

# BANK NOTES

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## Mergers and Acquisitions

On August 23, 2010, two Fall River, MA-based institutions, **Citizens-Union Savings Bank (MHC)** and **Bank of Fall River, a Co-operative Bank**, announced that they have agreed to merge at the end of 2010. After the merger, Bank of Fall River will operate as a division of Citizens-Union Savings Bank until the information systems of the two institutions are integrated, which is expected to be completed in early 2011. (*SNL B&T Weekly 8/30/10, Press Release 8/23/10*)

On July 23, 2010, Middletown, CT-based **Liberty Bank** and Wethersfield, CT-based **Connecticut River Community Bank** announced that they had entered into an agreement to merge Connecticut River Community Bank with and into Liberty Bank. The merger is expected to occur prior to year-end. (*Press Release, 7/23/10*)

The boards of directors of Buffalo, N.Y.-based **First Niagara Financial Group Inc.** and New Haven, CT-based **NewAlliance Bancshares Inc.** announced on August 19, 2010, that the companies had entered into a merger agreement. The deal is expected to close early in the second quarter of 2011, at which time all 88 NewAlliance branches will be converted to and rebranded as First Niagara locations. (*Press Release, 8/19/10*)

## Bank Openings

Skowhegan, ME-based **Skowhegan Savings Bank** completed its acquisition of the Augusta, ME-based **Border Trust Company** branch on 613 Main Street in Jackman, ME, and opened it as a Skowhegan Savings Bank branch on August 20, 2010. (*SNL B&T Weekly Northeast 8/30/10*)

Boston, MA-based **Eastern Bank** opened a new branch at 60 Main Street in Andover, MA, on August 19, 2010. (*Internal sources, 8/20/10*)

Pittsfield, MA-based **Berkshire Bank** opened a new branch at 979 Central Avenue, Albany, NY, on August 16, 2010. (*Internal sources, 9/3/10*)

Camden, ME-based **Camden National Bank** opened a new branch at 65 Portland Road in Kennebunk, ME, on August 16, 2010. (*Internal sources, 9/3/10*)

Patten, ME-based **Katahdin Trust Company** opened a new branch at 609 Broadway in Bangor, ME, on August 2, 2010. (*Internal sources, 8/20/10*)

Providence, RI-based **RBS Citizens, N.A.** opened a new branch at 250 Legacy Place in Dedham, MA, on July 12, 2010. (*Internal sources, 9/3/10*)

On July 12, 2010, Bangor, ME-based **Bangor Savings Bank** opened two separate new branches in Portland, ME, at 883 Forest Avenue and 180 Middle Street. (*Internal sources, 8/6/10*)

Farmington, CT-based **Farmington Bank** opened a new branch at 129 New Britain Avenue in Plainville, CT, on July 2, 2010. (*Internal sources, 9/3/10*)

Hartford, CT-based **The Connecticut Bank & Trust Company** opened a new branch at 114 Woodland Street in Hartford, CT, on June 22, 2010. (*Internal sources, 8/20/10*)

On June 14, 2010, Brookline, MA-based **Brookline Bank** opened a new branch at 5 Washington Street in Wellesley, MA. The bank opened another new branch at 35 Cambridge Street in Burlington, MA, on June 16, 2010. (*Internal sources, 9/3/10*)

## Bank Reorganization

Scarborough, ME-based **Hannaford Associates Federal Credit Union** changed its corporate title to **Trademark Federal Credit Union** on August 3, 2010. (*Internal sources, 8/6/10*)

## Branch Closings

Boston, MA-based **Eastern Bank** closed its branch at 1690 Main Street in Weymouth on August 13, 2010. (*Internal sources, 8/20/10*)

## Federal Reserve Proposes Rule to Revise Escrow Account Requirements for Jumbo Mortgages

On August 16, 2010, the Federal Reserve Board proposed a rule to revise the escrow account requirements for higher-priced, first-lien "jumbo" mortgage loans. The proposed rule, which implements a provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act, would increase the annual percentage rate (APR) threshold used to determine whether a mortgage lender is required to establish an escrow account for property taxes and insurance for first-lien jumbo mortgage loans. The escrow requirement will apply for jumbo loans only if the loan's APR is 2.5 percentage points or more above the applicable prime offer rate. The APR threshold for non-jumbo loans remains unchanged. The proposed change would not affect the APR threshold used to determine whether a jumbo loan is subject to the other consumer protections that the Board adopted for higher-priced loans in 2008. Those protections include requirements for determining consumers' repayment abilities and restrictions on prepayment penalties. More detailed information is available at <http://www.federalreserve.gov/newsevents/press/bcreg/20100816a.htm>. (*Reserve Board Press Release, 8/16/10*)

## Federal Reserve Proposes Enhanced Consumer Protections and Disclosures for Home Mortgage Transactions

On August 16, 2010, the Federal Reserve Board proposed enhanced consumer protections and disclosures for home mortgage transactions. The proposal includes significant changes to Regulation Z (Truth in Lending) and represents the second phase of the Board's comprehensive review and update of the mortgage lending rules in the regulation. The latest proposal would:

- Improve the disclosures consumers receive for reverse mortgages and impose rules for reverse mortgage advertising to ensure advertisements contain accurate and balanced information;
- Prohibit certain unfair practices in the sale of financial products with reverse mortgages;
- Improve the disclosures that explain a consumer's right to rescind certain mortgage transactions and clarify the responsibilities of the creditor if a consumer exercises the right; and
- Ensure that consumers receive new disclosures when the parties agree to modify the key terms of an existing closed-end mortgage loan.

In addition, the Board is proposing amendments pertaining to all types of mortgages that would:

- Ensure that for all mortgage loans, consumers have time to review their loan cost disclosures before they become obligated for fees, by requiring lenders to refund the fees if the consumer decides to withdraw the application within three days after they receive the disclosures; and
- Clarify that when a consumer requests information from their loan servicer about the owner of the loan, the servicer must provide the information within a reasonable time, which generally would be 10 business days.

More information is available at <http://www.federalreserve.gov/newsevents/press/bcreg/20100816e.htm>. (*Reserve Board Press Release, 8/16/10*)

## Federal Reserve Announces Final Rules Regarding Consumer Notification of Mortgage Loan Sales or Transfers

On August 16, 2010, the Federal Reserve Board announced final rules to implement a statutory amendment to the Truth in Lending Act requiring that consumers receive notice when their mortgage loan has been sold or transferred. The new disclosure requirement became effective in May 2009, upon enactment of the Helping Families Save Their Homes Act. Under that act, a purchaser or assignee that acquires a mortgage loan must provide the required disclosures in writing within

30 days. To provide compliance guidance and greater certainty on the new requirements, the Board published interim rules in November 2009, which were effective immediately. To allow covered parties time to make any necessary operational changes, they may continue to follow the November 2009 interim rules until the mandatory compliance date for the final rules, which is January 1, 2011. More details are available at <http://www.federalreserve.gov/newsevents/press/bcreg/20100816c.htm>. (*Reserve Board Press Release, 8/16/10*)

### **Federal Reserve Announces Final Rules to Protect Mortgage Borrowers from Certain Unfair, Abusive, or Deceptive Lending Practices**

On August 16, 2010, the Federal Reserve Board announced final rules to protect mortgage borrowers from unfair, abusive, or deceptive lending practices that can arise from loan originator compensation practices. The new rules apply to mortgage brokers and the companies that employ them, as well as mortgage loan officers employed by depository institutions and other lenders. Under the final rule a loan originator may not receive compensation that is based on the interest rate or other loan terms. This will prevent loan originators from increasing their own compensation by raising the consumers' loan costs, such as by increasing the interest rate or points. Loan originators can continue to receive compensation that is based on a percentage of the loan amount, which is a common practice. More details are available at <http://www.federalreserve.gov/newsevents/press/bcreg/20100816d.htm>. (*Reserve Board Press Release, 8/16/10*)

### **Federal Reserve Issues Interim Rule Revising Disclosure Requirements for Closed-end Mortgages**

On August 16, 2010, the Federal Reserve Board issued an interim rule that revises the disclosure requirements for closed-end mortgage loans under Regulation Z (Truth in Lending). The interim rule implements provisions of the Mortgage Disclosure Improvement Act (MDIA) that require lenders to disclose how borrowers' regular mortgage payments can change over time. The MDIA, which amended the Truth in Lending Act, seeks to ensure that mortgage borrowers are alerted to the risks of payment increases before they take out mortgage loans with variable rates or payments. Under the interim rule, lenders' cost disclosures must include a payment summary in the form of a table, stating the following:

- The initial interest rate together with the corresponding monthly payment;
- For adjustable-rate or step-rate loans, the maximum interest rate and payment that can occur during the first five years and a "worst case" example showing the maximum rate and payment possible over the life of the loan; and
- The fact that consumers might not be able to avoid increased payments by refinancing their loans.

The interim rule also requires lenders to disclose certain features, such as balloon payments, or options to make only minimum payments that will cause loan amounts to increase. More information is available at <http://www.federalreserve.gov/newsevents/press/bcreg/20100816b.htm>. (*Board Press Release, 8/16/10*)

NOTE: Items in this publication focus on developments affecting banking structure in New England. The items are condensations of articles from a selected group of daily newspapers and press releases of federal and state financial regulatory agencies. Their reproduction does not imply our endorsement of the accuracy, opinions or policies reflected in the subject matter. Bank Notes is available without charge. To subscribe, please use our [online subscription form](#).

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