

BANK NOTES

Federal Reserve Bank of Boston

• Edited by Anne M. McElroy •
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Mergers and Acquisitions

Meridian Interstate Bancorp Inc. of East Boston, MA, signed a definitive merger agreement with Mount Washington Cooperative Bank of South Boston, MA, on July 20, 2009. Meridian is the parent company of **East Boston Savings Bank**, the entity into which Mount Washington will merge. No financial consideration will be paid as the deal is a merger of mutuals.

With the acquisition, East Boston Savings Bank will gain seven branches in Suffolk County and become the fifth largest bank in Massachusetts' Suffolk County. Mount Washington Cooperative's branches will operate under the name of **Mount Washington Bank, a division of East Boston Savings Bank.** (*SNL Bank & Thrift Daily*, 7/21/09)

On July 31, 2009, **New England Bancshares Inc.** of Enfield, CT, announced that it had sold its unit, **Riverside Investments**, to an undisclosed buyer. By selling Riverside Investments, which specializes in advisory and investment services, New England Bancshares recognized a \$175,000 gain. (*SNL Bank & Thrift Daily*, 8/10/09)

Prospect Capital Corp. of New York, NY, announced on August 3, 2009, that it will acquire **Patriot Capital Funding** of Westport, CT, for \$197 million. The amount consists of cash to repay Patriot's \$110.5 million in debt and Prospect shares exchanged at a ratio of 0.3992 of a Prospect share for each Patriot share.

According to Prospect's calculations, it is paying Patriot for 63% of asset cost, 75% of asset book value, and 54% of equity book value. The deal is expected to close before early October 2009, pending Patriot stockholder approval and other customary closing conditions. (*SNL Bank & Thrift Daily*, August 4, 2009)

Rockland Federal Credit Union of Rockland, MA, completed its acquisition of **Norwood School Employees Federal Credit Union** of Norwood, MA, on June 15, 2009. (*Internal sources*, July 31, 2009)

De novo

First Commons Bank, NA opened for business on July 22, 2009. The company began to raise capital in

January 2009 with a goal of between \$10 million and \$15 million in funds. In addition, organizers and founders invested \$3 million in "at risk" funds in a corporation formed to fund First Commons' organizational, pre-opening, and offering expenses. (*SNL De novo Watch*, 7/28/09; *internal sources*, 7/31/09)

Financial Institution Relocations

North Easton Savings Bank relocated from 295 Main Street in North Easton, MA, to 20 Eastman Street in South Easton, MA, on May 1, 2009. (*Internal sources*, 7/17/09)

Corporate Title Changes

Haverhill Teachers Credit Union of Haverhill, MA, changed its corporate title to HTM Credit Union on June 5, 2009. (*Internal sources*, 7/07/09)

On August 1, 2009, **South Shore Cooperative Bank** of Weymouth, MA, changed its corporate title to **S-Bank.** (*Internal sources*, 8/31/09)

New Financial Institution Branch

Federal Savings Bank of Dover, NH, opened a fifth branch, located at 17 Wakefield Street in Rochester, NH. (*Federal Savings Bank press release*, 7/27/09)

Reserve Board Announces Annual Adjustment of Fee-Based Trigger for Additional Mortgage Loan Disclosures

The Federal Reserve Board on August 10, 2009, published its annual adjustment of the dollar amount of fees that triggers additional disclosure requirements under the Truth in Lending Act for home mortgage loans that bear rates or fees above a certain amount. The dollar amount of the fee-based trigger has been adjusted to \$579 for 2010 based on the annual percentage change reflected in the Consumer Price Index that was in effect on June 1, 2009. The adjustment is effective January 1, 2010.

This adjustment does not affect the new rules for "higher-priced mortgage loans" adopted by the Board in July 2008. Coverage of mortgage loans under the July 2008 rules is determined using a different rate-based trigger. More information is available online at www.federalreserve.gov/newsevents/press/bcreg/20090810a.htm. (Reserve Board press release, 8/10/09)

Federal Reserve Board Issues Interim Final Rule Amending Credit Card Provisions of Regulation Z (Truth in Lending)

The Federal Reserve Board on July 15, 2009, approved an interim final rule amending Regulation Z to require creditors to increase the amount of notice consumers receive before the rate on a credit card account is increased or a significant change is made to the account's terms. The amendments also allow consumers to reject such increases and changes by informing the creditor before the increase or change goes into effect.

The Credit Card Act's amendments to TILA go into effect in three stages. This interim final rule implements the provisions of the Credit Card Act that go into effect on August 20, 2009. The remaining provisions go into effect on February 22 or August 22, 2010 and will be implemented by the Federal Reserve Board at a later date. The revisions represent the Board's implementation of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (Credit Card Act). For more information, please visit the Board's website at www.federalreserve.gov/newsevents/press/bcreg/20090715a.htm. (Reserve Board press release, 7/15/09)

Federal Reserve Proposes Significant Changes to Regulation Z (Truth in Lending)

On July 23, 2009, the Federal Reserve Board announced "significant changes" to Regulation Z that are intended to improve the disclosures consumers receive in connection with closed-end mortgages and home-equity lines of credit. These changes, offered for public comment, reflect the result of consumer testing conducted as part of the Board's comprehensive review of the rules for home-secured credit. The amendments would also provide new consumer protections for all home-secured credit. The Board's proposal would:

- Improve the disclosure of the annual percentage rate (APR) so it captures most fees and settlement costs paid by consumers;
- Require lenders to show how the consumer's APR compares to the average rate offered to borrowers with excellent credit;

- Require lenders to provide final Truth in Lending Act (TILA) disclosures so that consumers receive them at least three business days before loan closing; and
- Require lenders to show consumers how much their monthly payments might increase, for adjustable-rate mortgages.

For detailed information on the proposal, visit www.federalreserve.gov/newsevents/press/bcreg/20090723a.htm. (Reserve Board press release, 7/23/09)

Federal Reserve Board Approves Final Amendments to Regulation Z Regarding Disclosure Requirements for Private Education Loans

On July 30, 2009, the Federal Reserve Board approved final amendments to Regulation Z that revise the disclosure requirements for private education loans. The amendments implement provisions of the Higher Education Opportunity Act (HEOA) enacted in August 2008.

Under the amendments, creditors extending private education loans must provide disclosures about loan terms and features on or with the loan application and disclose information about federal student loan programs that may offer less costly alternatives. Disclosures also must be provided when the loan is approved and when the loan is consummated. The Board is providing model disclosure forms that creditors may use to comply with the new requirements.

The mandatory effective date for the amendments is 180 days after publication in the *Federal Register* or no later than February 14, 2010. For more information, including the model disclosures, please visit www.federalreserve.gov/newsevents/press/bcreg/20090730a.htm. (Reserve Board press release, 7/30/09)

Federal Reserve Balance Sheet Data Available through Interactive Data Download Program

The Federal Reserve Board on August 4, 2009, announced that data from its H.4.1 statistical release, "Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks," which includes the weekly publication of the Federal Reserve's balance sheet, is now available through the Data Download Program. The program provides interactive access to Federal Reserve statistical data in a variety of formats and is available at www.federalreserve.gov/datadownload/.

Information on how to use the program is available online at www.federalreserve.gov/datadownload/help/default.htm. (Reserve Board press release, 8/05/09)

Federal Reserve Bank of Atlanta Encourages Collaboration on Retail Payments Risk

Emerging technologies and business models are bringing rapid and dynamic change to retail payments systems. Although these innovations offer greater efficiencies, they can also present new and unknown risks. To help address that challenge, the Federal Reserve Bank of Atlanta has established the Retail Payments Risk Forum.

Formed in 2008, the Forum is designed to be a catalyst for collaboration among those seeking to improve the detection of emerging risks and fraud. The Forum facilitates collaboration among experts within the Federal Reserve and thought leaders in financial institutions, non-bank providers and users of payments services, regulatory agencies, law enforcement agencies, and others. It accomplishes this by providing resources to research issues and sponsor dialogue on retail payments risks.

The Retail Payments Risk Forum recently launched a blog called Portals and Rails (<http://portalsandrails.frbatlanta.org/>) to encourage ongoing dialogue on emerging issues in retail payments and to inform and guide the work of the Forum. Forum staff and guest experts will author posts weekly, while readers are encouraged to comment and help advance the discussion. “We hope to build a vibrant online platform for discussion and debate among all participants in the retail payments risk field,” said Cliff Stanford, Atlanta Fed assistant vice president and director of the Retail Payments Risk Forum.

All those interested in retail payments risk issues and in following the work of the Forum are encouraged to subscribe to the articles posted to Portals and Rails, by visiting the site and clicking on the “[subscribe by email](#)” or “[subscribe by RSS](#)” links. (Internal sources, July 2009)



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