



THE COMMONWEALTH OF MASSACHUSETTS
DIVISION OF BANKS
&
BOARD OF BANK INCORPORATION

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

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June 30, 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.

DIVISION OF BANKS

Decisions

Beverly Bank, Beverly – notice to establish a branch office at 29 Elm Street, Danvers – non-objection issued June 7, 2016.

Eastern Bank, Boston – notice to establish a branch office at 287 Third Street, Cambridge – non-objection issued June 7, 2016.

Eastern Bank, Boston – permission to close its branch office located at 13 Main Street, Saugus – approved June 17, 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 – approved June 29, 2016.

State Street Bank and Trust Company, Boston – permission to (1) establish a branch office at East Tower, World Financial Centre, No. 1, East 3RD Ring Road, Chaoyang District, Beijing 100020, China; and (2) close its branch office located at Winland International Finance Center, 7 Financial Street, Xicheng District, Beijing 100030, China – approved June 1, 2016.

UniBank for Savings, Whitinsville – notice to establish a branch office at 1193 Boston Turnpike Road, Shrewsbury – non-objection issued June 1, 2016.

Applications Pending

Century Bank and Trust Company, Somerville – notice to establish a branch office at 258 Washington Street, Wellesley. Filed June 21, 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/>

Century Bank and Trust Company, Somerville – permission to close its branch office located at 75 Central Street, Wellesley. Comment period ends July 14, 2016.

Holyoke Credit Union, Holyoke – notice to establish a branch office at 14 North Westfield Street, Feeding Hills. Filed June 20, 2016.

Holyoke Credit Union, Holyoke – permission to close its branch office located at 4 Washington Avenue Extension, Agawam. Comment period ends July 4, 2016.

Polish National Credit Union (Polish National), Chicopee and Chicopee Municipal Employees Credit Union (Chicopee Municipal), Chicopee - permission for Chicopee Municipal to merge with and into Polish National under the charter, by-laws and name of Polish National. The main office of Polish National would remain the main office of the continuing institution and the sole banking office of Chicopee Municipal would be retained as a branch office of Polish National. Comment period ends July 28, 2016.

Rockland Trust Company, Rockland – notice to establish a branch office at 170 Cambridge Street, Burlington. Filed May 31, 2016.

Rockland Trust Company, Rockland – permission to close its branch office located at 85 Wilmington Road, Burlington. Comment period ended June 14, 2016.

Rockland Trust Company (Rockland), Rockland and Bank of Cape Cod, Hyannis – permission to merge under the charter, by-laws and name of Rockland. The main office of Rockland would remain the main office of the continuing institution. As part of this merger transaction, Bank of Cape Cod has petitioned to close its banking offices located at: (1) 1582 Iyanough Road, Hyannis; (2) 232 Main Street, Hyannis; and (3) 445 Main Street, Falmouth. The remaining banking office of Bank of Cape Cod would be retained as a branch office of Rockland. Comment period ends August 3, 2016.

Weymouth Bank (Weymouth), Weymouth and Equitable Co-operative Bank (Equitable), Lynn – permission for Equitable to merge with and into Weymouth under the charter and by-laws of Weymouth and under the name Equitable Bank. The main office of Weymouth would remain the main office of the continuing institution and the banking offices of Equitable would be retained as branch offices. Comment period ended June 15, 2016.

JULY 2016 FILING DATE

Complete applications for the July Activity Report must be received by the Division or the Board on or before 5:00 p.m., Friday, July 15, 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>
Webster Five Cents Savings Bank, Webster	S	12/21/2015
Avon Co-operative Bank, Avon	S	02/29/2016
North Cambridge Co-operative Bank, Cambridge	S	02/29/2016

REGULATIONS

FILING OF AMENDMENTS/REPEALS EFFECTIVE JULY 1, 2016

The Division of Banks has filed final amendments to the following regulation:

- 209 CMR 49.00: Insurance Sales by Banks, Credit Unions, and Lenders

In addition, the Division also repealed the following regulations:

- 209 CMR 35.00: *Check Cashing Procedures for Certain Banks Required To Honor and Cash Certain Checks of Pensioners and Retirees*; and
- 209 CMR 52.00: *Credit Insurance Disclosure Requirements*.

The final amendments and repeals become effective on July 1, 2016.

Amendment of 209 CMR 49.00: *Insurance Sales by Banks, Credit Unions, and Lenders*

The purpose of 209 CMR 49.00, Insurance Sales by Banks and Credit Unions, is to establish the application and approval procedures for banks, credit unions and lenders to exercise insurance sales agency powers and to ensure that such business is conducted in compliance with the consumer protection laws of the Commonwealth. Since 2006, the Division of Banks' regulation at 209 CMR 49.00 has included two separate sections governing consumer protection terms and conditions for banks and credit unions. The main purpose of the final amendments is to combine these two separate sections, 209 CMR 49.06 for banks and 209 CMR 49.06A for credit unions, back into one section to implement the provisions of the Waiver issued by the Commissioner of Banks and the Commissioner of Insurance pursuant to Chapter 423 of the Acts of 2008. Certain technical amendments are included for consistency throughout the regulation. One substantive update is to revise 209 CMR 49.03 and 209 CMR 49.04(3) to include applicable lenders in the provisions governing CRA requirements, known as Mortgage Lender Community Investment (MLCI), pursuant to G.L. c. 255E, § 8. Another substantive amendment removes references to Savings Bank Life Insurance (SBLI) in 209 CMR 49.02(6) and 209 CMR 49.03 in light of St. 2010, c. 176, which amended the distinction in the law between SBLI and any other domestic insurance agency. In addition, the title of the regulation is changed to "Insurance Sales by Banks, Credit Unions, and Lenders".

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 was 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 is repealing 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 will 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.

Repeal of 209 CMR 52.00: *Credit Insurance Disclosure Requirements*

The purpose of 209 CMR 52.00: *Credit Insurance Disclosure Requirements* was 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 is repealing this regulation because it is essentially duplicative to a regulation of the Division of Insurance and provides no additional consumer protections. The Division will also issue administrative guidance in conjunction with this repeal.

These filings complete the regulatory process for the amendments to 209 CMR 49.00 and the repeal of 209 CMR 35.00 and 209 CMR 52.00.

FILING OF AMENDMENTS/REPEAL EFFECTIVE JUNE 3, 2016

The Division has filed final amendments to the following regulations:

- [209 CMR 40.00: *Unfair and Deceptive Practices in Consumer Transactions*](#); and
- [209 CMR 43.00: *Audit and Security Requirements for Credit Unions*](#).

In addition, the Division also repealed the following regulation:

- [209 CMR 4.00: *Compliance with Federal Law and Regulation*](#).

The amendments and repeal, as described below became effective on Friday, June 3, 2016.

Amendment of 209 CMR 40.00: *Unfair and Deceptive Practices in Consumer Transactions*

On March 16, 2016, the Division of Banks filed proposed amendments to 209 CMR 40.00, which are the implementing regulations for Massachusetts General Laws chapter 167, section 2A, with the Clerk of the Massachusetts House of Representatives. This statute authorizes the Commissioner of Banks to promulgate regulations, subject to Legislative review, governing high cost, high rate mortgage loans; require certain disclosures; and include certain prohibitions. These amendments streamline 209 CMR 40.00 for easier compliance by providing that compliance with cited provisions of the regulations of the Consumer Financial Protection Bureau (CFPB) constitutes compliance with 209 CMR 40.00. The amendments also clarify language and improve organization and readability of the regulation in a way that incorporates future federal changes while preserving certain Massachusetts differences that are statutorily required and deemed more advantageous to consumers, including the definition of high cost home loan or high cost mortgage and the method of calculating points and fees.

Amendment of 209 CMR 43.00: *Audit and Security Requirements for Credit Unions* and the Repeal of 209 CMR 4.00: *Compliance with Federal Law and Regulation*

The Division has repealed 209 CMR 4.00, the purpose of which was to cross reference existing federal regulations governing the Deposit of Securities for Safekeeping by Banks, Security and Protection of Banks, and Truth In Savings in order to provide regulatory consistency between federal and state regulations and to reduce

the regulatory burden on state-chartered banks and credit unions for compliance with these regulations. The Division repealed 209 CMR 4.00 because the authorities for several provisions of this regulation were repealed as part of the recent Bank Modernization law, Chapter 482 of the Acts of 2014. However, since one provision is still required by M.G.L. c. 167, section 1A relative to the security and protection of credit unions, the Division amended 209 CMR 43.00 to include this provision.

These filings complete the regulatory process for the amendments to 209 CMR 40.00 and 209 CMR 43.00, and the repeal of 209 CMR 4.00.

PUBLIC HEARING HELD JUNE 2, 2016

Pursuant to the provisions of Massachusetts General Laws chapter 167F, s. 2A(e); chapter 171, s. 75B(e); chapter 255E, s. 2; and chapter 255F, sections 2(c) and 19; and in accordance with Massachusetts General Laws chapter 30A, s. 2, a public hearing was held on Thursday, June 2, 2016 at 1:00 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 41.00: The Licensing of Mortgage Loan Originators; 209 CMR 42.00: The Licensing of Mortgage Lenders and Mortgage Brokers; and 209 CMR 49.00: Insurance Sales by Banks and Credit Unions.

Proposed Amendments to 209 CMR 41.00, The Licensing of Mortgage Loan Originators:

The purpose of 209 CMR 41.00: *The Licensing of Mortgage Loan Originators* is to establish procedures and requirements for the licensing and supervision of mortgage loan originators under the provisions of G.L. c. 255F. The proposed amendments make minor clarifications and reduce some reporting requirements in light of the Nationwide Multi-State Licensing System & Registry (NMLS). There are additional provisions to streamline and clarify regulatory requirements.

Proposed Amendments to 209 CMR 42.00, The Licensing of Mortgage Lenders and Mortgage Brokers:

The purpose of 209 CMR 42.00: *The Licensing of Mortgage Lenders and Mortgage Brokers* is to provide the specific procedures and requirements for the licensing and supervision of mortgage lenders and mortgage brokers as set forth in G.L. c. 255E. The proposed amendments primarily make clarifying changes to the regulation, including specifically identifying the NMLS in the regulation. The proposed amendments also clarify the required standards for a licensee's financial statements (reviewed or audited). The proposed amendments also provide clarification on which records a licensee is required to keep and the durational requirements. The proposed amendments provide further clarification regarding trust/escrow account requirements for client funds and specify how a licensee may take corrective action if it does not have the proper trust account. The proposed amendments cross-reference the provisions of 209 CMR 32.00, prohibiting brokers and lenders from making or brokering higher-priced mortgage loans if those loans violate any of the referenced sections of 209 CMR 32.00, creating consistency with new federal standards. Lastly, the proposed amendments eliminate an entire section, 209 CMR 42.16, thereby eliminating the Loan Origination and Compensation Agreement as a requirement for mortgage brokers accepting loan applications.

Proposed Amendments to 209 CMR 49.00, Insurance Sales by Banks and Credit Unions:

The purpose of 209 CMR 49.00: *Insurance Sales by Banks and Credit Unions*, is to establish the application and approval procedures for banks, credit unions and lenders to exercise insurance sales agency powers and to ensure that such business is conducted in compliance with the consumer protection laws of the Commonwealth. Since 2006, the Division of Banks' regulation at 209 CMR 49.00 has included two separate sections governing consumer protection terms and conditions for banks and credit unions. The main purpose of the proposed amendments is to combine these two separate sections, 209 CMR 49.06 for banks and 209 CMR 49.06A for credit unions, back into one section.

The proposed amendments to 209 CMR 49.00 would implement the provisions of the Waiver issued by the Commissioner of Banks and the Commissioner of Insurance pursuant to SECTION 9 of c. 423 of the Acts of 2008. Through the Waiver, which became effective October 30, 2009, the Commissioner of Banks and the Commissioner of Insurance determined it necessary to waive certain provisions of G.L. c. 171, § 75B, specifically the “Referral and Referral Fee Prohibition” [G.L. c. 171, § 75B(b)(2)], the “Separation Restriction” [G.L. c. 171, § 75B(b)(3)] and the “Waiting Period Restrictions” [G.L. c. 171, §§ 75B(b)(4)(B) and 75B(b)(4)(C)], as to Massachusetts chartered credit unions in order to permit such credit unions to engage in the sale, solicitation and negotiation of insurance products in the Commonwealth under similar conditions as those governing federal and state banks, small loan companies, mortgage lenders and mortgage brokers.

Under the proposed amendments, the definition of “bank” and “federal bank” would again include credit unions, as was the case when 209 CMR 49.00 was amended in 2003 to include credit unions. Certain technical amendments are proposed for consistency throughout the regulation. One substantive update is to revise 209 CMR 49.03 and 209 CMR 49.04(3) to include applicable lenders in the provisions governing CRA requirements, known as Mortgage Lender Community Investment (MLCI), pursuant to G.L. c. 255E, § 8, as amended by St. 2007, c. 206. Another substantive amendment removes references to Savings Bank Life Insurance (SBLI) in 209 CMR 49.02(6) and 209 CMR 49.03 in light of St. 2010, c. 176, which amended the distinction in the law between SBLI and any other domestic insurance agency. In addition, the title of the regulation is proposed to be changed to “Insurance Sales by Banks, Credit Unions and Lenders”.

The comment period ended on June 9, 2016. Additional updates 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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