



THE COMMONWEALTH OF MASSACHUSETTS
DIVISION OF BANKS
&

BOARD OF BANK INCORPORATION

1000 Washington Street, 10th Floor, Boston, Massachusetts 02118

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April 29, 2016

ACTIVITY REPORT

PAGE ONE

This notice serves to inform you concerning activity involving hearings, decisions, and matters pending before either the Commissioner of Banks or the Board of Bank Incorporation.

BOARD OF BANK INCORPORATION

Applications Pending

Spencer, MHC (MHC) and Spencer Mid-Tier Holding Company (Mid-Tier), Spencer– permission to become bank holding companies through the direct and indirect acquisition of Southbridge Savings Bank, Southbridge. MHC and Mid-Tier are the mutual holding company and mid-tier stock holding company, respectively, of Spencer Savings Bank, Spencer. Upon consummation of the transaction, MHC and Mid-Tier would be the mutual holding company and mid-tier holding company for both Spencer Savings Bank and Southbridge Savings Bank. Comment period ended April 19, 2016.

DIVISION OF BANKS

Decisions

Cape Cod Five Cents Savings Bank (The), Harwich Port - permission to (1) purchase certain assets and assume certain deposit and other liabilities of the branch office of Mutual Bank located at 668 Main Street, Falmouth; and in connection therewith (2) establish and maintain a branch office at that location; and (3) relocate its branch office from 763 Main Street, Falmouth to 668 Main Street, Falmouth – approved April 8, 2016.

East Boston Savings Bank, East Boston – notice to establish a mobile branch office – non-objection issued April 12, 2016.

Eastern Bank, Boston – permission to relocate its branch office from 125 Washington Street, Salem to 139 Washington Street, Salem – approved April 25, 2016.

Liberty Bay Credit Union, Braintree – permission to change the location of its main office by (1) closing its current main office located at 300 Granite Street, Braintree; and (2) establishing a branch office at 350 Granite Street, Braintree and in connection therewith, designating such location as the credit union's main office – approved April 25, 2016.

This Activity Report can be accessed within six business days after the above date at the Division's web site found at <http://www.mass.gov/dob/>

Liberty Bay Credit Union, Braintree – notice to establish a branch office at 300 Trade Center, Suite 4500, Woburn – non-objection issued April 25, 2016.

Liberty Bay Credit Union, Braintree – permission to close its branch office located at 99E Main Street, Redstone Plaza, Stoneham – approved April 25, 2016.

Mutual Bank, Whitman – permission to close its branch office located at 668 Main Street, Falmouth. In connection with this petition, Mutual Bank has entered into an agreement whereby The Cape Cod Five Cents Savings Bank, Harwich Port, would, subject to regulatory approval and consummation of the transaction, purchase certain assets and assume certain deposit and other liabilities of that office and maintain that location as a branch office – approved April 8, 2016.

Applications Pending

Avidia Bank, Hudson - notice to establish a branch office at 17 Pope Street, Hudson. Filed April 19, 2016.

Bank of Canton, Canton – permission to close its branch office located at 166 Harvard Street, Brookline. Comment period ended April 15, 2016.

Berkshire Bank, Pittsfield – permission to close its branch offices located at (1) 440 Main Street, Cairo, New York; and (2) 11565 Highway 32, Greenville, New York. Comment periods end May 11, 2016.

HarborOne Bank, Brockton – permission to reorganize into a mutual holding company, HarborOne Mutual Bancshares, as part of a multi-step transaction with a mid-tier holding company, HarborOne Bancorp. Inc. (Bancorp) and the issuance of up to 49.9% of the stock of Bancorp. Comment period ended April 1, 2016.

Middlesex Savings Bank, Natick – notice to establish a branch office at 657 Main Street, Walpole. Filed April 13, 2016.

OneUnited Bank, Boston – permission to close its branch offices located at (1) 6810 La Tijera Boulevard, Los Angeles, CA; and (2) 1335 North Lake Avenue, Pasadena, CA. Comment periods ended March 14, 2016.

Polish National Credit Union, Chicopee – permission to amend its by-laws to expand the associations which qualify persons for membership. The amendment relative to membership eligibility proposes to now add people living, working, or attending any accredited public or private college, university, high school, elementary school, or vocational school in the counties of Hartford, Litchfield, or Tolland, Connecticut. Comment period ended April 13, 2016.

Randolph Savings Bank (Randolph), Randolph and First Federal Savings Bank (First Federal), Boston – permission for First Federal to merge with and into Randolph under the charter, by-laws and name of Randolph as part of a multi-step transaction. The main office of Randolph would remain the main office of the continuing institution and the sole banking office of First Federal would be retained as a branch office of Randolph. Comment period ended November 12, 2015.

Reading Co-operative Bank, Reading – notice to establish a branch office within Northeast Metropolitan Regional Vocational High School, 100 Hemlock Road, Wakefield. Filed April 8, 2016.

Workers' Credit Union, Fitchburg – permission to close its branch office within Acton-Boxborough Regional High School, 36 Charter Road, Acton. Comment period ends May 2, 2016.

MAY 2016 FILING DATE

Complete applications for the May Activity Report must be received by the Division or the Board on or before 5:00 p.m., Monday, May 16, 2016.

**COMMUNITY REINVESTMENT ACT DESCRIPTIVE RATINGS AND EVALUATIONS
WHICH BECAME PUBLIC DURING THE MONTH**

The following state-chartered banks and credit unions and licensed mortgage lenders have Community Reinvestment Act descriptive ratings and evaluations describing the basis for the rating issued by the Division of Banks. The ratings, as set out in statute, for a bank's or credit union's record of meeting community credit needs are: Outstanding (O); High Satisfactory (HS); Satisfactory (S); Needs to Improve (NI); and Substantial Noncompliance (SNC). Licensed mortgage lenders are also assigned one of these ratings to describe their record of meeting the mortgage credit needs in the Commonwealth of Massachusetts.

A consolidated list of all ratings can be found at www.mass.gov/dob.

A copy of an individual CRA evaluation is available directly from the bank, credit union, or mortgage lender which is required by law to make the material available upon request, or from the Division's web site.

<u>BANK/CREDIT UNION</u>	<u>RATING</u>	<u>DATE OF EXAMINATION</u>
Blue Hills Bank, Hyde Park	S	09/28/2015
Brotherhood Credit Union, Lynn	S	01/11/2016
Country Bank for Savings, Ware	S	11/16/2015
Liberty Bay Credit Union, Braintree	S	11/30/2015
New Bedford Credit Union, New Bedford	S	12/14/2015
StonehamBank - A Co-operative Bank, Stoneham	S	12/07/2015

<u>MORTGAGE LENDER</u>	<u>RATING</u>	<u>DATE OF EXAMINATION</u>
E Mortgage Management LLC	S	07/09/2015

REGULATIONS

FILING OF PROPOSED AMENDMENTS

On April 28, 2016, the Division of Banks filed proposed amendments to 209 CMR 50.00: *Parity with Federal Credit Unions*, which are the implementing regulations for Massachusetts General Laws chapter 171, section 6A, with the Clerk of the Massachusetts House of Representatives. This statute authorizes the Commissioner of Banks to propose regulations, subject to Legislative review, to authorize activities that are available to federally chartered credit unions in order to make the state charter more competitive. The proposed amendments reflect further changes made after the public hearing on January 14, 2016. Additional information regarding the proposed amendments is available on the Division's website at www.mass.gov/dob.

On April 29, 2016, the Division of Banks filed proposed amendments to 209 CMR 46.00: *Community Reinvestment*, which are the implementing regulations for Massachusetts General Laws chapter 167, section 14, with the Clerk of the Massachusetts House of Representatives. 209 CMR 46.00 carries out the purposes of the Community Reinvestment Act (CRA) by establishing the framework and criteria by which the Commissioner assesses a state-chartered bank's or state-chartered credit union's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. The proposed amendments reflect further changes made after the public hearing on April 11, 2016. Additional information regarding the proposed amendments is available on the Division's website at www.mass.gov/dob

NOTICE OF PUBLIC HEARING

Pursuant to the provisions of Massachusetts General Laws chapter 140D, ss. 3 and 29; 167, ss. 2I and 46; chapter 167B; chapter 167C; chapter 169, s. 7; chapter 169A, s. 2; chapter 167F, s. 4; chapter 171, s. 8A; chapter 183C; chapter 244, ss. 35A and 35B; c. 255D, s. 1; and St. 1998, c. 169; and in accordance with Massachusetts General Laws chapter 30A, s. 2, a public hearing will be held on **Thursday, May 12, 2016 at 10:00 a.m.**, 1000 Washington Street, Hearing Room 1-E, Boston, Massachusetts, at which the Division of Banks (Division) will receive oral comments relative to the proposed amendments to 209 CMR 31.00: Establishment and Operation of Electronic Branches of Financial Institutions and for the Protection of Consumers in Electronic Fund Transfers; 209 CMR 32.00: Truth in Lending; 209 CMR 45.00: The Licensing and Regulation of Check Cashers; and 209 CMR 56.00: Foreclosure Prevention Options; and the proposed repeal of 209 CMR 35.00: Check Cashing Procedures for Certain Banks Required to Honor and Cash Certain Checks of Pensioners and Retirees; 209 CMR 44.00: Licensing of Foreign Transmittal Agencies; and 209 CMR 52.00: Credit Insurance Disclosure Requirements.

209 CMR 31.00, Establishment and Operation of Electronic Branches of Financial Institutions and for the Protection of Consumers in Electronic Fund Transfers:

The purpose of 209 CMR 31.00 is to set forth the procedures for the establishment of Automated Teller Machines (ATMs) by banks, credit unions and non-bank ATM providers (non-banks) and safeguards for consumers in bank, credit union and non-bank ATM and electronic funds transfer (EFT) transactions. The proposed amendments to 209 CMR 31.00 reflect amendments set forth in Chapter 482 of the Acts of 2014 (the Bank Modernization Act), which significantly amended General Laws chapter 167B, the chapter governing ATM and EFT transactions. The Bank Modernization Act deemed compliance by depository institutions with federal law regarding EFTs to be sufficient to satisfy Massachusetts law, with the exception of limited circumstances. In addition, the proposed amendments to the regulation include a new provision that compliance by non-banks with the provisions of the federal EFT Act and its corresponding regulation, 12 CFR Part 1005 (Regulation E), which do not conflict with Massachusetts laws or regulations, shall be deemed compliance with Massachusetts law. Another purpose of the proposed amendments is to amend this regulation in a way to incorporate future federal changes while preserving the Massachusetts differences deemed more advantageous to consumers.

Proposed Amendments to 209 CMR 32.00, Truth in Lending:

The purpose of 209 CMR 32.00 is to promote the informed use of consumer credit by requiring disclosures about credit terms and cost. 209 CMR 32.00 also gives consumers the right to cancel certain credit transactions that involve a lien on a consumer's principal dwelling, regulates certain credit card practices, and provides a means for resolution of credit billing disputes. The regulation includes enhanced disclosure requirements for high cost mortgage loans, reverse mortgages, and private education loans, among other things. 209 CMR 32.00 also prohibits certain acts or practices in connection with the extension of credit secured by the consumer's dwelling.

Some proposed amendments were necessitated by changes in federal law or enabled by recent amendments to Massachusetts law. These proposed amendments to the regulation include the following: (1) authorizing creditors to use a uniform billing statement for all types of open end credit accounts under certain conditions; (2) clarifying disclosure and consent requirements; (3) incorporating authority pursuant to Chapter 482 of the Acts of 2014 for the Commissioner of Banks to waive certain requirements of M.G.L. c. 140D or 209 CMR 32.00 under defined circumstances; and (4) adding, for clarification, two sections relative to disclosures provided in a residential mortgage loan transaction which correspond to two provisions that were recently added to the federal Truth in Lending regulation.

Proposed Amendments to 209 CMR 45.00, The Licensing and Regulation of Check Cashers and Proposed Repeal of 209 CMR 44.00, Licensing of Foreign Transmittal Agencies:

The purpose of 209 CMR 45.00 is to provide procedures and requirements for the licensing, regulation, and supervision of check cashers under the provisions of M.G.L. c. 169A. The proposed amendments expand the scope of the regulation to check sellers, check cashers, and foreign transmittal agencies within the Commonwealth. The purpose of the proposed amendments to 209 CMR 45.00 is to update and consolidate procedures and requirements for licensing/certifying, regulating, and supervising check sellers, check cashers, and foreign transmittal agencies within the Commonwealth. The proposed amendments to 209 CMR 45.00: (1) incorporate sections of 209 CMR 44.00: Licensing of Foreign Transmittal Agencies, which will be repealed; (2) update requirements and prohibitions for check cashers and foreign transmittal agencies; and (3) create approval and operational requirements for check sellers. 209 CMR 44.00 is therefore proposed for repeal since its provisions are updated and included in the proposed amendments to 209 CMR 45.00, to be entitled “The Licensing and Regulation of Money Services Businesses”.

Proposed Amendments to 209 CMR 56.00: Foreclosure Prevention Options:

The purpose of 209 CMR 56.00: Foreclosure Prevention Options is to define the Right to Cure notification process for lenders and mortgage servicers to be followed in notifying borrowers of a mortgage default, and in disclosing repayment options available to homeowners in order to prevent a foreclosure. 209 CMR 56.00 also implements standards and requirements for the mortgage loan modification process for a subcategory of residential mortgage loans having characteristics commonly associated with subprime mortgages, defined as Certain Mortgage Loans

Chapter 258 of the Acts of 2010 included a sunset provision governing the written notice of a right to cure a default under a residential mortgage loan (Right to Cure Notice), which reduced the Right to Cure period from 150 days to 90 days in M.G.L. c. 244, s. 35A. This provision took effect on January 1, 2016. The proposed amendments adjust references within the regulation and the respective forms from a 150 day Right to Cure period to 90 days. In addition, prior to January 1, 2016, the Right to Cure provisions of M.G.L. c. 244, s. 35A included procedures whereby the lender or mortgage servicer was authorized to reduce the Right to Cure period from 150 days to 90 days if they undertook certain intervention efforts to attempt to negotiate an alternative to foreclosure. These procedures are currently included in 209 CMR 56.00. With the Right to Cure period reduced to 90 days, this component was extinguished in the statute and is proposed for removal from the regulation. Other proposed amendments of the regulation are incorporated for clarification and, where possible, to permit a consolidation of the delivery of the notice(s) required under this regulation with other loss mitigation related notices required to be delivered to a delinquent mortgage borrower under federal regulations promulgated by the Consumer Financial Protection Bureau (CFPB).

Proposed Repeal of 209 CMR 35.00, Check Cashing Procedures for Certain Banks Required to Honor and Cash Certain Checks of Pensioners and Retirees:

The purpose of 209 CMR 35.00 is to establish certain check cashing procedures for every bank and credit union doing business in the Commonwealth to cash Social Security and other government benefit checks as well

as pension checks issued by the federal government or any agency thereof, or by the Commonwealth or any agency or political subdivision for customers and non-customers of the bank or credit union. The Division proposes to repeal 209 CMR 35.00 because methods for check cashing and depositing have changed significantly since 1983 when the law requiring 209 CMR 35.00, M.G.L. c. 167, s. 46, was enacted. Pension and other government benefits are now delivered primarily by direct deposit into a consumer's account as opposed to by a paper check. In conjunction with repealing 209 CMR 35.00, the Division proposes to issue industry guidance that will explain the procedures that banks and credit unions must continue to have in place for those consumers who still wish to cash a paper check for pension or other governmental benefits.

Proposed Repeal of 209 CMR 52.00, Credit Insurance Disclosure Requirements:

The purpose of 209 CMR 52.00: Credit Insurance Disclosure Requirements is to require disclosure to consumers of the coverage, costs and other aspects of credit insurance related to a credit transaction so that a consumer may make a more informed decision. The Division proposes to repeal this regulation because it is essentially duplicative to a regulation of the Division of Insurance and provides no additional consumer protections.

Additional changes may be made based on comments received at the public hearing or during the comment period.

Written comments may be submitted to the Massachusetts Division of Banks, 1000 Washington St., 10th Floor, Boston, MA 02118-6400 or at dob.comments@state.ma.us until 5:00 p.m. on Thursday, May 19, 2016. Copies of the proposed amendments are available at www.mass.gov/dob or may be obtained from the Division.

PUBLIC HEARING HELD ON APRIL 11, 2016

A public hearing was held on Monday, April 11, 2016 at 3:00 p.m., 1000 Washington Street, Hearing Room 1-E, Boston, Massachusetts, at which the Division of Banks (Division) received oral comments relative to the proposed amendments to 209 CMR 46.00: Community Reinvestment and proposed amendments to regulation 209 CMR 54.00: Mortgage Lender Community Investment.

Proposed Amendments to 209 CMR 46.00: Community Reinvestment

209 CMR 46.00 carries out the purpose of the Community Reinvestment Act (CRA) by establishing the framework and criteria by which the Commissioner assesses a state-chartered bank's or state-chartered credit union's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. The regulation also provides that the Commissioner take that record into account in considering certain applications pursuant to 209 CMR 46.29. The Division is proposing to amend the regulation so that there is a limited-scope CRA review for state-chartered credit unions with less than \$50 million in assets and which have field of membership by-laws that are not based on residence in order to reduce the regulatory burden on these smaller institutions. A credit union representing a specific group of employees, or representing a specific employer, would be an example of a credit union which has a field of membership by-law that is not based on residence.

Proposed Amendments to 209 CMR 54.00: Mortgage Lender Community Investment

The purpose of 209 CMR 54.00 is to carry out the Mortgage Lender Community Investment (MLCI) purposes of Massachusetts General Laws chapter 255E, section 8 by establishing the framework and criteria by which the Commissioner assesses a mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth, including low- and moderate-income neighborhoods and individuals, consistent with the safe

and sound operation of the mortgage lender. The regulation also provides that the Commissioner take that record into account in considering certain applications pursuant to 209 CMR 54.26. Under this regulation, there are two tests, the Lending Test at 209 CMR 54.22, and the Service Test, at 209 CMR 54.23. The Lending Test evaluates a mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth through its lending activities by considering a mortgage lender's home mortgage and community development lending. The Service Test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. The proposed amendments to 209 CMR 54.00 would allow mortgage lenders who made fewer than 100 loans in the prior calendar year (eligible lenders) to be excluded from the criteria of the Service Test, with one exception. The loss mitigation services component of the Service Test would be added to the criteria of the Lending Test, and would therefore remain part of the MLCI examination for eligible lenders.

**Proposed Repeal of 209 CMR 4.00: Compliance with Federal Law and Regulation
and Proposed Amendments to 209 CMR 43.00: Audit Requirements for Credit Unions**

In addition, two other regulatory matters were also the subject matter of the public hearing, the proposed repeal of 209 CMR 4.00: Compliance with Federal Law and Regulation, and the proposed amendments to 209 CMR 43.00: Audit Requirements for Credit Unions. The public hearing notice, the proposed repeal and the proposed amendments were published in the Massachusetts Register on March 11, 2016.

The comment period ended on Thursday, April 14, 2016. Additional updates will be posted on the Division's website at www.mass.gov/dob.

The Division's review of each of the Division's regulations is ongoing pursuant to Executive Order 562, issued by Governor Baker on March 31, 2015. Updates on the Division's review of its regulations will be posted on the Division's website at www.mass.gov/dob.

BANK AND CREDIT UNION APPLICATION PROCESS TIMING

As a general rule, applications by banks and credit unions other than those that are subject to a review period set out in statute are intended to be processed and completed within the monthly cycle for which the bank and credit union applies. That review period for such processing is approximately 45 days or less from the date the application is filed with the Division. A decision on the application is generally issued within 5 business days after the review period is completed. The decision then will be reported on the monthly Activity Report for the month in which the decision was issued. The timing of the overall review process including the issuance of a decision and the listing on the monthly Activity Report will be dependent on the applicant's compliance with all statutory, regulatory and administrative requirements. Applications before the Massachusetts Board of Bank Incorporation are subject to separate timing schedules as set out in the applications of the Board.

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