

We worked towards our mission and vision by focusing on our goals:

Supervision and Regulatory Environment

Effectively supervise and examine the Division's regulated entities through a regulatory framework which ensures consumer protection while promoting a competitive industry.

Consumer Protection and Outreach

Implement and enforce consumer protection laws and regulations while providing consumers and/or industry with information to make informed financial decisions and be prepared to mitigate anticipated risks.

Administration Staffing and Development

Update and establish operational policies and procedures to mitigate risk and ensure the Division functions effectively and efficiently. Ensure efficient staffing by having the right people in the right roles with the right skills to perform their responsibilities and work towards achieving the Division's vision.

Accreditation

Every five years, the agency must achieve re-accreditation from the Conference of State Bank Supervisors, the National Association of State Credit Union Supervisors, and the American Association of Residential Mortgage Regulators for the three areas of bank, credit union, and mortgage supervision, respectively. The entire agency works in a coordinated effort to prepare for the significant undertaking of accreditation review, including the preparation of extensive self-evaluation ahead of onsite visit and interviews with the accreditation review team.*

*During the Q4 2019 through Q2 2020 timeframe, the Division underwent the required five-year re-accreditation review process covering the regulatory areas of banks, credit unions, and mortgage supervision and successfully attained re-accreditation demonstrating continued adherence to established national regulatory and operational

standards.

Non-Depository Institution Supervision

The Non-Depository Institution Supervision (NDIS) unit licenses and examines the nearly 12,000 non-depository financial institutions in Massachusetts. These institutions include:

- Mortgage lenders
- Mortgage brokers
- Consumer finance companies
- Money services businesses
- Debt collectors
- Loan servicers
- Check Cashers
- Check Sellers

To evaluate the overall safety and soundness of the non-depository financial institutions in Massachusetts, and to comply with our mission to ensure sound, competitive, and accessible financial services, NDIS examiners conduct periodic examinations of these companies to assess the level of compliance with consumer protection laws and determine if the licensee is operating in a safe and sound manner.



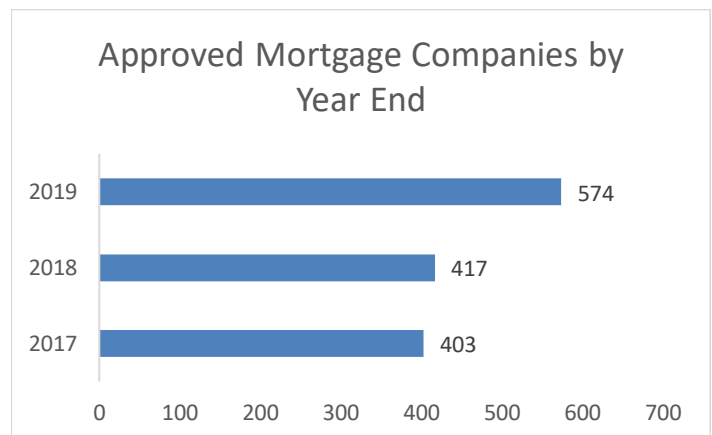
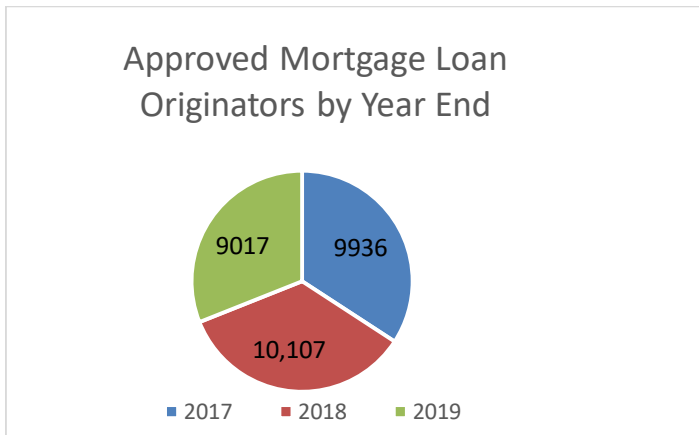
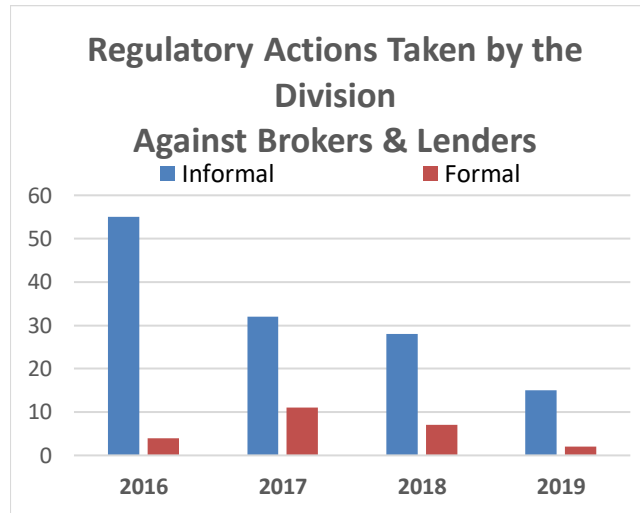
Mortgage Supervision

In 2019, the Division’s Mortgage Exam Unit (MEU) continued to improve its exam procedures by following comprehensive exam and risk scoping guidelines in an effort to increase efficiency and effectiveness in the allocation of resources. The MEU engaged in continued Home Mortgage Disclosure Act (HMDA), Equal Credit Opportunity Act (ECOA), Community Reinvestment Act (CRA), and Fair Lending training in its transition of the responsibility for conducting CRA for Mortgage Lenders (MLCI) examinations. In addition, the Unit continues its proficiency in the examination of complex loan servicers and debt collectors. In doing so, the MEU is well versed in and regularly takes advantage of the Nationwide Multistate Licensing System and Registry (NMLS), including the analytics and mortgage call reporting functions, resulting in efficient risk scoping during the pre-exam phase of the examination.

In support of the MEU’s overall risk assessment, key risk indicators are regularly evaluated to ensure appropriate strategic, operational, financial, and compliance tolerances. The MEU continues to support and participate in coordinated exams with other states through the Multi-State Mortgage Committee and direct organization for identified mortgage licensees, where applicable.

Mortgage lender and broker license applications continued to increase in 2019, specifically for smaller businesses (proprietors) and other start-up ventures. The Mortgage Licensing Unit regularly evaluates the overall state of the Massachusetts economy, housing market, the rise of non-qualified mortgage license applications, Fintech related lead generators, lenders and servicers and other housing financing options.

The figures below include regulatory action and approved licensee information occurring with the MEU during 2019.



The Division conducted 12 CRA examinations of mortgage lenders during 2019. There are currently 69 Public Evaluations of mortgage lenders posted on the Division’s website.

Consumer Finance/Money Services Business Activity

In 2019, the Consumer Finance/Money Services Business Unit's many accomplishments helped promote the Division's mission of ensuring a sound, competitive, and accessible financial services environment throughout the Commonwealth.

- Almost \$4.5 million was reimbursed to over 29,000 Massachusetts consumers during 2019 as a result of examinations conducted on licensed finance companies and debt collectors.
- The Division maintains membership in regulatory trade groups to aid in the supervision of regulated entities, including the National Association of Consumer Credit Administrators (NACCA), the North American Collection Agency Regulatory Association (NACARA), and the Money Transmitters Regulatory Association (MTRA).
- The Division maintains membership in state member committees for NACCA and NACARA. Chief Director Elizabeth Benotti served as president of NACARA and Senior Deputy Commissioner Christopher Pope sits on the MTRA Board. Division staff also served on the NACCA Emerging Issues and Membership Committees, as well as the NACARA Regulatory Supervision Committee.
- The Division's CFMSB Unit participated on six multi-state examinations in 2019. Three joint examinations were conducted with MTRA members, one was conducted with NACCA, and two were conducted with NACARA. One of these examinations was conducted concurrently with the Consumer Financial Protection Bureau (CFPB). The Division entered into a joint informal regulatory action with two other states to address compliance deficiencies identified during a multistate debt collector examination.
- In October, the Division entered into a Consent Order with a licensed foreign transmittal company to address deficiencies identified during a recent examination. The Order requires the licensee to safely handle customer funds received for transmittal to a foreign country by depositing all funds in one or more client funds accounts maintained at a federally insured bank or credit union, maintain increased bond coverage, and properly register all trade names.
- During 2019, the Division collaborated with the registry of Motor Vehicles (RMV) and to root out and eliminate unlicensed "Buy Here/Pay Here" lending activity in Massachusetts, as well as other potentially predatory lending practices. This joint effort involved inspections of independent dealers to identify potential unlicensed lending activity or other unfair and/or deceptive practices. In total, the Division issued 75 cease directives to potentially unlicensed auto dealers and conducted 20 dealer inspections throughout the Commonwealth.
- Throughout 2019, the Division issued cease directives against unlicensed foreign transmittal companies, check cashers, lenders and loan servicers. Unlicensed activity was identified through examinations and the license application process, as well as information provided by other state regulators and anonymous tips. The Division entered into several Consent Orders during 2019 resolving unlicensed activity, which resulted in approximately \$100,000 in fines, penalties and additional reimbursements to consumers. All fees and penalties are processed through the Division's enforcement unit.

Depository Institution Supervision

The main objective of the Depository Institution Supervision (DIS) unit is to evaluate the overall safety and soundness of the depository financial institutions in Massachusetts in order to comply with the Division's mission to "ensure a sound, competitive, and accessible financial services environment throughout the Commonwealth." This process includes an assessment of the institution's risk-management systems, financial condition, and compliance with applicable banking laws and regulations.

The DIS unit examiners and managers supervise the Commonwealth's 163 state-chartered banks and credit unions to ensure they comply with federal and state laws and regulations. As prescribed in MGL c. 167, the DIS unit conducts examinations of these institutions for

- Risk management (also known as safety and soundness)
- Consumer protection compliance
- Community Reinvestment Act (CRA) and Fair Lending.

Other responsibilities of the DIS unit include consumer outreach and education. The unit will issue guidance specific to banks and credit unions on various topics and issues. The *DOB connects* program, featuring state and federal experts and guest speakers, consists of periodic webinars and webcasts covering regulatory developments and consumer-related topics for financial institutions and community organizations.

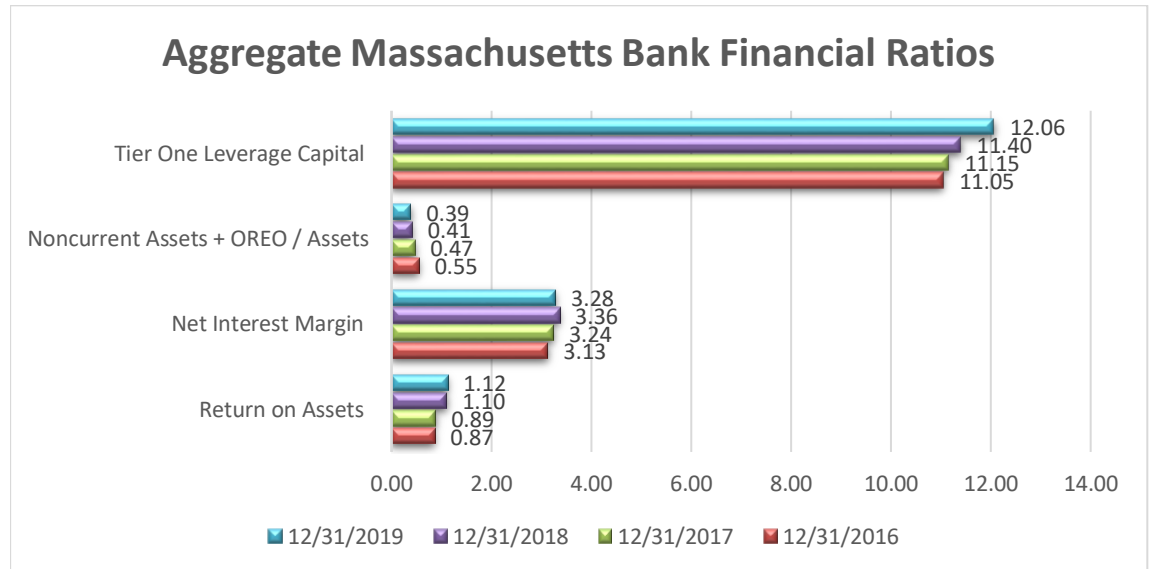


Bank Summary: Balance Sheet and Income Statement

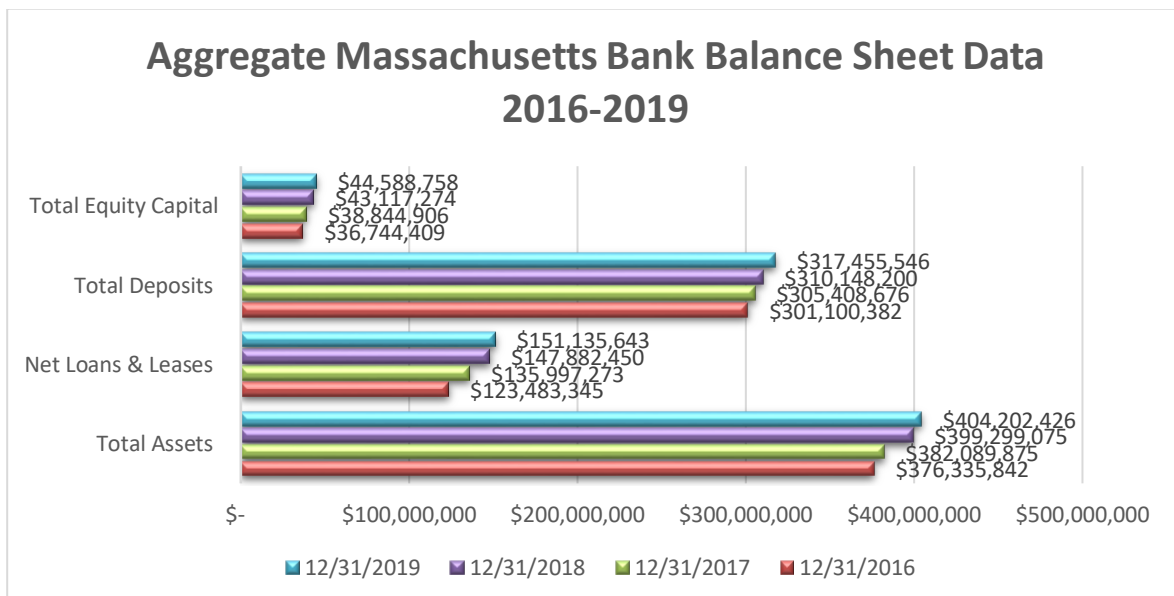
Massachusetts state-chartered banks continued a prolonged trend of prosperity and growth in 2019. Asset growth of approximately 1% resulted in aggregate state-chartered bank assets increasing to \$404.20 billion at year-end. Asset growth was centered in securities, which grew by 8% or \$8.49 billion. This growth was funded primarily through deposit growth of 2% or \$7.31 billion.

Earnings were down year-over-year due to increased interest expense as well as falling fiduciary income and trading revenue. The average net interest margin fell by 8 basis points year-over-year, to 3.28%. The continued downward trend in non-current assets also led to a reduction in provisions for loan and lease losses of 7%. Furthermore, despite decreased net income, the average return on assets ratio improved by 2 basis points, to 1.12%. This was primarily due to increased balance

sheet efficiency, with earning assets increasing by \$4.82 billion or 1%, year-over-year. Equity capital has increased by \$1.47 billion or 3%, year-over-year. This has had a very positive effect on the tier one leverage capital ratio for Massachusetts state-chartered banks, with the average ratio increasing by 66 basis points to 12.06%.



The aforementioned figures demonstrate Massachusetts state-chartered banks had another successful year. Increased operating efficiency and stellar asset quality helped mitigate compressing margins due to funding cost increases. Gains in equity capital provide a layer of stability in our institutions, which should help shield banks from any future financial headwinds.



Bank Balance Sheet

Years Ending December 31	2018	2019	% Change
	\$ in 000's	\$ in 000's	
Cash & Balances due from depository institutions	80,654,309	77,163,505	-4%
Total securities	\$ 108,549,115	\$ 117,043,590	8%
Federal funds sold and reverse repurchase	4,902,751	1,824,708	-63%
Gross Loans and Leases	149,035,604	152,289,795	2%
Loan loss allowance	1,153,154	1,154,152	0%
Net loans and leases	147,882,450	151,135,643	2%
Trading account assets	5,803,116	5,466,772	-6%
Bank premises and fixed assets	3,333,112	4,424,540	33%
Other real estate owned	26,373	9,201	-65%
Goodwill and other intangibles	11,277,070	11,440,726	1%
All other assets	36,870,779	35,693,741	-3%
Total assets	399,299,075	404,202,426	1%
Total deposits	310,148,200	317,455,546	2%
Federal funds purchased and repurchase agreements	2,015,106	1,994,681	-1%
Trading liabilities	4,974,805	6,373,907	28%
Other borrowed funds	17,398,450	13,311,720	-23%
Subordinated debt	969,798	1,499,000	55%
All other liabilities	20,675,442	18,978,814	-8%
Total Liabilities	356,181,801	359,613,668	1%
Perpetual preferred stock	12,133	12,131	0%
Common stock	80,542	83,902	4%
Surplus	20,779,143	22,265,179	7%
Undivided profits	22,221,103	22,211,768	0%
Equity, minor interest in consolidated subs	24,353	15,778	-35%
Total equity capital	43,117,274	44,588,758	3%
Total Liabilities and Equity Capital	399,299,075	404,202,426	1%

Bank Income Statement

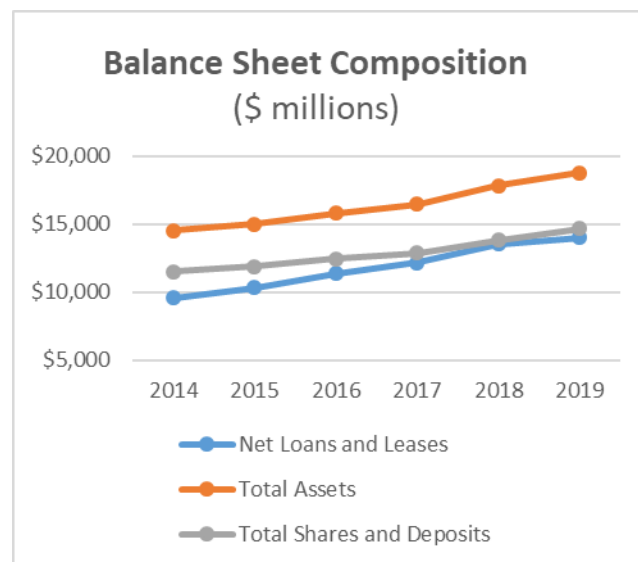
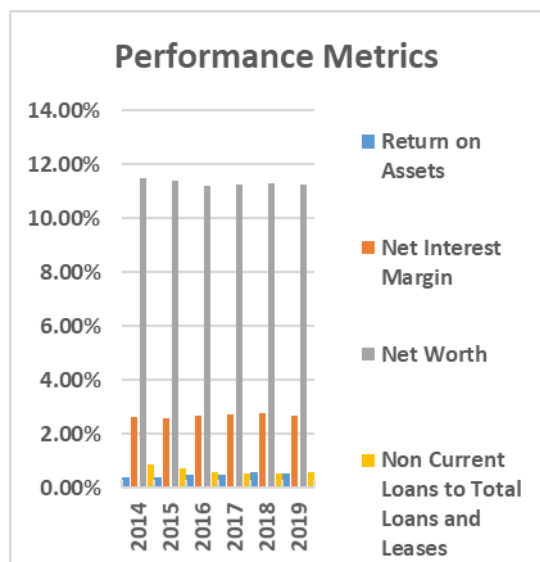
Years Ending December 31	2018	2019	% Change
	\$ in 000's	\$ in 000's	in %
Total interest income	9,435,999	10,188,898	8%
Total interest expense	1,830,773	2,405,360	31%
Net interest income	7,605,226	7,783,538	2%
Provision for loan and lease losses	144,996	134,415	-7%
Gross Fiduciary activities income	6,147,276	5,860,752	-5%
Service charges on deposit accounts	185,511	191,373	3%
Trading account gains and fees	762,238	488,247	-36%
Additional Noninterest Income	2,866,363	3,024,175	6%
Total noninterest income	9,961,388	9,564,547	-4%
Salaries and employee benefits	6,689,362	6,477,988	-3%
Premises and equipment expense	2,049,449	2,199,317	7%
Additional noninterest expense	3,600,515	3,741,976	4%
Total noninterest expense	12,339,326	12,419,281	1%
Pre-tax net operating income	5,082,292	4,794,604	-6%
Securities gains (losses)	72,773	174,647	140%
Applicable income taxes	892,237	940,587	5%
Income before extraordinary items	4,262,828	4,028,664	-5%
Extraordinary gains, net	-	(4,071)	-
Net income	4,262,828	4,024,593	-6%

Credit Union Summary: Balance Sheet and Income Statement

Massachusetts state-chartered credit unions experienced another year of solid growth in 2019 with total assets reaching \$18.76 billion, increasing 5.09% compared to year-end 2018. Over the same period, total loans grew moderately by \$474.42 million, or 3.49%, which was below the national average of 6.17%. Furthermore, total shares and deposits experienced robust growth of \$843.01 million, or 6.10%, which was also slightly below the national average of 8.20%. Total regulatory net worth increased by \$90.21 million, or 4.47%, to \$2.11 billion and led to an aggregate net worth to total assets ratio of 11.25%. This is a slight decrease from the year-end 2018 level of 11.31% due to average asset growth outpacing net worth growth via earnings retention.

Net income for 2019 decreased by a modest 2.78% compared to 2018 results and totaled \$98.97 million. Earnings performance was fueled by measured growth of 3% in net interest income, which was driven by interest income growth of 10% and countered by a 37% increase in interest expense due to the prevailing movements in market interest rates throughout 2019. Although the yields on average loans and average investments increased by 7 basis points (bps) and 30 bps, respectively, the cost of funds to average assets ratio also increased 20 bps. This led to the net interest margin declining by 8 bps in 2019 to 2.70%. The provision for loan loss expense in 2019 of \$20.10 million, or 0.11% of average assets, was well below the national average of 0.43% of average assets. This is indicative of the continued strong loan quality and a low delinquency ratio of 0.56% compared to the national average of 0.71%. Total non-interest income increased 5.77% and was buoyed by steady increases in fee and other operating income, but also bolstered by significant growth in gains on the sale of investments/securities. Total non-interest expenses, or overhead, increased 5.59% in 2019 and was driven primarily by increasing costs in the areas of employee compensation and benefits and office operations. Although operating expenses increased, the operating expense to average assets ratio declined 3 bps to 2.90% and stands well below the national average of 3.20%. The cumulative result of operations led to the return on average assets ratio declining marginally from 0.59% in 2018 to 0.54% in 2019.

Overall, the vast majority of state-chartered credit unions remain in fundamentally sound financial condition, supported by robust total aggregate net worth levels and earnings performance across the industry.



Credit Union Balance Sheet

Years ended December 31	2018	2019	% Change
	\$ in 000's	\$ in 000's	
Assets			
Cash & Equivalents	695,499	979,616	41%
Total Investments	2,953,151	3,004,178	2%
Loans Held for Sale	11,944	24,259	103%
Loans and Leases, Net of Unearned Income	13,591,340	14,065,757	3%
Allowance for Loan and Lease Losses	-64,748	-65,691	1%
Net Loans and Leases	13,526,592	14,000,066	4%
Land and Building	213,802	217,580	2%
Other Fixed Assets	49,335	55,997	14%
NCUSIF Deposit	128,994	133,497	3%
Other Assets	271,148	343,100	27%
Total Assets	17,850,465	18,758,293	5%
Liabilities			
Dividends Payable	704	1,056	50%
Notes & Interest Payable	1,913,798	1,825,670	-5%
Accounts Payable & Other Liabilities	140,329	152,022	8%
Total Shares & Deposits	13,809,538	14,652,543	6%
Total Liabilities	15,864,369	16,631,291	5%
Equity			
Regular Reserves	229,118	224,552	-2%
Undivided Earnings	1,744,948	1,804,668	3%
Equity Acquired in Merger	49,535	84,357	70%
Accum. Unrealized Gain/(Loss) on AFS	-28,323	21,651	-176%
Other Reserves/Miscellaneous Equity	55	67	22%
Other Comprehensive Income	-9,237	-8,293	-10%
Total Equity Capital	1,986,096	2,127,002	7%
Total Liabilities + Equity Capital	17,850,465	18,758,293	5%

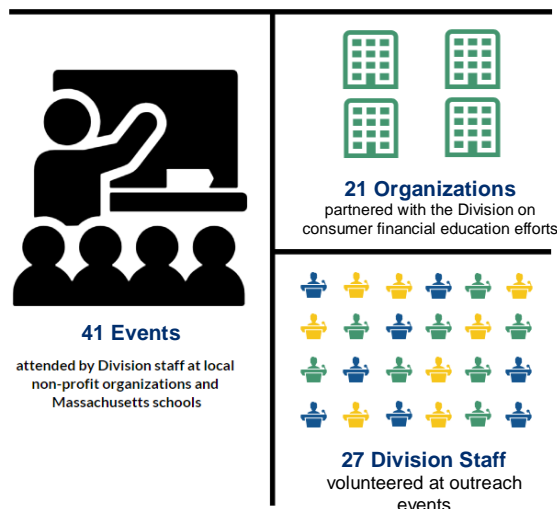
Credit Union Income Statement

Years ended December 31	2018	2019	% Change
	\$ in 000's	\$ in 000's	
Total Interest Income	602,313	664,921	10%
Total Interest Expense	124,733	170,993	37%
Net Interest Income	477,580	493,928	3%
Provision for Loan and Lease Losses (PLLL)	20,530	20,103	-2%
Net Interest Income after PLLL	457,050	473,825	4%
Fee Income	76,970	78,933	3%
Other Operating Income	67,171	70,033	4%
Gain/(Loss) on Investments	506	4,776	844%
Gain/(Loss) on Disposition of Assets	705	1,266	80%
Gain from Bargain Purchase (Merger)	136	0	-100%
Other Non-Operating Income/(Expense)	1,793	777	-57%
Total Non-Interest Income	147,281	155,785	6%
Employee Compensation and Benefits	259,612	275,502	6%
Travel and Conference Expense	5,119	5,272	3%
Office Occupancy Expense	42,418	41,499	-2%
Office Operation Expense	89,194	97,276	9%
Education and Promotional Expense	19,651	20,844	6%
Loan Servicing Expense	19,300	20,336	5%
Professional and Outside Services	51,895	54,533	5%
Member Insurance	1,989	1,432	-28%
Operating Fees	2,239	2,271	1%
Miscellaneous Operating Expenses	11,117	11,674	5%
Total Non-Interest Expense	502,534	530,639	6%
Net Income(Loss)	101,798	98,970	-3%

Consumer Protection and Outreach

The Division's 2019 consumer protection and outreach efforts continued to focus on elder financial abuse prevention and cybersecurity awareness resulting in volunteer events and speaking engagements for Division employees. In addition, the Division hosted a *Meet the Regulators Breakfast* for the Commonwealth's Fintech entrepreneurs, innovators, and other stakeholders. During National Cybersecurity Month, the Division of Banks and the Office of Consumer Protection and Business Regulation published an advisory with tips and resources for consumers, institutions, and communities. The *Own It, Secure It, Protect It* campaign is a collaborative effort between government agencies and industry to raise awareness on the importance of cybersecurity while endeavoring to ensure that American consumers have the necessary resources to be safer and more secure online.

Outreach event participation continued throughout 2019 with Division employees volunteering at events around the Commonwealth. A majority of these events were First-Time Homebuyer Workshops and Credit for Life Fairs at area high schools where Division staff helped to educate students about financial literacy. The Division partnered with organizations and schools to encourage and support their financial education efforts. The infographic below highlights the Division's outreach participation details.



Community Reinvestment Act

The Community Reinvestment Act (CRA) Unit plays an active role in outreach and industry education. In the spring of 2019 the unit launched a series of CRA related online webinars for industry and community audiences with over 300 attendees from both financial and public sectors across the Commonwealth. CRA examiners, representatives from banks and credit unions, and speakers from community and economic development non-profit organizations discussed a range of topics, including: innovative and flexible lending opportunities in low-to-moderate income communities; fintech options for the underserved; affordable mortgage lending options; and, introduction and overview of Opportunity Zones. Additionally, in the spring of 2019 an all staff webinar, Promoting Responsible & Sustainable Home Ownership, was held with the Merrimack Valley Housing Partnership based in Lowell, Massachusetts. Division staff learned about home buyer education initiatives in Lowell, Massachusetts and housing credit needs facing the Lowell area.

Consumer Protection managers and examiners strongly support financial literacy and consumer-credit counseling efforts. Collectively in 2019, the unit participated in at least four youth education and consumer education events at community development organizations and high schools throughout Massachusetts.

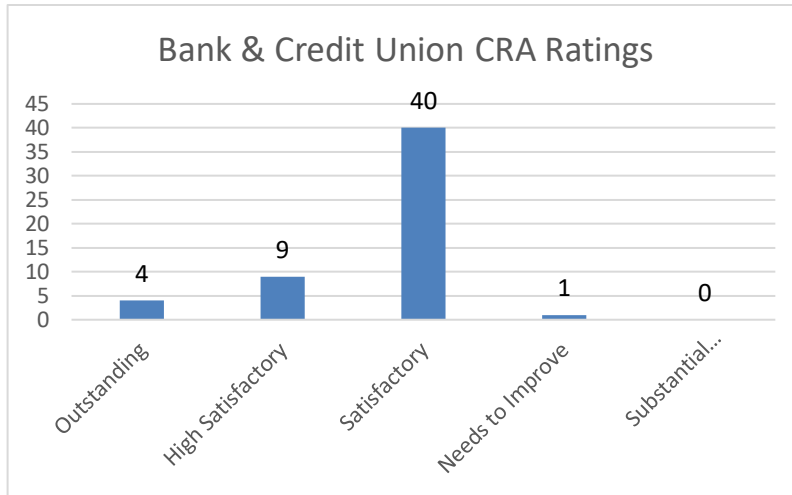
Lastly, in November, through a collaboration with the Cooperative Credit Union Association, examiners and senior managers prepared a very successful half-day CRA training for over 30 state-chartered credit unions.



CRA for Banks and Credit Unions

Under the Massachusetts Community Reinvestment Act (CRA), the Division examines state-chartered banks and credit unions to assess the institution's record of meeting the needs of its entire assessment area, including low-and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of a CRA examination, the Division prepares a written Public Evaluation which can be obtained on the Division's website or directly through the institution.

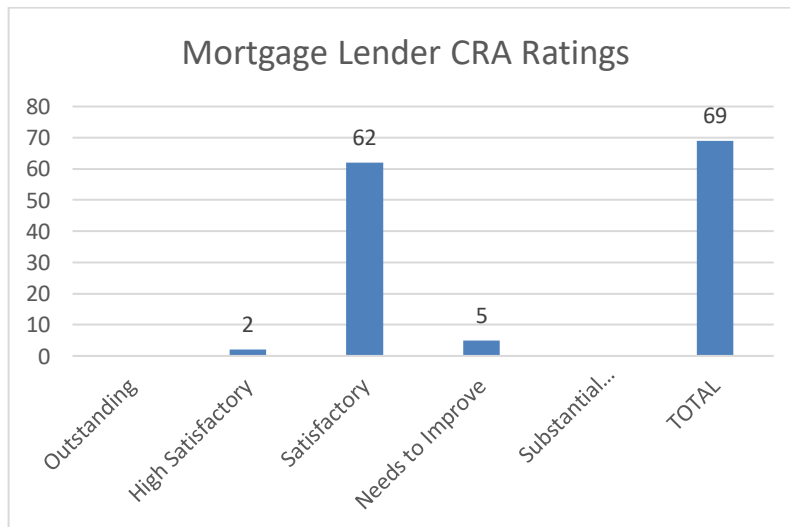
The Division conducted 54 CRA examinations of banks and credit unions during 2019. There are currently 161 Public Evaluations of banks and credit unions posted on the Division's website.



CRA for Mortgage Lenders

CRA requirements are in place for certain mortgage lenders in accordance with M.G.L. c. 255E, § 8. These provisions require a CRA evaluation of mortgage lenders that have originated 50 or more Home Mortgage Disclosure Act (HMDA) reportable mortgage loans in the previous two calendar years.

The Division conducted 12 CRA examinations of mortgage lenders during 2019. There are currently 69 Public Evaluations of mortgage lenders posted on the Division's website.



Foreclosure Prevention

Since the inception of the foreclosure counseling and education grant initiative in 2008, the Division has awarded over \$13 million to nonprofits with a focus on consumer counseling and education services pursuant to Chapter 206 of the Acts of 2007, *An Act Protecting and Preserving Homeownership*. Over 48,000 consumers have been assisted thanks to these grants. Funding is possible through administrative fees associated with the licensure of loan originators according to M.G.L. c. 255F.

In 2019, the Division awarded 20 organizations a total of \$1.5 million in Chapter 206 grants. These grants assist homeowners who are experiencing some type of financial hardship as well as prospective homebuyers who are determining if homeownership is right for them. Awarded organizations offer programs including, but not limited to, foreclosure prevention counseling services, loan modification assistance, first-time homeownership education, or counseling for non-traditional or high-cost loans such as subprime products.

In addition to the announcement of \$1.5 million in Chapter 206, the Baker-Polito Administration, State Treasurer's Office, and the Division of Banks announced a commitment of \$50,000 to Operation Money Wise. This program supports non-profit organizations, public agencies, and higher education institutions in the Commonwealth that foster financial literacy in the Military, Veteran, Family, and Survivor Community. It is funded entirely by Division funds obtained through a settlement involving alleged unlawful lending practices.



Legal Unit

The Legal unit provides legal advice and representation to the Commissioner of Banks and Division. Representation and advice is given on matters related to the regulation of the Division's supervised financial institutions and licensees. The Legal unit drafts and coordinates all legislative and regulatory filings on behalf of the Division of Banks.

The Legal unit reviews and responds to:

- Applications submitted by regulated financial institutions
- Requests for regulatory approvals submitted by regulated entities or attorneys
- Requests for regulatory opinions submitted by regulated entities or attorneys



Major Depository Corporate Transactions

There were eighteen major corporate transactions consummated in 2019.

- Thirteen transactions involved mergers:
 - Eight of the mergers resulted in the reduction of three savings banks, four co-operative banks and one credit union.
 - One of the mergers involved a New Hampshire state-chartered bank merging with and into a Massachusetts state-chartered trust company.
 - One of the mergers involved a Connecticut state-chartered bank merging with and into a Massachusetts state-chartered trust company.
 - Three of the mergers involved federally-chartered credit unions merging with and into state-chartered credit unions.
- Two mutual holding companies converted to stock holding companies.
- A savings bank converted to a trust company by operation of law.
- Two state-chartered credit unions converted to federally-chartered credit unions.

Bank Transactions

Merger Transactions

In 2019, there were nine bank merger transactions, seven of which reduced the number of Massachusetts-chartered banks. At year end, there were 48 savings banks, 37 co-operative banks, 15 trust companies, and 2 limited purpose trust companies.

The following is a list of the bank merger transactions that were consummated in 2019.

- Belmont Savings Bank, Belmont merged with and into People's United Bank, N.A., Bridgeport, Connecticut effective April 1, 2019.
- Blue Hills Bank, Hyde Park merged with and into Rockland Trust Company, Rockland effective April 1, 2019.
- Coastal Heritage Bank, Weymouth merged with and into Equitable Bank, East Weymouth and Equitable Bank changed its name to Coastal Heritage Bank effective April 1, 2019.
- Optima Bank & Trust Company, Portsmouth, NH merged with and into Cambridge Trust Company, Cambridge effective April 17, 2019.
- Mutual Bank, Whitman merged with and into North Easton Savings Bank, Easton effective April 29, 2019.
- Abington Bank, Abington merged with and into Pilgrim Bank, Cohasset and Pilgrim Bank changed its name to Abington Bank effective May 17, 2019.
- Savings Institute Bank & Trust Company, Willimantic, Connecticut merged with and into Berkshire Bank, Pittsfield effective May 17, 2019.
- Beverly Bank, Beverly merged with and into North Shore Bank, a Co-operative Bank, Peabody effective October 1, 2019.
- Millbury Savings Bank, Millbury merged with and into Hometown Bank, Oxford effective October 18, 2019.

Mutual Holding Companies that converted to Stock Holding Companies

- HarborOne Bancshares, the mutual holding company for HarborOne Bank, Brockton converted to a stock holding company under the name HarborOne Bancorp, Inc. on August 14, 2019.
- Provident Bancorp, the mutual holding company for The Provident Bank, Amesbury converted to a stock holding company under the name Provident Bancorp, Inc. on October 16, 2019.

Conversion to a Trust Company

- Brookline Bank converted into a trust company by operation of law on July 31, 2019.

Name Changes

- Equitable Bank changed its name to Coastal Heritage Bank in conjunction with its merger with Coastal Heritage Bank effective April 1, 2019.
- Pilgrim Bank changed its name to Abington Bank in conjunction with its merger with Abington Bank effective May 17, 2019.

Credit Union Transactions

The number of Massachusetts-chartered credit unions was reduced from 67 to 64 during the year. Three federally-chartered credit unions merged with and into Massachusetts-chartered credit unions and a state-chartered credit union merged with and into another state-chartered credit union. Two state-chartered credit union's converted to a federal charter.

Below is the list of credit union transactions consummated in 2019.

Mergers

- Chadwick Federal Credit Union, Norwood merged with and into City of Boston Credit Union, Boston effective January 1, 2019.
- Bridgewater Credit Union, Bridgewater merged with and into Merrimack Valley Credit Union, Lawrence effective February 1, 2019.
- West Springfield Federal Credit Union, West Springfield merged with and into Freedom Credit Union, Springfield effective March 22, 2019.
- Northeastern University Federal Credit Union, Boston merged with and into City of Boston Credit Union, Boston effective April 1, 2019.

Conversions to Federal Charter

- Premier Source Credit Union, East Longmeadow converted to a federally-chartered credit union, Premier Source Federal Credit Union, effective June 4, 2019.
- St. Anne Credit Union, New Bedford converted to a federally-chartered credit union, Coastal New England Federal Credit Union, effective July 11, 2019.

Legislative Summary

Written Testimony

The Division provided written testimony to the Joint Committee on Financial Services on July 18, 2019 in support of the following four bills:

- House 924, *An Act Relative to the Regulation of the Business of Domestic and Foreign Money Transmission by the Division of Banks*;
- House 925, *An Act Relative to Mortgage Review Boards and a Small Business Loan Review Board within the Division of Banks*;
- House 1057, *An Act Establishing Uniform Confidentiality and Enforcement Provisions Relative to Certain Licensees under the Jurisdiction of the Division of Banks*; and
- House 1058, *An Act Relative to the Licensing and Supervision of Finance Companies by the Division of Banks*.

Regulations

The following two regulations were amended in 2019:

209 CMR 41.00: *The Licensing of Mortgage Loan Originators*

The amendments to 209 CMR 41.00: *The Licensing of Mortgage Loan Originators* update the regulation to reflect an exemption from licensure for mortgage loan originators who are employed by a mortgage lender or mortgage broker that the Division determines to be a “bona fide nonprofit affordable homeownership organization.” In addition, the amendments clarify the term “instrumentality created by the United States or any state” and exempt mortgage loan originators employed by such entity from licensure. These amendments were made to the statutes governing the licensure of mortgage lenders, mortgage brokers, and mortgage loan originators by Chapter 228 of the Acts of 2018. The amendments to 209 CMR 41.00 *et seq.* became effective on January 10, 2020.

- **209 CMR 45.00: *The Licensing and Regulation of Money Services Businesses***

The amendments to 209 CMR 45.00: *The Licensing and Regulation of Money Services Businesses* update provisions relative to check sellers and foreign transmittal agencies. With regard to check sellers, the amendments provide that the Division will accept quarterly and annual reports electronically from check sellers through the Nationwide Multistate Licensing System & Registry (NMLS). The second amendment, regarding foreign transmittal agencies, reflects the Division’s position that commercial transmissions, as well as transactions for the purchase of goods or services where the recipient/payment processor is the agent of the payee, are excluded from the licensure requirement. The amendments to 209 CMR 45.00 *et seq.* became effective on January 10, 2020.

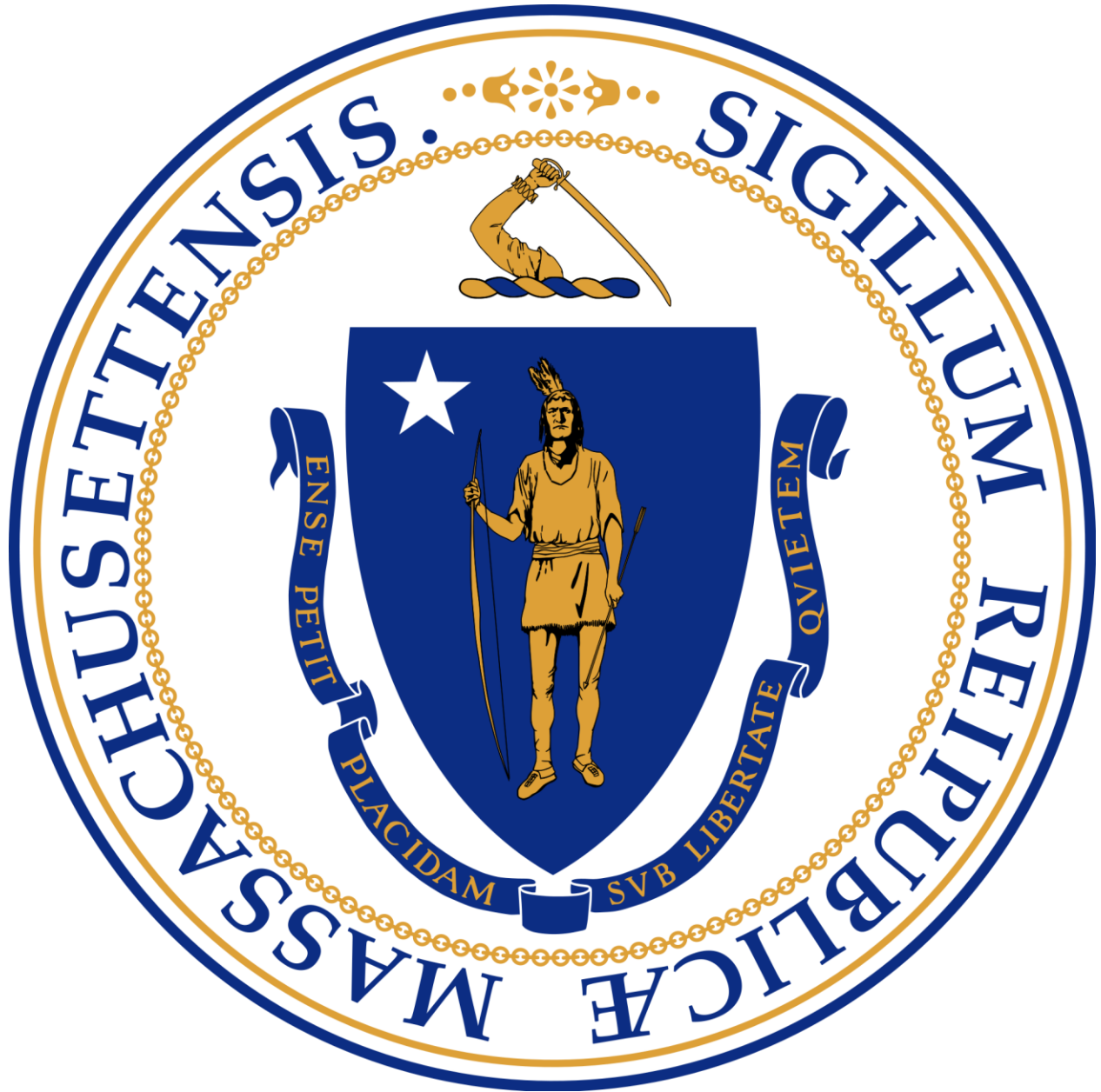
The Division has twenty-one effective regulations:

209 CMR 18.00	209 CMR 41.00	209 CMR 50.00
209 CMR 20.00	209 CMR 42.00	209 CMR 53.00
209 CMR 26.00	209 CMR 43.00	209 CMR 54.00
209 CMR 31.00	209 CMR 45.00	209 CMR 55.00
209 CMR 32.00	209 CMR 46.00	209 CMR 56.00
209 CMR 33.00	209 CMR 48.00	209 CMR 57.00
209 CMR 40.00	209 CMR 49.00	209 CMR 58.00

Staff List

As of 12/31/2019

William Adams	Kevin Cuff	Mulugheta Isayass	Corwin Proffitt
Kevin Adamson	Maureen Cunningham	Martin Jewett	Brittany Pulford
Akwasi Agyemang	Audrey Cutelis	Hitaishi Jhaveri	Mary Ellen Quirk
John Allen	Sean Dempsey	Pamela Kaufman	Matthew Regan
Tayana Antin	Aimee Desai Kehoe	John Kelley	Denisse Reyes
Beverley Ashby	Michael DeSousa	Shagne King	Saul Rivas
Shawna Avey	Joseph DeStefano	Domenick Lasorsa	Mayte Rivera
James Barrett	Jennifer DeWitt	Nicholas Lattarulo	Timothy Roberts
Ruth Barry	Valentina Dimunah	Michele Lindenmuth	Nelia Sales
Benedic Beaulieu	Harkeem Dixon	Jonathan Liu	Anand Shah
Richard Becker	Kelly Donohue	Wen Lomas-Tham	Christopher Shea
Cynthia Begin	Marc Dorval	Amanda Loring	Mark Sheehan
Denise Beighley	Richard Dumais	Andrew Lowney	Gregory Short
Heather Bennett	Thomas Dumont	Richard Luchini	Matthew Spence
Elizabeth Benotti	Chris Dupont	Ezekiel Luhigo	Karen Speziale
Giovanni Benson	Brian Dupuis	Stephen Maio	Kevin St. Onge
Jay Bienvenu	Georges Esperance	Mary Ann Manning	Gregory Stevens
Betty Boakye	Lia Fahey	Alanna Martineau	Kristin Strycharz
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Andrea Cipolla	Anita Grieco	Stephen O'Brien	Kimberly Whalen
Ann Cobleigh	Azieb Haile	Liam O'Driscoll	Matt Whitten
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Mauricio Coloma	Michael Hensler	Andrew Papalegis	Tanya Woodberry
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