SEPTEMBER/OCTOBER 2013

INSIDE: IN CROSS-SELLING, BIG PICTURE CONCEALS IMPORTANT DETAILS

NEW ENGLAND Banking

THE … EW ENGLAND'S FINANCIA…

A Fair & Reasonable Approach

NEW ENGLAND NATIVE STEVEN ANTONAKES TAKES KEY ROLE AT CFPB

PLUS

BEHIND THE PHOTO OP
BANKS' PHILANTHROPY
UNITES COMMUNITIES

A PUBLICATION OF THE WARREN GROUP

Something in the Water

In his cover story interview for this issue, CFPB Deputy Director Steve Antonakes (formerly commissioner of banks in Massachusetts) observes that his New England experience was a primer for his current job.

Christina P. O'Neill
Editor, *Banking New England*

Massachusetts is often portrayed by those who object to what they see as an unnecessarily overly protective consumer stance as "the nanny state." Not all the proposals that raise their hackles see the light of day, and that's as it should be. The key question that should be asked of any new measure is: "If implemented, will it actually get you the result that you seek?" The best answers to that question come from people with experience in exactly the industrial forum in which new legislation will be introduced.

A longstanding objection to the post-crisis regulatory climate was that institutions of all sizes would be treated alike, whether they wrote a dozen mortgages a year or thousands. Antonakes indicates that this is not the approach the CFPB is taking.

Massachusetts has long been the genesis of laws and provisions that, at the outset, seemed radical, but which subsequently became accepted across the country. Well, eventually. The Truth In Lending Act had its genesis in the Bay State, as did the Affordable Care Act, also dubbed ObamaCare. (We particularly liked Obama's off-the-cuff election-season response: "I *do* care.")

Its previous nickname on its home turf was RomneyCare. Romney's main motivation for this measure was to encourage more individual responsibility for health care choices, leading to an ounce of prevention being better than a pound of cure.

Is it something in the water in Massachusetts? The tea thrown overboard in a tax protest in Boston Harbor has long since stopped keeping the fish awake at night. But a legislative climate in this state that encourages politicians from both ends of the spectrum to make groundbreaking proposals to achieve ultimately the same ends, we're glad to see that they agree on something. Even when they refuse to say that they do. BNE

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SBBP Program Brings it all Back Home

Pictured, from left: Mayor Scott Galvin, Woburn; Rep. James Dwyer, Woburn; Treasurer Steven Grossman; Leo Chantre, owner of Stone Projects; Wayne Patenaude, president and CEO, Cambridge Savings Bank; Alderman Richard Haggerty, Woburn.

BY CHRISTINA P. O'NEILL

Christina O'Neill is editor of *Banking New England*. She may be reached at coneill@thewarrengroup.com.

Number of banks participating
53

Amount of SBBP loans
$322 million

Total amount of small-business lending
$870 million

As of June 30, 2013

When Massachusetts Treasurer Steve Grossman saw that more than half of the state's reserve deposits were held in multi-billion-dollar money market funds in large banks outside the U.S., mostly in Australia, Europe and Asia, he figured something was wrong with that picture.

"Massachusetts taxpayers' money should be in Massachusetts banks to be loaned to creditworthy small businesses right here in Massachusetts in order to create jobs here at home," he says. That's how the state's Small Business Banking Partnership (SBBP) was born in May of 2011. The program places up to $5 million in deposits in each qualified community bank, in exchange for the bank signing a memorandum of understanding to lend those funds to qualified small businesses for the purposes of expansion, capital investment, and job creation. Once the bank has utilized 80 percent of the $5 million, it becomes eligible to receive another $5 million in state Treasury deposits.

Participating banks must pay the Treasury a rate competitive with what the Treasury could get overseas. There are no subsidies involved. They must also insure the loans or back them up with collateral to shield the taxpayers from loss. They must lend to small businesses, focusing on enterprises owned by women, minorities, immigrants and/or veterans, "although there's no quota of any kind," Grossman says. Participating banks must publicly post their progress every 90 days as to the number and total dollar value of the small-business loans they've made.

As of June 30 of this year, 53 Massachusetts banks participated, receiving a total of $322 million via the SBBP. The banks' total small-business loans are reaching $870 million, indicating that they are leveraging their SBBP deposits to increase their overall small-business lending portfolios.

"We don't claim credit for all these loans," Grossman says. " We have been a catalyst for small business lending, but … we are simply one significant source." He adds that the state's small banks have a very low incidence of delinquent loans, and that Massachusetts community banks overall are in good shape. "They've got money to lend and they're extending the reach of this program, and other funds that they have."

Expanded reach

That's borne out by looking at the results from the lender highest on the Treasury's list in terms of number of loans. Rockland-based Rockland Trust, with a market footprint extending up and down the North

Continued on page 8

Continued from page 6

and South shores, shows 1,300 loans, with 36 of them through the SBBP.

Mary Chetwynd, first vice president and business banking sales manager, credits the bank's high level of lending activity to relationship-building and community involvement. The bank has lent $808,500 during the program's two-plus years of operation out of the larger total.

Rockland Trust's average small-business loan size is about $25,000. The bank doesn't concentrate on any one business sector; "the whole idea is to increase capital spending throughout the Massachusetts economy," she says. Of the SBBP in particular, "I think it's a great program," she says. "Any creditworthy business can get loans through this program." She commends its lower rates and 100 percent financing on equipment loans of up to $50,000.

One of those equipment loans went to a Woburn-based marble- and granite countertop company Stone Projects, owned by Brazilian immigrant Leonardo Chantre, who used a $335,000 loan from Cambridge Savings Bank six months ago to buy a piece of cutting equipment. He would go onto obtain a contract to supply the Massachusetts stores of one of the major home supply retailers. Grossman notes that Chantre went through the community college system and then Northeastern University to get his education, and

"The whole idea is to increase capital spending throughout the Massachusetts economy."

indicates that the success of the business spills over into the success of the family.

Grossman, who is running for governor of Massachusetts, is also the grandson of a Russian immigrant who came to the U.S. and started a business in 1910 with $3,000 in credit to buy a printing press. Today, the fourth-generation business is run by Grossman's two eldest sons.

"Why not give every small business that's bankable an opportunity to have the same kind of banking relationship that helped me and our family grow over a long period of time?" he asks. The SBBP, he says, is "strategically the right thing to do for the commonwealth and it makes you feel good to see small business owners realizing their full potential." **BNE**

Research shows that banks who excel at selling life insurance also sell more investment products.*

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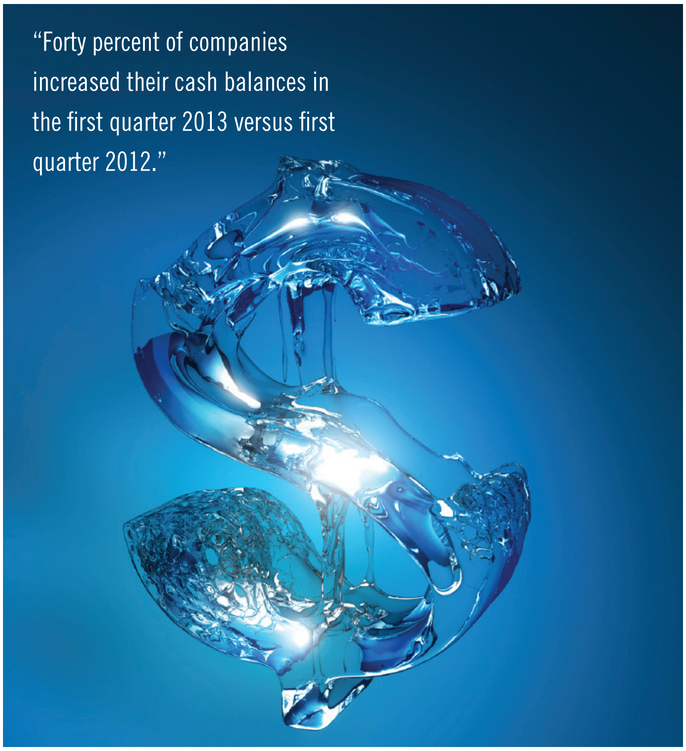
AFP Survey:
Search for Liquidity Shows Optimism

Shows Renewed Confidence in Banking

BY CHRISTINA P. O'NEILL

Christina O'Neill is editor of *Banking New England.* She may be reached at coneill@thewarrengroup.com.



Companies have started to put their hordes of cash to work, signaling a cautious optimism about an economic recovery, according to an annual liquidity survey published by the Association for Financial Professionals. This year's findings also signal a renewed confidence in the banking industry, at the same time that corporate treasurers are taking a more significant role in company operations.

The 2013 AFP Liquidity Survey revealed that while two-thirds of a record 885 respondents are still putting safety first, they're also planning for growth. Last year, "safety first was the theme heard over and over again," says James Gifas, head of treasury solutions for RBS Citizens, which has sponsored the report for the past two years. Sixty-eight percent of respondents cited safety first; 29 percent placed priority on liquidity, up significantly from 22 percent in 2012. Two percent cited yield.

Forty percent of companies increased their cash balances in the first quarter 2013 versus first quarter 2012.

But more revealing is the finding that companies with reduced cash balances had increased their capital expenditures, had acquired another company, or had launched a new product. Less than 25 percent of respondents indicated that their organizations had reduced cash and short-term investments in first quarter 2013; 39 percent noted no significant change.

A few bright spots

The reasons behind both cash-building and cash-reduction seem equally optimistic, for the most part. Of companies citing higher cash balances, an encouraging 54 percent of respondents cited higher operating cash flow – not an unusual development coming out of a recession. Seventeen percent said they accessed debt markets; 16 percent acquired a company or launched a new operation. Those who reduced cash balances also cited acquisitions or new operation launches (36 percent), increased capital expenditures, or

AMONG ORGANIZATIONS:

- Decreasing cash balances in 2012, 30% cited increased capital expenditures.
- Increasing cash balances in 2013, 54% generated higher operating cash flow, the most common driver of higher cash holdings.
- Increasing cash balances in 2012, 61% generated higher operating cash flow.
- Decreasing cash balances in 2013, 36% acquired a company or launched new operations.

decreased operating cash flows (26 percent).

Another bright note: the findings signal a renewed confidence in the banking industry. The end of unlimited FDIC coverage of corporate deposits at year-end 2012 was expected to have a dampening effect on corporate cash deposits, but that did not occur; 50 percent of short-term investment balances were held in bank deposits, almost unchanged from the 51 percent in 2012. That's up significantly from the 25 percent in 2008. Gifas notes that the rigorous risk management policies that banks are implementing may be decreasing the significance of FDIC coverage in the eyes of corporate customers. In addition, treasurers are placing more restrictions on their investment in municipal securities and euro deposits, the latter particularly in light of last year's euro crisis.

Seventy four percent of all cash balances are held in banks, money market funds and Treasury securities.

On the uncertain side, anticipation of regulatory changes affecting money market funds is on the minds of treasurers; up to 65 percent of organizations would curtail their investments in money market funds currently in their portfolios if net asset values were required to float, and 56 percent said they'd be less willing to invest should fund companies limit redemptions or charge fees for full redemptions of money market holdings.

The AFP, which authors the Liquidity Report, cautions that corporate treasury departments still face challenges dealing with the global market as they deal with limited time and resources. Treasury departments are looking for cost-effective ways to automate traditional activities to free up staff to do more value-added activities, in order to deal with issues such as credit stability in developing nations and continuing regulatory reform in the U.S. BNE

SURVEY SAYS

	2012	2013
Short-term investments held in bank deposits:	51%	50%
Average number of short-term investment vehicles organizations permit under investment policies in addition to bank deposits:	4.3	4.6
Average number of vehicles used for short-term investments:	2.4	2.7
Number of respondents:	391	885

A Road Map for Bringing Life to Banks

BY KENNETH A. SHAPIRO

Kenneth A. Shapiro is president of First American Insurance Underwriters Inc., a national life insurance brokerage firm based in Needham, Mass. He can be contacted at 1-800-444-8715 or kshapiro@faiu.com.

Over the last 20 years there have been similar, marked changes in banking and insurance. Two decades ago, building branch offices was the epitome of banking convenience. Today, it's a free app for a smartphone.

The story of the life insurance business isn't much different. Twenty years ago, there were only a couple of choices in life insurance policies, which were arguably complex and confusing. Qualifying was complicated, applications were cumbersome and processing was lengthy.

It was about then that some banks became interested in getting in the insurance business. Most gravitated to auto and homeowner-type coverages, since these were relatively straightforward, quick transactions, while life insurance sales took longer and were more complex.

There's a natural synergy between banking and life insurance. They both deal with financial products and services, are highly regulated, operate with conservative corporate cultures, and are charged with a fiduciary responsibility to their customers.

Even so, some bankers think that life insurance is too different and too far removed from banking, too much of a problem or could take the focus away from more pressing issues. Admittedly, such concerns were appropriate in the past.

While these are valid objections, it's worthwhile to understand the dramatic changes that have occurred in the life insurance industry over the past decade – changes that have brought it closer to banking:

Technological advances. Not so many years ago, the life insurance industry was anything but technologically integrated. Company computer systems were proprietary, so applications, policies and other paperwork were overnighted back and forth. It was a slow, stodgy and inefficient process. Today that's history. Processing is close to 100 percent electronic, as is even some underwriting.

Medical underwriting advances. Perhaps the most dramatic and far-reaching change is in medical underwriting, which has been the benefactor of vastly improved medical care and medications. Applicants, who would have been rejected or offered higher rates in times past, enjoy standard rates today, including some with a history of cancer, diabetes, heart disease, and so forth.

Product development advances. The life insurance industry's history is something less than innovative when it came to product development (perhaps, not unlike banking). But spurred by competition, the life companies have taken huge steps forward by focusing on consumer needs (very much like banking). For example, the new "hybrid" life and long-term care products are powering sales because they provide a death benefit and long-term care in one policy.

Equally important, technology is shaping the consumer's buying behavior. Few banking customers want to stand in line and wait for a teller or even to go a bank when they can use a sophisticated, full-service 24-hour ATM or, increasingly, do their banking using a smartphone or a tablet.

In the same way, today's life insurance customers are often surprised to discover that purchasing a policy is a surprisingly quick, unobtrusive and painless experience. For some policies, there are only three or four medical questions or, depending on the policy, none at all. And some policies are issued electronically either immediately or in a few days.

"The life insurance business now recognizes the need to retain customers by building relationships, something that's second-nature to bankers."

In years past, while bank forays into life insurance sales differed in approach, with some using either in-house personnel and others outsourcing the responsibility, the results were often lackluster, possibly stemming from cultural conflicts, inadequate commitment of resources, and more pressing matters.

Today, banks have abandoned their traditional passive attitude and have adopted a sales culture not that much different from that of the life insurance industry. In the same way, the life insurance business now recognizes the need to retain customers by building relationships, something that's second-nature to bankers.

Banks long counted on the interest rate spread on their lending for much of their income. But when interest rates dropped to historic lows, bankers turned to fee income as a critical source of revenue, particularly as operating costs escalated.

The life insurance industry, on the other hand, was built on agents being paid a commission (or, if you will, a fee) for making a sale. Today the sales culture of these two significant industries is roughly the same.

Similarly, both are concerned with helping their customers preserve and grow their wealth, and they do it in highly regulated environments. Although there are instances of both getting off the track, their customers can have confidence in the safety of their investments.

Just as banks have taken momentous steps to make themselves much more user-friendly, the life insurance industry has moved in the same direction by making their operations and insurance policies much more attractive to consumers.

Since banking and life insurance are closer together than they've ever been, it's prudent for bankers to examine how to leverage that synergy to work for their customers and their businesses.

In summary, the alignment and compatibility of banking and life insurance is striking: life insurance is an asset that does not take money out of a bank and helps protect other assets. On top of that, they share similar attitudes toward enhancing their customers' financial well-being. Neither is a stranger to the demands of operating under rigorous regulatory requirements.

Over time, both bankers and life insurance professionals have learned that the most successful sale is the one that creates a relationship with customers by identifying and meeting their needs.

Banks considering moving into the life insurance arena should first explore the possible benefits of including life insurance in a bank's product mix. Next, they should determine what needs to take place if a life insurance component is to fit successfully into a bank's customer environment and the ways in which it can contribute to enhancing the customer experience. BNE

Comprehensive View of Customers Misses the Finer Points

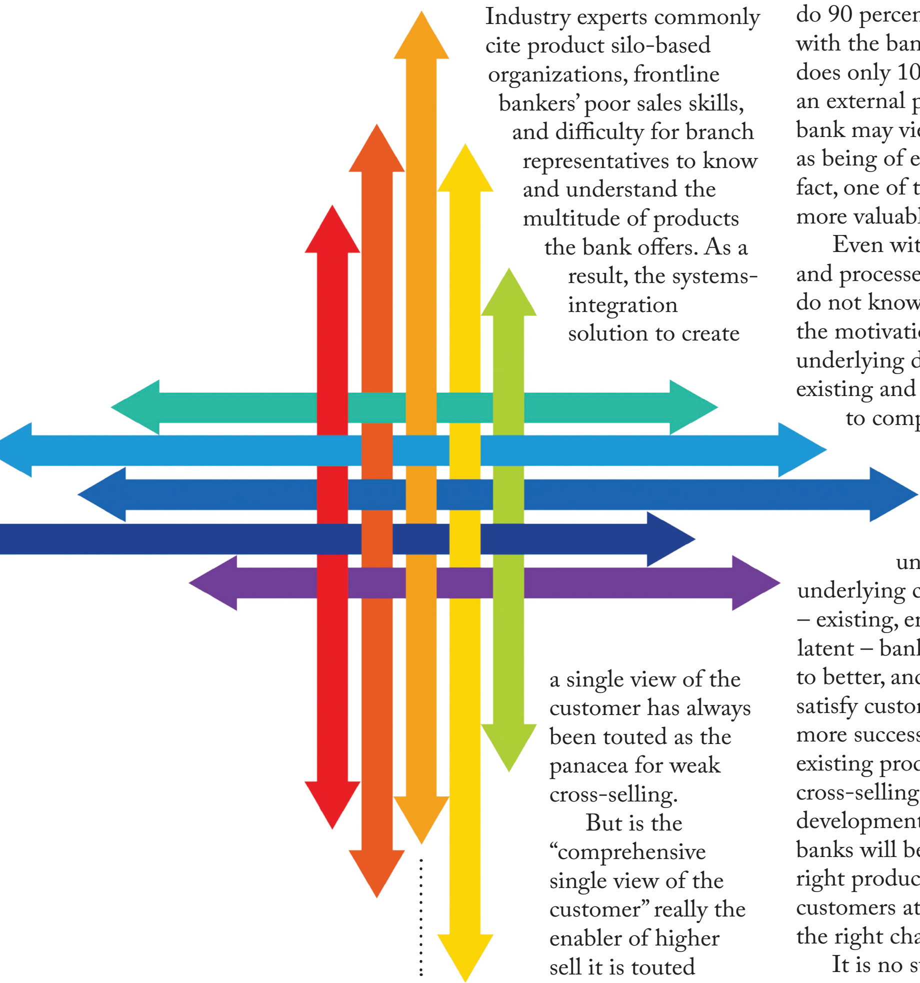
BY VLADIMIR RESNICK AND JOHN ROUNTREE

Vladimir Resnick is a project director and **John Rountree** is a principal at The Cambridge Group, a growth strategy consulting firm that is part of Nielsen.

For years, cross-selling has been the Holy Grail of banking. Firms have spent billions of dollars integrating their systems, products and channels to provide a "single view of the customer" to facilitate cross-selling.

However, despite all these investments, the results are mixed at best. Recent studies by Forrester Research and others show that the cross-selling number has stayed relatively unchanged at two to three products per household, or 20 to 35 percent of potential, since the late 1990s.

A number of explanations exist for this "failure." Industry experts commonly cite product silo-based organizations, frontline bankers' poor sales skills, and difficulty for branch representatives to know and understand the multitude of products the bank offers. As a result, the systems-integration solution to create a single view of the customer has always been touted as the panacea for weak cross-selling.



But is the "comprehensive single view of the customer" really the enabler of higher sell it is touted to be? We contend it is not, but rather an erroneous goal banks often strive to reach. Even the best single view of a customer will only provide information on products and services the customer has with that institution. It provides zero insight into what other relationships this customer may have with competitors.

Outside influencers

For example, two customers who have the same number and size of accounts with a bank will appear to be identical from the internal-only data. In reality, one of these customers may do 90 percent of their business with the bank, while the other does only 10 percent. Without an external perspective, the bank may view both customers as being of equal value when in fact, one of them is significantly more valuable.

Even with most systems and processes integrated, banks do not know enough about the motivations, needs, and underlying demand of their existing and potential customers to compel them to do business with the bank. Here lies the true opportunity. Through understanding underlying customer demand – existing, emerging and latent – banks would be able to better, and more profitably, satisfy customers' needs by more successfully aligning existing products, bundling, cross-selling, and new product development. In other words, banks will be able to offer the right products to the right customers at the right time, via the right channels.

It is no surprise that among American financial institutions USAA, which is a leading financial services provider to active and former members of the military and their families, is the leader in cross-selling. Its average cross-sell ratio is 3.9 products per customer, ahead of the industry average, and even Wells Fargo, which is renowned for its cross-selling efforts. USAA is successful because the company intimately knows and understands the needs of its customers – the military and their families. USAA actively pursues ways to further its knowledge of their consumers, such as by asking engaging "Quick Questions" online, providing the staff with an opportunity to follow up later with personalized offers.

The demand-driven approach enables a deeper understanding of consumer attitudes, motivations, attributes and behaviors. It also lends itself to economic analysis illustrating where the profit lies. This knowledge of fundamental consumer demand illuminates where cross-sell will be welcomed, and where it will not. It will direct where adjusting the attributes of your existing products, modifying your identification tactics, adding a different offering, or even timing the sale to an event trigger would drive profitable growth. Moreover, it builds the foundation to cement its relationship with the most attractive customers so they have no reason to consider banking with competitors.

Following this straightforward approach takes significantly less time and effort than any major system integration.

For example, a bank may conclude that it would like to increase the cross-sell of mortgages to deposit customers in order to increase its profitability. However, this internal "supply side" view of customers does not take into account the fact most consumers are wary of having their mortgages with the same bank where they have their checking and savings accounts. Rather, these customers' demand is for additional savings products and services for their rainy day, college education and retirement needs. The bank focusing on this more comprehensive view of deposit and savings products is better aligned with underlying consumer demand.

Taking the next steps

However, there are conditions, tactical and strategic, required for successful execution of this approach.

First, a top-down cultural change is required, from the traditional, internal product-focused view of the business to the outside in, consumer demand-driven view of the world. This perspective change may only mean shifting towards cooperation of different banking businesses, or it may require a more radical change in organization.

Second, in the institutions which determine that they may not require integration (or require only a limited one), this acceptance of reoriented IT priorities may result in different IT budgets. The freed-up resources could then be redirected in newly reprioritized investments in systems (e.g. which products should be highest priority) or other parts of the bank such as service and sales (including call centers), marketing and advertising (including CRM), and risk management (including underwriting).

Third, as a clearer picture emerges of what roles banks need to play to win the demand of the most profitable customers and prospects, it will not only underscore new product and service development for the bank, but will also point to new relationships the bank should foster to best serve its customers.

As a result, the demand-approach can drive significant customer growth and loyalty while simultaneously creating tremendous economic value. BNE

A Fair & Reasonable Approach

NEW ENGLAND NATIVE STEVEN ANTONAKES TAKES KEY ROLE AT CFPB

BY STEVEN JONES-D'AGOSTINO

By the standards of those inside the D.C. beltway, Steven Antonakes is on the fast track – but thanks to regular Northeast Corridor short-haul air service, he is also staying close to his family back in Massachusetts.

On Sept. 5, Antonakes became the number-two man at the federal Consumer Financial Protection Bureau. He's now deputy director, after being named acting deputy director only last January. The career financial regulator, who has worked for CFPB since 2010, will also continue to maintain responsibility for his duties as the agency's associate director for supervision, enforcement and fair lending.

And he'll continue to fly back to the Bay State for weekends, as he's done since joining the bureau – but the air fare is on him. Because he chooses to return home at the end of each week, it's not considered a federal government expense. He doesn't seem bothered by it, though. "It's the best of both worlds," he declares.

The bureau, Antonakes' home away from home, was established three years ago. Its purpose is to help "consumer-finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives."

In announcing Antonakes' latest appointment, CFPB Director Richard Cordray – who won Senate confirmation only this July, after being appointed by President Barack Obama 18 months earlier – stated that Antonakes "has adeptly led – and will continue to lead – our supervision, enforcement, and fair-lending teams. Steve's experience, his knowledge, and his judgment are vital in helping us achieve our mission of fostering a thriving, sustainable marketplace for both consumers and responsible businesses."

The Conference of State Bank Supervisors also applauded the Antonakes' latest appointment. "Steve's more than two decades of experience supervising financial institutions will prove to be invaluable as the agency continues to work on financial-services issues impacting our nation's economy and dual-banking system," a September 5 CSBS news release stated.

Antonakes has a breadth of experience supervising financial institutions and coordinating with state and federal regulators," according to CSBS. "Since joining the CFPB in 2010, Steve has proven to be a prudent and effective leader that is highly regarded among state financial regulators. He brings a balanced approach to financial supervision and regard for the dual-banking system. We look forward to working with the CFPB toward our shared goal of a safe and sound financial system."

Looking through the lens of consumer protection

Among the CFPB's core functions are giving "consumers the information they need to understand the terms of their agreements with financial companies." According the agency, it does so by "working to make regulations and guidance as clear and streamlined as possible so providers of consumer financial products and services can follow the rules on their own."

Enter Antonakes, a dedicated public servant who's been earning loads of frequent-flyer miles. He's been traveling around the country, meeting with financial institutions and their vendors, to find out the challenges they face in implementing CFPB's new rules.

> **"I've always asked my examiners here, and before, not to walk in with a chip on your shoulder. … There are tough calls that have to be made, and you're not afraid to make the tough calls, but they're backed up by data."**

He first joined CFPB in November 2010 as assistant director for large-bank supervision, and in June 2012, was named associate director for supervision, enforcement and fair lending. His extensive background in the public sector consists of more than two decades as a financial-services regulator.

BETTER BUSINESS

Budget for fiscal 2013	$541 million
Budget for fiscal 2014	$497 million
Full-time employees for 2013	1,214
Full-time employees for 2014	1,545

Antonakes began his professional career in 1990, as an entry-level bank examiner with Massachusetts' Division of Banks. He served in numerous managerial capacities, including as then-banking commissioner Thomas Curry's deputy for nine years, before being appointed by successive governors to serve as the commissioner, from December 2003 until November 2010. He was only the second career bank examiner to ever serve in that capacity.

He has also served as the first state voting member of the Federal Financial Institutions Examination Council, as vice chairman of

Continued on next page

the CSBS, and as a founding member of the governing board of the Nationwide Mortgage Licensing System. In 2007, he received NeighborWorks America's Government Service Award for his work in combating foreclosures.

Antonakes received his bachelor's degree from Penn State University, his MBA from Salem State University, and his doctorate in law and public policy from Northeastern University.

Following are edited highlights of a recent interview with *Banking New England*.

BNE: How has your approach to your current job been shaped by your experiences in improving consumer protection in Massachusetts?
SA: I'd say, fairly significantly. [It's been shaped] not just from improving consumer protection in Massachusetts, but also from having had a long run of experience on the regulatory side – in terms of bank and non-bank oversight and also having had both consumer-protection responsibilities and [lender] safety-and-soundness responsibilities. Those collective experiences, in many respects, shaped and influenced the work I wanted to do when I came down to the bureau back in 2010.

BNE: Is there anything significantly different about this new bureau from what you experienced and had to do with the Banking Division in Massachusetts?
SA: There are a few key differences. First off, of course, my jurisdiction when I was with the commonwealth, was confined to financial businesses doing business in Massachusetts, whereas here at the bureau, we're supervising [banking and non-banking financial] institutions with over $10 billion in assets that are operating on a nationwide basis. So that aspect of it is different – the portfolio is different.

The other key differential here is that we at the bureau have a sole consumer-protection mission, versus a Banking Division safety-and-soundness as well as consumer-protection mission. In the work we do at the bureau, we're always looking through the lens of consumer protection. We're really focusing on risk to consumers, versus risk to institutions. So it's a subtle but key differential in terms of how we do our work.

BNE: When you were working for the Banking Division, did you ever find the goals of financial safety and soundness and those of consumer protection to be in conflict?
SA: No, I actually never have [found that to be the case]. I've always found them to be complementary to one another. There were very few instances – if ever – in my experience when I found a bank that was financially safe and sound and didn't treat its consumers well. And if [they did behave that way], it was not a model that lasted over any substantial period of time.

BNE: As we've seen with bank failures, mergers and purges over the last several years.
SA: That's right. Moreover, under-investments in consumer-protection systems can dramatically impact an institution's bottom line, eventually. You don't have to look any further than the mortgage crisis. You saw significant under-investments by banks and non-banks in terms of their mortgage-origination and mortgage-servicing systems, and that had a direct bottom-line impact on them for years to come.

BNE: In Massachusetts, as the *MetroWest Daily News* reported in a 2011 article titled "Mr. Antonakes Goes to Washington," you had a reputation "of fair play and wisdom, having won respect from both halves of the spectrum: the banks that he regulated and the consumers that he protected, represented by organizations such as [the Mass. Public Interest Research Group] and others." How did you manage to do that?
SA: As for the wisdom thing, I have no idea [laughs]. But in terms of fair play, to me, you have a job to do, where it's always about sound judgment throughout the process. I've always asked my examiners here, and before, not to walk in with a chip on your shoulder. You go in and strive to communicate appropriately. There are tough calls that have to be made, and you're not afraid to make the tough calls, but they're backed up by data – it's not ever personal, at the end of the day.

You're applying tremendous judgment throughout the process in terms of, if you see a minor issue, you can deal with it with minor corrections. If you're seeing something substantive that's really resulting in significant consumer harm, then you have to take appropriate steps to make sure those consumers are remedied. To me, it's all about a fair and reasonable approach to the job.

BNE: What's the state of consumer protection in Massachusetts – or, at least, what was it when you left in 2010?
SA: Massachusetts has always had an outstanding reputation in terms of consumer protection.

A lot of the laws that are federal laws, in the consumer-protection field, started in Massachusetts. The federal Truth in Lending Act was preceded by a 1966 law in Massachusetts, and there are several other traditions in that fashion. I think the state has been and remains one of the real leaders in the area of consumer protection.

BNE: Because this publication covers all of the New England states except Connecticut, what's your broad view of the state of consumer protection in the rest of New England?
SA: I think it's very strong. Massachusetts was always on the leading edge in consumer protection, but several other New England states, historically, have been like-minded and have been aggressive in this area, as well.

BNE: When New England as a region is compared with other regions, are we ahead in terms of consumer protection?
SA: Yes, I would say definitely.

BNE: Is there something in the New England water supply?
SA: I'm not really sure what it is, but it's something that's always been very important to folks [in New England].

BNE: New England also has a lot of smaller, community banks as well as credit unions. Did that help quite a bit?
SA: I think the fact that there's a lot of choice, still, [in New England] is beneficial. Also, New England had a tough run in the late '80s and early '90s, as you remember. I think for those financial institutions that survived, they all had *long* memories and weren't about to be in the same situation in which they were taking on too much risk.

BNE: What's the main thing that you'd like to see happen in Mass. and other New England states regarding consumer protection, that hasn't happened yet? Or, have they done pretty much everything they need to do?
SA: I think there's a real opportunity with the bureau, now, to provide partnership opportunities with New England states as well as other states in the country, to help ensure that they have the resources necessary to ensure that banks and non-banks are following the law. To the extent that we can provide any resources or benefits in terms of training or technology, that's an opportunity, as well.

BNE: So you want to use Massachusetts and New England as a role model and a resource?
SA: The advantage that we get from all of our local and state partners in New England and elsewhere is that they have a real, strong understanding of the local economic conditions and where the consumer-protection issues lie. That kind of intelligence coming back to us, really helps us in terms of our own allocation of resources.

> **"Massachusetts has always had an outstanding reputation in terms of consumer protection. A lot of the laws that are federal laws, in the consumer-protection field, started in Massachusetts."**

BNE: As you noted in a speech last March, not every financial servicer's performance is the same, and there is a wide range in financial-servicer practices, In fact, you stated, the Bureau "has found that smaller servicers have quite different incentives and approaches to servicing their customers. As a result, the Bureau's rules exempt small servicers from many of the provisions." How well is that working – or it is relatively new?
SA: This is new, and these rules become effective in January 2014.

BNE: What's been the response? Do the smaller servicers feel that the exceptions are enough, both quantitatively and qualitatively?
SA: We'll see. But again, this was an effort to recognize the differential of the community-bank and credit-union model, whereby they know their customers and they've been working with them all the time. What we've seen in many cases is, that level of understanding has led to a lot of results short of foreclosure – be it loan modifications, re-financings or other opportunities.

BNE: Dodd-Frank compliance management will be managed differently by large, complex banking organizations, at one end of the spectrum, and small entities that offer a narrow range of financial products and services, at the other end, as you pointed out in your March

Continued on next page

speech. How well is that working – or, again, is it too early to tell?
SA: I think it's very important. These are key protections that were mandated by Dodd-Frank, both on the servicing side as well as on the origination side. We spent a good part of last year drafting these rules, and we're spending a good part of this year working with the financial industry to ensure they're ready to comply with these rules. Again, all of these rules become effective in January 2014, and it's intended to provide an ability to ensure that mortgage credit remains available and the consumers are going to be protected at both the front end and the back end of the transaction.

There are different types of institutions that have to comply with these rules. As I'm sure you can imagine, there's a very different compliance apparatus for an institution making 15 mortgages a year versus one making thousands upon thousands of mortgages a year. So our rules try to recognize – and not penalize – the different ways in which institutions will comply with these laws. We're working with them very closely and, come a year from now, we should have a pretty good sense for how this implementation works.

> **"From a supervision and enforcement point of view, [we recognize] that institutions are trying to comply with a number of rules all at the same time. In the very earliest days after implementation, we need to recognize the difference between best efforts versus willful non-compliance."**

BNE: In that same speech, in March, you also said that the bureau was planning to publish "plain-language summaries of the rules in booklet and video form [in the spring of 2013]." Has that been done?
SA: Yes, all of those things have been done. We have a lot of plain-language guides up on the bureau's website. There are video guides and other training materials, as well. I've been spending a lot of time with institutions and their vendors, to understand to the extent that there are implementation challenges.

And really, from a supervision and enforcement point of view, it all gets back to the point I made before, about a fair and reasonable supervisory program in which we're going in, recognizing that institutions are trying to comply with a number of rules all at the same time. At least in the very earliest days after implementation, we need to recognize the difference between best efforts versus willful non-compliance.

BNE: As you just noted, you've been fielding questions and offering suggestions, to help lenders determine how to implement the set of rules. What's been their response? Are they befuddled by it, or are they getting it?
SA: I think they're getting it, but these are complex rules, and there's a lot that Congress mandated that we do in these rulemakings. I think there is kind of a natural learning curve that folks are adjusting to.

BNE: In that speech, you also stated that the bureau is going to create common-exam procedures so that the rules are enforced consistently."
SA: Those are done.

BNE: Is that working well?
SA: Yes. We've been working with all of the other agencies – the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Reserve. The common-exam procedures are in place and the common-training programs are going to be done by the end of the year.

BNE: What is your top goal for next year?
SA: It's just to continue the work that we're doing and the various product lines that we have jurisdiction over. We'll be ensuring that we're protecting consumers, whether they're working with banks or non-banks, and whether they're getting a mortgage, a car loan, an installment loan, a deposit product, or whatever the case may be. BNE

Steven Jones-D'Agostino is the former editor of the *Worcester Business Journal*. He produces and hosts "The Business Beat," a weekly show on 90.5 WICN in Worcester, the NPR affiliate serving Central New England.

There's a Lot of Work Behind Those Enormous Checks

What Banks are Doing to Aid Communities

BY CHRISTINA P. O'NEILL

Christina O'Neill is editor of *Banking New England.* She may be reached at coneill@thewarrengroup.com.

When the average person sees a photo of a group of smiling people holding up a big Styrofoam replica of a check, with a bank's name at the top and a "pay to the order of" directed at a local nonprofit, they may not be aware of the work that has gone on behind the scenes to make the contribution happen. Intelligent and mindful support of the community in which a bank operates does not come overnight. It comes through the cultivation of hundreds, if not thousands, of relationships and constant feedback from the community that receives the support, as well as staff and management who provide it. Community support also includes volunteer time, and the attention of concerned and knowledgeable individuals.

Great ideas from coffee cans grow

At Boston-based Eastern Bank, an $8 billion bank with more than 90 branches in Eastern Massachusetts, it's Nancy Stager who serves as the first point of contact for the bank's community service activities. She is executive vice president of human resources and charitable giving. Eastern Bank is the largest and oldest community mutual bank in the country, and has always had a long history of supporting nonprofit organizations in its Eastern Massachusetts market footprint. The bank was founded 195 years ago to serve people of modest means, at a time when other banks appealed to affluent shipping merchants. Eastern Bank served those whose savings were usually held in a coffee can or some equivalent. Much of the bank's focus today is on social services, education, affordable housing, economic revitalization and environmental concerns. Grants are processed monthly via a committee.

Its foundation, the Eastern Bank Charitable Foundation, was created in 1994. The foundation concentrates on small grants to better serve local organizations. For a bigger regional impact, it awards partnership grants of $10,000 or more, which are decided twice a year.

This year, the theme is workforce development, a timely concern considering the economic growth in the Greater Boston area. Eastern Bank plans to donate close to $1 million to workforce development initiatives across Eastern Massachusetts.

Employee volunteerism is also a crucial component. Last year, 1700 employees volunteered 43,000 hours for community work.

"We look at that as a trifecta." Stager says. "Between the bank and the foundation, [participation] will be $5 million for first time. We believe that we can do well by doing good in our communities. That is a clear mantra here. It's in our DNA, basically."

Selecting organizations to support takes a lot of different avenues, whether the bank's board members and/or employees learn of a deserving

More than 500 runners took part in the 1st Annual Steven K. Latimer Memorial 5K Families Against Violence Run & Walk in 2012 to raise awareness against violence and funds to support the Steven K. Latimer Memorial Foundation, which provides scholarships to Rhode Island children who have lost a parent or loved one to an act of violence.

nonprofit, or whether the organization itself is a bank customer. “We don’t assign people to go out and do things,” Stager says. “We choose people who want to be part of the community so it doesn’t feel like extra work – it’s something you want to do.”

Kids, education, food and shelter

Providence, RI-based BankRI has 18 branches throughout the state. Patricia O. Saracino is vice president of community relations at the bank. She reviews applications for funding submitted by the region’s non-profits, judging them on program merits and expected community impact, as well as the bank’s funding history with each applicant, and presents her recommendations to the bank’s executive leadership team.

An essential part of the bank’s community focus is on youth. The bank funds summer learning programs to improve school and career readiness for youth from low-income families in the bank’s Providence market area, and this year, awarded grants to two local organizations to fund their summer programs. A combined total of 140 students from low-income neighborhoods received tutorial and skill-building help.

BankRI is the presenting sponsor of the annual Steven K. Latimer Memorial 5K Families Against Violence Run & Walk. Steven Latimer, the son of bank employee Myra Latimer, was killed in an act of violence in Providence in October 2011, two days before his 24th birthday. Steven’s mother established the Steven K. Latimer Memorial Foundation to provide educational scholarships to Rhode Island children who have lost a parent or parents to an act of violence. BankRI’s sponsorship of the Run ensures that the money raised from the race directly benefits the scholarship fund. BankRI has representation on the foundation’s board of directors, as well as on its Scholarship Selection Committee.

This year, BankRI awarded a $5,000 grant to the Housing Network of Rhode Island to fund the organization’s fall 2013 “Fast Track” courses for individuals who have a purchase and sales agreement and are preparing to close on a home sale. Not

Continued on page 24

Eastern Bank’s Abby Nguyen-Burke (left) presents a $5,000 donation from the Eastern Bank Charitable Foundation to Cheryl Opper, Founder and Executive Director of School on Wheels of Massachusetts. It’s one of many of Eastern Bank’s smaller, community-based awards.

Continued from page 23

Standing in front of the renovated Brooks House, left to right: Bob Stevens, Pete Richards, Ben Taggard, Drew Richards, Craig Miskovich, all of whom played a role in the restoration that brought the historic building back onto the tax rolls.

all participants are BankRI customers, but Saracino sees the effort as a mutually beneficial initiative that helps strengthen communities. In 2012 alone, 250 graduates of the program successfully purchased a home.

BankRI also awarded a $2,500 grant to the Family Resources Community Action to fund replacement of a dozen mattresses at the organization's Woonsocket Homeless Shelter, which in 2012 provided 24,000 bed nights to nearly 300 residents, half of them children.

BankRI has also held an annual food drive for the past six years, to support the Rhode Island Community Food Bank, the state's largest hunger-relief organization, and local food pantries. This year, BankRI partnered each of its 18 branches with a food pantry that serves the branch's respective community, giving customers and staff an opportunity to directly help their neighbors in need.

BankRI's signature "Holiday Giving Tree" program marked its 15th year last December, pairing with a local nonprofit with each of its branches, to provide gifts to children the nonprofit serves.

Up from the flames

In Brattleboro, Vermont, US Bank, a superregional bank with $353 billion assets as of midyear 2013, the fifth-largest commercial bank in the U.S., has partnered with the Massachusetts Housing Investment Corporation (MHIC) and Vermont Rural Ventures (VRV) to provide $11.2 million in tax credit equity to help a team of civic leaders redevelop the historic Brooks House in Brattleboro. The building, constructed in 1871, had been extensively damaged by a five-alarm fire in 2011. It had been a downtown focal point since it was built, according to Laura Vowell, vice president for U.S. Bancorp Community Development Corporation (USBCDC), the community development subsidiary of U.S. Bank that made the investment.

The building re-opened in September, featuring 23 updated mixed-income residential rental apartments, an educational center for the Community College of Vermont and Vermont Technical College, and office space for a home schooling and curriculum development organization. The ground floor, 15,000 rental square feet, is slotted for retail and restaurant uses, much of which has already been leased. The renovation is expected to yield more tax revenue than it did before the 2011 blaze.

Additional financial support for the $24 million development came from Mascoma Savings Bank, the Vermont Economic Development Authority, Brattleboro Development Corporation, the Town of Brattleboro, and Community Development Block Grants, as well as investments from 20 preferred shareholders.

Not just window dressing

The communities served by these banks benefit in ways that are meant to last. Their educational endeavors often fill voids that it would be hard for the public and social-services sectors to address, whether for administrative or budgetary reasons. They strengthen the non-profit organizations with which they partner, and create an intangible – a sense of community – on which it is impossible to put a price. As Eastern Bank's Stager describes it, "It's a virtue cycle, as opposed to a vicious cycle. … People bank with us not just because we give money, but to partner with us." BNE

A HELPING HAND FOR FURLOUGHED FEDS

Within a day of the federal government shutdown, New Jersey-based TD Bank developed a program to help its customers who were among the estimated 800,000 federal employees whose lives and household budgets stood to be disrupted as the result of missing paychecks because of the furlough. At its inception, the TD Cares Payment Assistance Program was planned to run from Oct. 10 to Nov. 2, or the end of the shutdown.

"TD was carefully following news about the shutdown and began preparations to help our impacted customers in the weeks prior to Oct. 1," says Ryan Bailey, head of retail deposits at the bank. "TD employees are truly dedicated to helping our customers and the group really came together in a compressed timeframe to make modifications to our systems to enable the launch of the Payment Assistance Program."

Federally-employed TD Bank customers on furlough had access to funds of up to $1,000 cost- and fee-free if they had a TD Bank checking account in good standing and open for at least 60 days prior to the shutdown. They presented their government ID and/or a furlough letter or validation of a missed paycheck at any branch in order to qualify.

They were also eligible to get late-fee refunds on their TD Bank Visa credit cards, with some restrictions. Late fees on these cards average about $35. And those with mortgages through TD Bank had opportunities for short-term relief on their mortgage payments.

Career achievers in banks across New England are constantly on the move, with their professional journeys reflecting a combination of mobility and longstanding service. We acknowledge them, and welcome readers to submit news of their own staff.

Featured Banks

- Cape Ann Savings Bank
- Cape Cod Cooperative Bank
- Centrix Bank
- First Colebrook Bank
- Kennebunk Savings
- Lake Sunapee Bank
- Marlborough Savings Bank
- Merrimack County Savings Bank
- Rockland Trust Co.
- Saco & Biddeford Savings
- Scituate Federal Savings Bank
- TD Bank
- The Cape Cod Five Cents Savings Bank
- United Bank
- Watertown Savings Bank

Appointments and Elections

The Cape Cod Five Cents Savings Bank

Dorothy Savarese

Dorothy Savarese, president and CEO of Mass.-based The Cape Cod Five Cents Savings Bank, will serve on the board of directors of the American Bankers Association (ABA).

Savarese became president and CEO of Cape Cod Five in 2005. She serves as chairman of the board of directors and executive committee and chairman of the Cape Cod Five Cents Savings Bank Charitable Foundation Trust.

Rockland Trust Co.

Denis Sheahan

Denis Sheahan has been appointed COO of Rockland Trust Co., the commercial bank subsidiary of Mass.-based Independent Bank Corp. He previously served as the company's chief financial officer.

In his new role, Sheahan will assist business units in growing and deepening customer relationships and improve the quality and cost of service delivery.

Sheahan has worked at Rockland Trust for 17 years.

New Arrivals

Cape Anne Savings Bank

Marianne Smith has joined the Mass.-based bank as vice president and treasurer. She has more than 20 years of banking and regulatory experience in the areas of finance, operations, regulatory reporting, balance sheet management, and oversight.

Cape Cod Cooperative Bank

Savannah Stoelzel

Savannah Stoelzel has been appointed branch manager at the Cooperative Bank of Cape Cod's newest location in Marstons Mills, Mass. Stoelzel previously worked at Citizens Bank in Harwich, where she served as assistant branch manager.

Five other appointments were also announced as the bank prepares to open its new branch: Kristen Mauro and Alicia Rowe-Vincente were appointed as tellers; Dominique Beaulieu was appointed senior teller; Ashley Karras, who was previously a senior teller at the West Barnstable branch, transfered to the Marstons Mills branch and assumes the position of teller manager; Kory Leahy was appointed as the customer service representative.

Centrix Bank

Christopher Freiberger has joined the New Hampshire bank's management team as vice president of information technology. He brings 16 years of experience in the banking industry with knowledge in the design and implementation of technical solutions to support an enterprise network; skills in formulating and employing strategies to support network operations and applications; as well as project management skills.

First Colebrook Bank

Joanne M. Connelly

First Colebrook Bank in Colebrook, N.H., has appointed Joanne M. Connelly as vice president and commercial loan officer. She has more than 25 years of professional experience in small-business finance. She has degrees in finance and accounting from New Hampshire College and has attended the New England School of Banking.

Kennebunk Savings

Michael J. Arndt

Jesse A. Dumais

Michael J. Arndt has joined the company as vice president, New Hampshire middle market lender for commercial lending. He will be working out of the bank's newest office in Hampton and will be responsible for growing its commercial lending portfolio.

Jesse A. Dumais has joined the back as assistant vice president and banking office manager of the Kittery office. Dumais will be responsible for overseeing the Kittery office team, the office's commercial and mortgage lending activities, and the overall performance of the branch.

Lake Sunapee Bank

Greg Legier

Greg Legier has joined the New Hampshire-based bank as vice president and commercial loan officer. Legier began his career at First Colebrook Bank and brings with him 14 years of professional banking experience.

Marlborough Savings Bank

James R. Goodhue joined Mass.-based Marlborough Savings Bank as assistant vice president of commercial lending. His responsibilities include managing existing commercial portfolios, generating new commercial loans with a mix of traditional and SBA financing to meet the needs of the institution's clientele and build long-lasting relationships.

Kenneth R. Lewis joined the bank as a loan originator. His responsibilities include originating residential mortgages within

James R. Goodhue

Kenneth R. Lewis

Donna M. Driscoll

Southborough, Northborough, Westborough, and surrounding market areas.

Donna M. Driscoll joined as the manager of the Sudbury branch. Her responsibilities include overseeing the daily functions of the branch, developing branch business, ensuring exceptional customer service, and coaching employees to reach their maximum potential.

Watertown Savings Bank

Jennifer Wheeler

Jennifer Wheeler has joined Mass.-based WSB as assistant vice president and loan servicing officer. Wheeler has 25 years of banking experience, including private finance companies, in both loan operations and loan servicing. She comes to WSB most recently from Citizens Bank, where she was an assistant vice president.

Promotions

Kennebunk Savings

Brenda Moore

Brenda Moore has been promoted to assistant vice president, banking office manager and will be working out of the North Berwick, Maine, office. In her new role, she will be responsible for overseeing the North Berwick office team, commercial and mortgage lending, and the overall performance of the branch.

Merrimack County Savings Bank

Ulrike Graham

Affordable Housing Loan Originator Ulrike Graham has moved to the bank's North State Street branch in Concord, N.H. Ulrike replaced Annette Fletcher, mortgage loan originator, who retired after 27 years of service within the mortgage industry, 12 years of which were spent at Merrimack County Savings Bank.

Saco & Biddeford Savings

Joe Reardon

Kenda Bouffard

Joe Reardon has been promoted to assistant branch manager in the Old Orchard Beach, Maine, branch.

Saco & Biddeford Savings Institution has also promoted one of its team members, Kenda Bouffard, to retail loan underwriter.

Scituate Federal Savings Bank

Lisa Swain

Scituate Federal Savings Bank has hired Lisa Swain as a mortgage officer. She is responsible for serving residential mortgage customers on the South Shore out of the Hingham, Norwell and Green Harbor, Mass., offices.

TD Bank

George Mandt has been named vice president and senior lender at TD Bank in Burlington, Mass. He has more than 30 years of experience in banking and commercial lending. Prior to joining TD Bank, he was first vice president at First Niagara.

United Bank

Six staff members have been promoted at the corporate offices in West Springfield, Mass.:

Nira Flatley was promoted to assistant vice president and collections manager.

Kristyn Samere, who joined the bank in 2010, is now assistant vice president of training and development.

Amy Ganci was appointed assistant vice president of commercial lending administration. She joined the bank in 2011 with over 21 years of experience in the commercial lending field.

Jennifer DeBarge was promoted to marketing officer.

Ana Ricardo, who joined the bank in 2008 with over 15 years of residential lending experience, was promoted to underwriting officer.

Patricia Pasterczyk was promoted to business banking officer.

Financial institutions large and small have been making a difference in their communities for years. In this space, we acknowledge them, and welcome readers to submit news of their own banks' efforts and endeavors. For submission information, see page 29.

Featured Banks

- Bank of America
- Bay State Savings Bank
- Bridgewater Savings Bank
- Citizens Financial Group
- Commerce Bank
- Passumpsic Savings Bank

Bank of America

Singer Jeffrey Osborn; Eugene Monteiro, chairman of the board, Billy Taylor House; General Assembly Speaker Gordon Fox; Providence Mayor Angel Taveras (with scissors) and Bank of America Rhode Island Bill Hatfield at the ribbon-cutting event for the Billy Taylor House in Providence.

Bank of America recently donated a three-story vacated property on Camp Street in Providence, R.I. to the Billy Taylor House, a nonprofit organization assisting young men and women in the Mount Hope neighborhood through workforce development and life skills programming. The all-volunteer organization carries on the legacy of Billy Taylor, a mentor to hundreds of Mount Hope youth before he died in 1986 at the age of 29 from a heart ailment. Bank of America Rhode Island also gave the Billy Taylor House organization a $10,000 grant from the Bank of America Charitable Foundation, to be applied to renovation of the property.

Bay State Savings Bank

Bay State Savings Bank presented a $2,500 check to the Worcester (Mass.) Chamber Music Society from its Champions for Children initiative in August, in a brief ceremony at the bank's Franklin Street, Worcester, branch that concluded with an impromptu cello performance by several students. The bank raised the money during a fundraiser conducted earlier this summer. The donation will help to support the growth and sustainability of the Worcester Chamber Music Society's "Neighborhood Strings" program, which provides free instruments and musical instruction to inner-city children.

Bridgewater Savings Bank

The charitable foundation associated with Raynham, Mass.-based Bridgewater Savings Bank has made a donation of $1,500 to the Associates for Human Services Inc. (AHS) to fund the Sponsor-A-Child Hippotherapy Project, which focuses on children whose ability to move or focus requires more mechanical means of support.

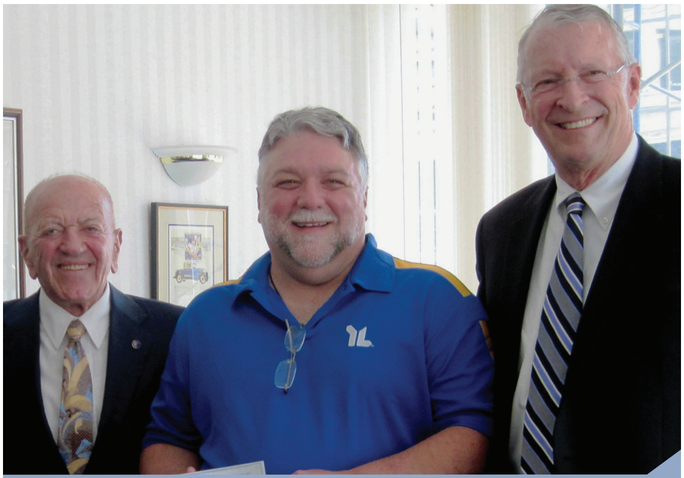
Citizens Financial Group

Denise Leyhe, head of sponsorships and charitable giving at RBSCitizens Financial Group Inc., a division of Citizens Financial Group, recently walked the runway in Boston to help raise money for Dress for Success Boston. Dress for Success Boston promotes the economic independence of disadvantaged women by providing professional attire, a network of support and the career development tools to help them thrive in work and in life. Clothing at the fashion fundraising event, held at the Intercontinental Hotel in Boston, was provided by Boston designer Denise Hajjar.

Denise Leyhe, head of sponsorships and charitable giving, RBSCitizens Financial Group, Inc.; Dr. Mallika Marshal, event emcee; and Kim Todd, executive director, Dress for Success, Boston.

Commerce Bank

Commerce Bank has donated $25,000 to the Boys & Girls Club of Worcester, Mass., in support of the programs and services the club provides to the city's youth. The largest youth development agency in Central Massachusetts, the Boys & Girls Club of Worcester's mission is to help youth develop the qualities needed to become responsible citizens and community leaders, through caring professional staff who forge relationships with youth members and influence their ability to succeed in life.



Commerce Bank Chairman David G. "Duddie" Massad; Boys & Girls Club of Worcester Executive Director Ron Hadorn; and Commerce Bank President and CEO Brian W. Thompson.

Passumpsic Savings Bank

Passumpsic Savings Bank has made a multi-year pledge to support the construction and refurbishment of the former rail line from St. Johnsbury to West Danville, Vermont. The project connects with the Three Rivers Bike Trail at Mount Vernon Street in St. Johnsbury. Vermont Association of Snow Travelers (VAST) and Friends of the Lamoille Valley Rail Trail launched the $1.4-million project. The 15-mile section of the trail from St. Johnsbury to West Danville is scheduled to be completed by late next summer.

Laural Ruggles, member of Friends of Lamoille Valley Rail Trail; Alexis Nelson, executive director, VAST; Peter F. Crosby, president, Passumpsic Savings Bank; and Ted Chase, member of Friends of Lamoille Valley Rail Trail.

SEND US YOUR GOOD NEWS!

Does your bank have news of its community support activities? Whether it's a cash donation, a financial literacy initiative, a nonprofit organization volunteer day or another creative outreach, we'd like to recognize it in *Banking New England.* Please send press releases and accompanying photos to: Christina P. O'Neill, custom publications editor, via email at coneill@thewarrengroup.com.

Featured Banks

- Gorham Savings Bank
- Northeast Bank
- Optima Bank
- US Bank

Gorham Savings Bank

Gorham Savings Bank has awarded $30,000 to startup company Pika Energy, which won the Maine-based bank's first annual business-plan competition. The wind-turbine design firm, started in 2010, won out in a field of nearly 250 entrants. It has used the winnings to move production of its Pika Energy T701 Wind Turbine out of one of the founders' homes into a 4,300-square-foot manufacturing facility and expects to start marketing its systems to homeowners this year.

The rules of the program required business ideas that would lead to added jobs, new products or services, enhanced exports and/or cost savings. The bank says the contest attracted the interest of small businesses, some of them of whom have become customers.

Northeast Bank

Lewiston-based Northeast Bank announced the availability of up to $10 million for qualified small business loans throughout Maine. The program is offered in conjunction with the Small Business Administration (SBA), and aims to target new and existing small businesses in Maine who are looking to grow or expand their operations.

SBA lending throughout Maine has grown substantially in the past year. Northeast Bank's new $10 million loan pool is designed to further enhance small business growth in the state.

Optima Bank

Portsmouth-based Optima Bank & Trust has opened a full-service branch at Pease International Tradeport.

The new location now provides products and services to the 8,000-plus employees and hundreds of businesses at Pease and in the surrounding area, and features both a drive-through and a 24-hour ATM.

Alyson Graybill, a vice president with Optima, has been named the Pease branch manager; Robert Gagnon, vice president, will lead business development and mortgage origination; and John Burcke, vice president, will be a commercial lender.

US Bank

Vermont-based US Bank, the nation's fifth largest commercial bank, has partnered with Vermont and Massachusetts investment entities to provide $11.2 million in tax credit equity to help redevelop the Brooks House in Brattleboro, Vermont, which was badly damaged in early 2011 by a five-alarm fire. The restored building, which recently reopened, features 23 updated mixed-income residential rental apartments, an educational center for the Community College of Vermont and Vermont Technical College, and office space for Oak Meadows, a home-schooling organization. The ground floor's 15,000 square feet is designated for retail and restaurant uses. BNE