



THE COMMONWEALTH OF MASSACHUSETTS
DIVISION OF BANKS
&

BOARD OF BANK INCORPORATION

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

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May 31, 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

Decisions

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 – approved May 19, 2016.

DIVISION OF BANKS

Decisions

Avidia Bank, Hudson - notice to establish a branch office at 17 Pope Street, Hudson – non-objection issued May 3, 2016.

Bank of Canton, Canton – permission to close its branch office located at 166 Harvard Street, Brookline – approved May 5, 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 – approved May 19, 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 – approved May 10, 2016.

Middlesex Savings Bank, Natick – notice to establish a branch office at 657 Main Street, Walpole – non-objection issued May 3, 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 – approved May 2, 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 – approved May 19, 2016.

Reading Co-operative Bank, Reading – notice to establish a branch office within Northeast Metropolitan Regional Vocational High School, 100 Hemlock Road, Wakefield – non-objection issued May 3, 2016.

Workers' Credit Union, Fitchburg – permission to close its branch office within Acton-Boxborough Regional High School, 36 Charter Road, Acton – approved May 10, 2016.

Applications Pending

Beverly Bank, Beverly – notice to establish a branch office at 29 Elm Street, Danvers. Filed May 13, 2016.

Eastern Bank, Boston – notice to establish a branch office at 287 Third Street, Cambridge. Filed May 12, 2016.

Eastern Bank, Boston – permission to close its branch office located at 13 Main Street, Saugus. Comment period ended May 24, 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.

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 ends June 14, 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. Comment periods ended May 11, 2016.

UniBank for Savings, Whitinsville – notice to establish a branch office at 1193 Boston Turnpike Road, Shrewsbury. Filed May 6, 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 ends June 15, 2016.

MISCELLANEOUS

On May 3, 2016, The Division issued its Decision establishing the maximum allowable fee Massachusetts state-chartered banks and credit unions may assess certain consumer deposit accounts for processing dishonored checks, otherwise referred to as deposit return items (DRI), under MGL chapter 167D, section 6 and MGL chapter 171, section 41A. The fee was determined to be \$7.17 and becomes effective June 1, 2016. The full Decision is available on the Division's website at www.mass.gov/dob.

JUNE 2016 FILING DATE

Complete applications for the June Activity Report must be received by the Division or the Board on or before 5:00 p.m., Wednesday, June 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>
Everett Co-operative Bank, Everett	S	02/01/2016
Holyoke Postal Credit Union, Holyoke	S	02/10/2016
Leominster Credit Union, Leominster	S	01/19/2016
Metro Credit Union, Chelsea	HS	01/04/2016
Springfield Street Railway Employees CU, Springfield	S	02/17/2016

REGULATIONS

FILING OF AMENDMENTS

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, have been filed with the Secretary of the Commonwealth and will become 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. The amendments have now been filed with the Secretary of Commonwealth. 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.

NOTICE OF PUBLIC HEARING

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 will be 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) will receive 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”.

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, June 9, 2016. Copies of the proposed amendments are available at www.mass.gov/dob or may be obtained from the Division.

PUBLIC HEARING HELD MAY 12, 2016

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 was 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) received 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.

The comment period ended on Thursday, May 19, 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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