

# Federal Reserve Bank of Boston BANK NOTES

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• Edited by Anne McElroy •

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## TD Banknorth Completes Acquisition of Commerce Bancorp

In March 2008, TD Bank Financial Group of Toronto, Canada, completed its acquisition of Commerce Bancorp. On June 1, 2008, the merger of three banks involved in the deal was completed when Commerce Bank, NA and Commerce Bank/North of Cherry Hill, NJ, merged into TD Banknorth, NA of Portland, ME.

After the June 1<sup>st</sup> merger, TD Banknorth, NA changed its corporate title to “TD Bank, NA” and moved its corporate headquarters from Portland, ME, to Wilmington, DE. (*Internal sources, 6/06/08*)

## Other Mergers and Acquisitions

Community Bank System Inc. and its unit Community Bank, NA of DeWitt, NY, have agreed to acquire 18 branches in northern New York from Citizens Financial Group Inc. of Providence, RI. Citizens Financial Group is the holding company for RBS Citizens, NA. Community Bank also will acquire approximately \$135 million in loans and \$630 million in deposits at a blended deposit premium of 12 percent. Subject to regulatory approval, the deal is slated to close during the fourth quarter of 2008. (*SNL Bank & Thrift Weekly, 6/30/08*)

Gardiner Federal Credit Union of Gardiner, ME, completed its acquisition of Riverview Federal Credit Union of Gardiner, ME, on May 31, 2008. (*Internal sources, 6/06/08*)

On June 2, 2008, Massachusetts Mutual Life Insurance Company (MassMutual) of Springfield, MA, announced that it had completed its purchase of First Mercantile Trust Company from SunTrust Banks, Inc. of Memphis, TN. First Mercantile provides retirement plan recordkeeping and investment management services throughout the United States. The deal adds nearly \$5 billion in managed assets to MassMutual's existing \$40 billion retirement plan business and to its overall \$500 billion in assets under management as of year-end 2007. (*SNL Bank & Thrift Daily, 6/03/08; MassMutual press release, 6/02/08*)

Service Credit Union of Portsmouth, NH, completed its acquisition of Salmon Falls Community Credit Union of Somersworth, NH, on May 31, 2008. (*Internal sources, 6/06/08*)

## New Branches

Bay State Savings Bank of Worcester, MA, opened a branch on Eastern Avenue in Worcester, MA, on May 6, 2008. (*Internal sources, 6/20/08*)

Cape Cod Five Cents Savings Bank of Harwich Port, MA, opened a branch on Main Street in South Dennis, MA, on April 22, 2008. Cape Cod Five is the largest independent bank on the Cape, with assets exceeding \$1.7 billion. (*Internal sources, 6/20/08*)

Enterprise Bank, a subsidiary of Enterprise Bank and Trust Company of Lowell, MA, opened a branch on Broadway Street in Methuen, MA, on May 30, 2008. (*Internal sources, 6/20/08*)

On June 16, 2008, Maine Bank and Trust Co. of Portland, ME, opened a branch on Peaks Island, ME. Maine Bank and Trust is a subsidiary of People's United Bank of Bridgeport, CT. (*SNL Bank & Thrift Daily, 6/24/08*)

Meredith Village Savings Bank of Meredith, NH, opened a branch on Union Street in Wolfeboro, NH, on May 13, 2008. (*Internal sources, 6/20/08*)

Newburyport Five Cents Savings Bank of Newburyport, MA, opened a branch on Main Street in Amesbury, MA, on June 12, 2008. It is the bank's sixth location. (*SNL Bank & Thrift Daily, 6/06/08*)

People's United Bank of Bridgeport, CT, opened a branch in Westchester County, NY, on Mamaroneck Avenue in White Plains, NY, on June 30, 2008. The branch is People's third location in Westchester County. (*People's United Bank press release, 6/16/08*)

RBS Citizens, NA, of Providence, RI, opened a branch at Merrick Road in Amityville, NY, on June 18, 2008. (*Internal sources, 6/27/08*)

On May 12, 2008, Rockville Bank of South Windsor, CT, opened a branch on Linwood Avenue in Colchester, CT. (*Internal sources, 6/20/08*)

## Branch Closings

East Cambridge Savings Bank of Cambridge, MA, closed a branch on Canal Park in East Cambridge, MA, on April 12, 2008. (*Internal sources, 6/20/08*)

On June 2, 2008, Passumpsic Savings Bank of St. Johnsbury, VT, closed a branch at 119 Main Street in Newport, VT. (*Internal sources, 6/20/08*)

TD Bank, NA (formerly TD Banknorth) of Wilmington, DE, closed its Triton Regional School Bank branch in Byfield, MA, on June 20, 2008. (*Internal sources, 6/27/08*)

## Relocated Financial Institutions

On May 19, 2008, New Haven County Credit Union relocated from 3011 Whitney Avenue, Hamden, CT, to 450 Universal Drive, North Haven, CT. (*Internal sources, 6/13/08*)

Bangor Hydro Federal Credit Union moved its offices from 193 Broad Street in Bangor, ME, to 115 Mecaw Road in Hampden, ME, in October 2007. (*Internal sources, 6/30/08*)

## FDIC Issues Guidance for Managing Third-Party Risk

On June 6, the FDIC issued guidance that describes potential risks from third-party relationships and outlines risk management principles that may be tailored to suit the complexity and risk potential of a financial institution's significant third-party relationships.

The FDIC suggests that each institution's management tailor the principles contained in the guidance to each significant third-party arrangement, taking into consideration factors such as the complexity, magnitude, and nature of the arrangement, and associated risks. The guidance also addressed four basic elements of an effective third-party risk management program:

- Risk assessment;
- Due diligence in selecting a third party;
- Contract structuring and review; and
- Oversight.

In issuing the guidance, the FDIC emphasized that it is meant to supplement the principles contained in previously issued policy guidance on third-party risk, and is

not meant to be a set of required procedures. The FDIC's June 6 Financial Institution Letter and detailed guidance is available online at [www.fdic.gov/news/news/financial/2008/fil08044.html](http://www.fdic.gov/news/news/financial/2008/fil08044.html). (*FDIC Financial Institution Letter FIL-44-2008, 06/06/08*)

## Reminder from Federal Financial Agencies: Institutions Must Use Revised "Call Report" for June 30, 2008, Report

On June 30, 2008, the FDIC, in concert with the Federal Reserve Board of Governors and the Office of the Comptroller of the Currency, issued a letter to financial institutions reminding them to use revised forms when filing the June 30, 2008, Consolidated Reports of Condition and Income (Call Report).

All financial institutions, except for certain banks with foreign offices, must submit a completed Call Report by Wednesday July 30, 2008. The reports must be filed in accordance with revisions that were implemented on March 31, 2008.

The new forms and procedures that were voluntary for the first quarter are now mandatory. The Call Report forms required to be filed for the June 2008 period and beyond are available on the FFIEC's web site ([www.ffiec.gov/ffiec\\_report\\_forms.htm](http://www.ffiec.gov/ffiec_report_forms.htm)), as is a detailed instruction book.

In particular, financial institutions are urged to review the updated instructions for Schedule RC-O, "Other Data for Deposit Insurance and FICO Assessments," which contain clarifications to questions that arose when the revised schedule format was implemented earlier this year. Banks should also refer to the "Supplemental Instructions" for additional guidance on certain reporting issues.

More detailed instructions for institutions, including how to submit the reports in either paper or electronic format, are available by viewing the FDIC's June 30 Financial Institution Letter online at [www.fdic.gov/news/news/financial/2008/fil08061.html](http://www.fdic.gov/news/news/financial/2008/fil08061.html). (*FDIC Financial Institution Letter FIL-61-2008, 6/30/08*)

## Mortgage Relief Initiative Expands and Evolves

The Federal Reserve Bank of Boston and the Massachusetts Bankers Association (MBA) announced on June 6, 2008, that the Mortgage Relief initiative introduced in December 2007 is growing – from an initial five banks to more than 50 banks of every size, with branches throughout Massachusetts and much of New England. The expansion comes as community banks affiliated with the MBA join the effort.

The Mortgage Relief initiative is also evolving. The original plan was to reach out to borrowers with high-rate "subprime" loans who might be eligible for a more secure, predictable, affordable mortgage from a bank. However, falling home prices in many parts of New England have eroded home equity. As a result, some borrowers' homes are now worth less than their loans, and refinancing into a new mortgage can be difficult.

“There is no single, easy answer,” says Daniel Forte, president and CEO of the MBA. “Banks did not cause this problem but the Mortgage Relief banks, regardless of their size, want to be part of the solution. They have a stake in the success of the local and regional economy.”

Whenever possible, banks participating in the initiative will help eligible homeowners refinance into conventional loans that will better meet their needs. “Unlike many subprime lenders,” Forte adds, “banks are a safe and sound place to discuss your credit needs and financial situation, with expertise and respect.”

Much like the original five institutions – Citizens Bank, Sovereign Bank, TD Bank, Webster Bank, and Bank of America – the banks joining the Mortgage Relief initiative have made a number of commitments:

1. **Outreach** – to reach out to borrowers in difficult mortgages, in part by contributing to a pool for mortgage relief advertising;
2. **Innovation** – to expand their utilization of programs that may help borrowers with limited home equity (programs like Federal Housing Authority loan guarantees, and those of state agencies);

3. **Personnel** – to designate one or more “go to” staff members who can help borrowers explore their mortgage relief options;
4. **Lending** – to adopt a goal for responsible lending under the program (ranging from \$500,000 for small banks with under \$250 million in assets to \$2.5 million for community banks with over \$1 billion in assets); and
5. **Collaboration and Referral** – to share with fellow participants the products and approaches that prove effective in helping challenged borrowers, and to refer individuals they cannot help to other participating banks or housing-counseling agencies.

The Federal Reserve Bank of Boston applauds the banks’ continued efforts. “These are very challenging times for some borrowers,” says Eric Rosengren, the Bank’s president and CEO, “and I am genuinely pleased to see banks of all sizes and types stepping up and trying to make a difference. It is not only the right thing to do for borrowers in distress, but also is in the long-term interest of the local and regional economy.”

More information about the Mortgage Relief initiative is available at [www.bos.frb.org/news/press/2008/pr060508.htm](http://www.bos.frb.org/news/press/2008/pr060508.htm). (Joint MBA/FRB Boston press release, 6/05/08)



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