

Federal Reserve Bank of Boston BANK NOTES

• Edited by Anne M. McElroy •

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Mergers and Acquisitions

Effective January 1, 2009, the Bank of Western Massachusetts of Springfield, MA, became a division of People's United Financial Inc. of Bridgeport, CT. The bank will continue to operate as the Bank of Western Massachusetts. (*Bank of Western Massachusetts website, 12/31/08*)

Haverhill Co-operative Bank of Haverhill, MA, acquired Northeast Community Credit Union of Haverhill, MA, on December 16, 2008. The combined entity will have assets of approximately \$260 million, deposits of \$220 million, and capital of \$30 million (*Internal sources, 12/19/08; Haverhill Co-operative Bank press release, 12/16/08*)

Laconia Savings Bank of Laconia, NH, purchased certain assets and assumed certain liabilities of two branches of Ocean Bank of Portsmouth, NH. The branches are located at 77 Main Street in Antrim, NH, and 325 West Main Street in Hillborough, NH. (*Internal sources, 12/24/08*)

Legacy Bancorp, Inc. of Pittsfield, MA, announced on December 16, 2008, that its unit Legacy Bank would acquire certain assets and assume certain liabilities of a Haydenville, MA, branch of the Bank of Western Massachusetts of Springfield, MA. The deal is expected to close during the first quarter of 2009. (*SNL Bank & Thrift Weekly, Northeastern Edition, 12/22/08*)

The Boston Globe Employees Credit Union of Boston, MA, will merge into Metro Credit Union, it was announced in October. Pending regulatory approvals, the merger is expected to occur in the first quarter of 2009. (*Banker & Tradesman Daily, 11/21/08*)

Middlesex Savings Bank of Natick, MA, announced on December 8, 2008, that it had agreed to acquire Strata Bank (MHC) of Medway, MA. Under the terms of the cash deal, Strata Bank's parent Service Bancorp MHC will eliminate its mutual holding company and Strata Bank will merge with and into Middlesex. The transaction, expected to close in the first quarter of 2009, is subject to approval by regulators, as well as shareholders and the incorporators of Service Bancorp. Middlesex Savings Bank will form a

mutual holding company that also must approve the deal. (*SNL Bank & Thrift Weekly, 12/15/08*)

NESC Federal Credit Union of Methuen, MA, acquired Lawrence Firefighters Federal Credit Union of Lawrence, MA, on November 30, 2008. (*Internal sources, 12/12/08*)

New England Bancshares Inc. of Enfield, CT, announced on January 5, 2009, that it intends to merge its unit Enfield Federal Savings & Loan Association of Enfield, CT, with and into its unit Valley Bank of Bristol, CT. The combined bank will be named New England Bank, and will maintain the commercial bank charter of Valley Bank. (*SNL Bank & Thrift Weekly, 1/06/09*)

TruChoice Credit Union of Portland, ME, completed its acquisition of Portland Maine Transit Federal Credit Union of Falmouth, ME, on December 16, 2008. (*Internal sources, 12/19/08*)

Bank Reorganizations

On November 24, 2008, Greenfield Bancorp, MHC of Greenfield, MA, was formed through the reorganization of Greenfield Cooperative Bank. That same day, Greenfield Bancorp acquired Greenfield Cooperative Bank. (*Internal sources, 12/24/08*)

NewStar Financial Inc. of Boston, MA, applied to the Federal Reserve for approval to become a bank holding company on December 9, 2008. The application also sought approval to form a subsidiary that would be chartered as a national bank. On January 9, 2008, the application was amended to reflect NewStar's agreement to acquire Southern Commerce Bank NA of Tampa, FL. (*SNL Bank & Thrift Daily, 12/10/08*)

Branch Closings

TD Bank, N.A. of Wilmington, DE, closed a branch on 106 Main Street in Belfast, ME, on November 26, 2008. (*Internal sources, 12/12/08*)

Branch Openings

Chicopee Bancorp Inc. of Chicopee, MA, announced that its unit Chicopee Savings Bank opened a branch in South Hadley, MA, on December 15, 2008. (*SNL Bank & Thrift Weekly*, 12/22/08, *Chicopee Bancorp press release* 12/15/08)

Washington Trust Bancorp Inc., a unit of Washington Trust Co. of Providence, RI, relocated a branch from 180 Washington Street to 156 Westminster Street in Providence, RI. (*SNL Bank & Thrift Daily*, 12/24/08)

Corporate Title Changes

South Shore Cooperative Bank of Weymouth, MA, changed its corporate title to S-Bank on October 18, 2008. (*Internal sources*, 12/12/08)

Credit Union Failure

On December 5, 2008, West Hartford Credit Union, Inc. of West Hartford, CT, was liquidated and its corporate existence terminated. The Connecticut Department of Banking assumed control of the institution and appointed the NCUA as receiver. (*Internal sources*, 12/12/08, *NCUA press release*, 12/05/08)

Federal Reserve Seeks Public Comment on Proposed Changes to Regulation Z "Truth in Lending"

The Federal Reserve Board on December 5, 2008, proposed for public comment changes to Regulation Z (Truth in Lending) that would revise the disclosure requirements for mortgage loans. The revisions would implement the Mortgage Disclosure Improvement Act (MDIA), which was enacted in July of 2008 as an amendment to the Truth in Lending Act (TILA).

The MDIA seeks to ensure that consumers receive cost disclosures earlier in the mortgage process. In several respects, the MDIA is substantially similar to final rules issued in July 2008. However, the MDIA also broadens and adds to those regulatory requirements.

The proposed rules would become effective on July 30, 2009. The public comment period ends January 23, 2009. The Board's press release is available at [federalreserve.gov/newsevents/press/bcreg/20081205a.htm](https://www.federalreserve.gov/newsevents/press/bcreg/20081205a.htm). (*Reserve Board press release*, 12/05/08)

Federal Reserve Adopts Revisions to Payment System Risk (PSR) Policy

On December 19, 2008, the Federal Reserve Board adopted revisions to its Payment System Risk (PSR) policy that are designed to improve intraday liquidity management and payment flows for the banking system,

while also mitigating credit exposure from daylight overdrafts.

Along with changes regarding intraday balances that explicitly recognize the role of the central bank in providing intraday balances and credit to healthy depository institutions, other changes address net debit caps, and streamlined maximum daylight overdraft capacity procedures. The interim policy changes will be effective on March 26, 2009.

To help depository institutions assess the impact of the revised PSR policy, a calculator is available at <https://www.federalreserve.gov/apps/RPFCalc>. Full details of the revised policy are available at [federalreserve.gov/newsevents/press/other/20081219a.htm](https://www.federalreserve.gov/newsevents/press/other/20081219a.htm). (*Reserve Board press release*, 12/19/08)

Annual Notice of Asset-Size Exception Thresholds under Regulation C (Home Mortgage Disclosure) Published

The Federal Reserve Board on December 18, 2008, published its annual notice of the asset-size exemption threshold for depository institutions under Regulation C, which implements the Home Mortgage Disclosure Act (HMDA), on December 18, 2008.

The asset-size exemption for depository institutions will increase from \$37 million to \$39 million. As a result, depository institutions with assets of \$39 million or less as of December 31, 2008, are exempt from collecting data in 2009. An institution's exemption from collecting data in 2009 does not affect its responsibility to report the data it was required to collect in 2008. The adjustment is effective January 1, 2009.

For more information, please visit [federalreserve.gov/newsevents/press/bcreg/20081218b.htm](https://www.federalreserve.gov/newsevents/press/bcreg/20081218b.htm). (*Reserve Board press release*, 12/18/08)

Federal Reserve Approves Rules to Better Protect Credit Card Users

The Federal Reserve Board on December 18, 2008, approved final rules to better protect credit card users by prohibiting certain unfair acts or practices and improving the disclosures consumers receive regarding credit card accounts and other revolving credit plans.

The final rules prohibiting certain credit card practices were adopted under the Federal Trade Commission Act, and were issued concurrently with substantially similar final rules by the Office of Thrift Supervision and the National Credit Union Administration.

The final rules amend Regulation Z (Truth in Lending) as well as Regulation DD (Truth in Savings) and take effect on July 1, 2010. For more information, please visit [federalreserve.gov/newsevents/press/bcreg/20081218a.htm](https://www.federalreserve.gov/newsevents/press/bcreg/20081218a.htm). (*Reserve Board press release*, 12/18/08)

Federal Reserve Board Revises Terms and Conditions of the TALF

The Federal Reserve Board on December 19, 2008, released revised terms and conditions detailing operational aspects of the Term Asset-Backed Securities Loan Facility (TALF). The changes were determined after consultation with asset-backed securities (ABS) issuers, investors, and dealers, and include an extension of the TALF loan maturity from one to three years and additional specification of eligible ABS collateral. In addition, TALF loans will be provided to all eligible borrowers with eligible collateral rather than distributed through an auction.

The TALF is designed to increase credit availability and support economic activity by facilitating renewed issuance of consumer and small business asset-backed securities (ABS). The ABS markets historically have funded a substantial share of consumer credit and SBA-guaranteed small business loans. Under the TALF, the Federal Reserve Bank of New York will finance the purchase of eligible ABS by investors. More information is available at federalreserve.gov/newsevents/press/monetary/20081219b.htm. (Federal Reserve Board press release, 12/19/08)

Agencies Release Annual CRA Asset-Size Threshold Adjustments

The federal bank regulatory agencies on December 17, 2008, announced the annual adjustment to the asset-size thresholds used to define "small bank," "small savings association," "intermediate small bank," and "intermediate small savings association" under the Community Reinvestment Act (CRA) regulations.

"Small bank" or "small savings association" means an institution that, as of December 31 of either of the prior two calendar years, had assets of less than \$1.109 billion. "Intermediate small bank" or "intermediate small savings association" means an institution with assets of at least \$277 million as of December 31 of both of the prior two calendar years, and less than \$1.109 billion as of December 31 of either of the prior two calendar years.

These asset-size threshold adjustments are effective January 1, 2009. For more information, please visit federalreserve.gov/newsevents/press/bcreg/20081217a.htm. (Reserve Board press release, 12/17/08)

FDIC Adopts Final Rule Implementing the Temporary Liquidity Guarantee (TLG) Program

On November 21, 2008, the FDIC Board of Directors adopted the final rule implementing the Temporary Liquidity Guarantee (TLG) Program, which was initially announced on October 14, 2008. The TLG Program includes a guarantee of newly issued senior unsecured debt of banks, thrifts, and certain holding companies (the Debt Guarantee Program).

Entities that participate in the Debt Guarantee Program are required to notify the FDIC of any guaranteed debt issuance(s) and to pay the associated assessment premiums. For more information, please view the FDIC's letter of December 8, 2008 at www.fdic.gov/news/news/financial/2008/fil08139.html and their TLG Program information page at www.fdic.gov/regulations/resources/TLGP/index.html. (FDIC Financial Institution Letter FIL-139-2008, 12/08/08)



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