


TO: MHP Executive Committee
FROM: Judith S. Jacobson, Deputy Director & General Counsel 
RE: Acquisition of Mayflower Bancorp, Inc. by Independent Bank Corp.
DATE: July 10, 2013

Independent Bank Corp. ("Independent"), a bank holding company headquartered in Rockland, Massachusetts and the parent company of Rockland Trust Company, has applied to the Massachusetts Board of Bank Incorporation (BBI) pursuant to M.G.L. c.167A §2 for approval to acquire Mayflower Bancorp, Inc. ("Mayflower"), a bank holding company headquartered in Middleboro, Massachusetts, and its subsidiary bank, Mayflower Co-operative Bank (d/b/a Mayflower Bank). MHP has an existing \$1,964,419 loan agreement with Independent and Rockland Trust Company dating from the 2008 acquisition of Slades Ferry Bancorp and the 2009 acquisition of Benjamin Franklin Bancorp, Inc.

Chapter 167A requires that the BBI shall not approve certain bank acquisitions

"until it has received notice from the Massachusetts Housing Partnership Fund ... that arrangements satisfactory to such fund have been made for such company or bank holding company to make ninety hundredths of one percent of its assets located in the commonwealth available for call by said fund for a period of ten years ..."

MHP's long-standing practice, reflected in its Guidelines Regarding Bank Acquisitions Subject to Chapter 102 of the Acts of 1990, is to determine "assets located in the commonwealth" based on the consolidated assets of the entity being acquired. In November 2007 MHP began utilizing quarterly average assets to determine the amount of such consolidated assets. The consolidated assets of Mayflower as of March 31, 2013 are \$261,344,000 based on the Form 8-K filed with the U.S. Securities and Exchange Commission (Mayflower does not make a public filing with quarterly average assets). Based on this asset amount the statutory loan obligation to MHP is \$2,352,096 (.9% of total assets).

MHP's Guidelines allow the acquirer to apply for credit based on its affordable housing lending in the Commonwealth. In accordance with MHP's Guidelines and consistent with the treatment of other transactions, Independent updated the Application for Credit for Affordable Housing Lending in Massachusetts submitted in connection with its acquisition of Central Bancorp, Inc. ("Central") in 2012. The Central Credit Application covered a 3.50 period. There was no loan obligation to MHP as a result of the Central acquisition. The credit period in the attached Application for Affordable Housing Lending is 4.50 years.

Staff has reviewed the application and supporting materials submitted and has determined that Independent is entitled to a credit in the amount of \$6,670,405. As \$4,712,148 of this credit was utilized to offset the Central obligation there is \$1,958,257 in credit available to offset the Mayflower obligation. Consequently, there is a \$393,839 resulting loan obligation to MHP. I expect that the Mayflower loan will be documented

as an amendment to the loan documents with Independent and Rockland Trust Company entered into in connection with the acquisition of Benjamin Franklin Bancorp, Inc.

Accordingly, I recommend that the Board adopt the following vote:

VOTED: To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board ("MHP") to: (1) execute and deliver any and all agreements, documents, certificates or other instruments that he and MHP's legal counsel deem necessary and appropriate, including but not limited to a loan agreement, promissory note, loan participation agreement and limited agency agreement or amendments to existing loan documents (the "Loan Documents") in order to make \$393,839 available for call by MHP from Independent Bank Corp. and Rockland Trust Company pursuant to M.G.L.c.167A and guidelines adopted by MHP; and (2) upon execution of the Loan Documents to notify the Massachusetts Board of Bank Incorporation that "satisfactory arrangements" have been made with MHP by Independent Bank Corp. in conjunction with its application to acquire Mayflower Bancorp., Inc. and Mayflower Co-operative Bank in accordance with M.G.L.c.167A and guidelines adopted by MHP.

Massachusetts Housing Partnership
Application for Credit for Affordable Housing Lending in Massachusetts

APPLICANT / PETITIONER:
 (as filed with the Board of
 Bank Incorporation)

Independent Bank Corp.

ACQUIRED / MERGED INSTITUTION:
 (as filed with the Board of
 Bank Incorporation)

Mayflower Bancorp, Inc.

APPLICANT'S CONTACT PERSON:

EDWARD H. SEKSAY, GENERAL COUNSEL

CONTACT'S PHONE NUMBER:

(781) 982-6158

	<u>INDEPENDENT BANCORP</u>	<u>MAYFLOWER BANCORP</u>	<u>CENTRAL BANCORP</u>
ACQUIRED ASSETS LOCATED IN MASSACHUSETTS: (For Definition, see MHP Guidelines)	#1	\$261,344,000.	\$523,572,000.
STATUTORY LOAN AMOUNT: (Line #1 multiplied by 0.9%)	#2	\$ 7,064,244.	
AFFORDABLE HOUSING CREDIT PERIOD: Start/End Dates: 10/1/2008 – 3/31/2013 (Please attach explanation if other than the most recent 60-month period)	#3	4.50 YEARS	

MODERATE INCOME CREDIT

SOFT SECOND LOAN PROGRAM #4 \$ 13,828,231.
(total dollar volume of loans closed)

OTHER QUALIFIED DIRECT LOANS #5 \$
TO MODERATE INCOME BORROWERS
(see § 6.a.1.ii and iii of MHP Guidelines
and attach explanation of each loan program)

SUBTOTAL - DIRECT LOANS #6 \$ 13,828,231.
(add lines #4 and #5)

LOAN ADVANCES TO MASSACHUSETTS HOUSING INVESTMENT #7 \$
CORPORATION AND OTHER LOAN CONSORTIA FOR
MODERATE INCOME LENDING PURPOSES
(see § 6.b of MHP Guidelines)

LOANS MADE THROUGH STATE AND FEDERAL
FIRST-TIME HOMEBUYERS PROGRAMS

MASSACHUSETTS HOUSING FINANCE AGENCY #8 \$ 20,314,686.

VETERANS ADMINISTRATION #9 \$

FEDERAL HOUSING ADMINISTRATION #10 \$

MORTGAGE LOANS TO BORROWERS BELOW 80 PERCENT #11 \$245,372,911.
OF MEDIAN HOUSEHOLD INCOME
(from HMDA reports, excluding any loans
already included in lines #4 through #10)

SUBTOTAL - OTHER MODERATE INCOME LOANS #12 \$132,843,798.
(total lines #8 - #11 and multiply by 50%)

ANNUALIZED MODERATE INCOME LENDING #13 \$ 32,593,784.
(add lines #6 and #12, divide the sum by line # 3)

TOTAL MODERATE INCOME CREDIT #14 \$ 5,298,183.
(add lines #7 and #13 then enter the lesser of that amount or 75% of line #2)

Low Income Credit

See § 6.a.3 of MHP guidelines for definitions and attach total description of each loan or loan program.

CONSTRUCTION LOANS	#15	\$	
BRIDGE LOANS	#16	\$	
PERMANENT LOANS	#17	\$ 5,580,000.	
OTHER QUALIFIED LOANS	#18	\$ 595,000.	
ANNUALIZED LOW INCOME LENDING (add lines #15 through #18, divide this sum by line #3)	#19	\$ 1,372,222.	
LOANS ADVANCES TO MASSACHUSETTS HOUSING INVESTMENT CORPORATION AND OTHER LOAN CONSORTIA FOR LOW-INCOME LENDING PURPOSES (see § 6.b of MHP guidelines)	#20	\$	
TOTAL LOW-INCOME CREDIT (add lines #19 and #20)	#21	\$ 1,372,222.	

CREDIT AMOUNT (add lines #14 and #21)	#22	\$ 6,670,405.	
LOAN COMMITMENT TO MHP (subtract line #22 from line #2, and enter amount, not less than zero)	#23	\$ 393,839.	

The Loan Commitment to the MHP Fund calculated on a consolidated basis (Central Bancorp and Mayflower Bancorp) is greater than the Loan Commitment to the MHP Fund calculated on the basis of Central Bancorp alone. **As a result, the total Loan Commitment that is associated with both acquisitions will be \$393,839.00. This reflects a New Loan Commitment of \$393,839.00 associated with the Mayflower Bancorp acquisition and the previous Commitment of \$0.00 associated with the Central Bancorp acquisition.**

Affidavit

As a duly authorized official of the Applicant I hereby certify and represent that the above information is true and complete.

Signature

Date

Name

Title

Edward H. Seksay

July 10, 2013

EDWARD H. SEKSAY

GENERAL COUNSEL

**Addendum to
Application for Credit for Affordable Housing Lending in Massachusetts
by Independent Bank Corp. to the
Massachusetts Housing Partnership Fund**

Description of Qualifying Loans or Loan Programs

MODERATE INCOME CREDIT

Affordable Housing Credit Period

Line #3

Independent Bank Corp. submitted an Application for Credit for Affordable Housing Lending in Massachusetts in 2012, in connection with its acquisition of Central Co-operative Bank d/b/a Central Bank. The Affordable Housing Credit Period for that application was 3.50 years and ended on 3/31/2012. That Application is now being updated to reflect the acquisition of Mayflower Co-operative Bank d/b/a Mayflower Bank, and the Affordable Housing Credit Period is being extended from the original 3.50 years to 4.50 years, consisting of the months October 2008 through March 2013.

Soft Second Loan Program

Line #4

Massachusetts Housing Partnership Soft Second Program

This program is designed to help low- and moderate- income, first-time homebuyers secure low cost mortgages. Under this program, the loan is divided into a first mortgage and a subsidized "soft second" mortgage. The objective of the "soft second" loan is to reduce the amount of the first mortgage and lower the initial monthly costs so that borrowers may qualify for a loan. Participating lenders originate both the first and second mortgage loans. For purposes of this application, both the first and the second lien mortgage loans that were originated during the review period were included in the calculation.

Mortgage Loans to Borrowers Below 80% of Median Household Income

Line #11

Total obtained from Rockland Trust Company HMDA data after subtracting the amounts included in Lines #4 and #8.

LOW INCOME CREDIT

Permanent Loans

Line #17

In August of 2008, Rockland Trust Company, Independent Bank Corp.'s commercial bank subsidiary, approved a \$5,580,000.00 construction loan to **Cherry Hill II of Plymouth Bay Housing, LLC**. This project was designed to create 35 new affordable housing units for senior citizens (age 62 and older) as well as a 9,000 sq. ft. office building to house the Plymouth Housing Authority and other non-profit organizations within the town of Plymouth. This project was been awarded "Low Income Housing Tax Credit" status by the state's Department of Housing and Community Development. The total project cost was \$11.2MM. This loan was scheduled to close in mid November 2008. However, the closing didn't occur due to the weakened economy, causing an inability of secure a purchaser of the tax credits. Although roughly half completed, the project sat dormant since that time. However, in mid-2009 the DHCD was able to secure additional tax credits for this project. The added tax credits were sufficient to entice Verizon Capital Corp. to provide the necessary capital and purchase the tax credits, allowing the project to move forward. Rockland Trust Company reapproved financing of this project in October 2009 and a loan closing was ultimately held in early November 2009.

Other Qualified Loans

Line #18

During the 3rd quarter of 2012, the Bank renewed two credit facilities for **Brockton Housing Authority (BHA)**. These facilities are (1) a **\$95,000** line of credit secured by a 2nd mortgage on 89-91 Spring Street, Brockton, MA and is used to support property acquisitions until permanent financing is established, and (2) a **\$500,000** unsecured guidance line of credit which allows the Loan Officer to originate mortgages to BHA secured by properties purchased under the Neighborhood Stabilization Program. *Individual notes will vary depending on the nature of the properties purchased. Advances made under the line to finance rehab projects will be limited to the lesser of 80% of the purchase price or "as is" appraised value, up to 100% renovation costs, w/ permanent financing limited to 80% of the "as completed" appraised value. Also, this facility will allow unsecured demand loans up to \$100M in aggregate per year. These unsecured advances will allow for interim/bridge financing until funding is received under NSP. Unsecured notes will have 12-month terms.* BHA is a state chartered real estate management and development corporation. Its purpose is to manage, develop, and deliver public housing for low-to-moderate income families leading to the revitalization of Brockton's neighborhoods and beyond. The agency operates under the provisions of Chapter 121B of the MGL which is known as the Housing and Urban Renewal Law. The BHA is governed by a five member Board of Commissioners and is one of the largest housing authorities in the United States with a portfolio that includes 2,019 apartments in 16 housing developments, more than 1,000 rent-assisted apartments/ houses, roughly 7,000 residents, and growing numbers of private homes for ownership or rent that help families move beyond public assistance.