

Consumers and the New Credit Card Act

ABA Education Foundation

On Monday, February 22, new consumer protections set forth in the Credit Card Act went into effect.

Some of the new rules and regulations that have gone into effect include more notice for interest rate changes and new monthly statement rules. See below for details:

Changes in Fees

Card issuers may not charge over-the-limit fees unless the customer authorizes this type of transaction. Card customers won't be charged to make a payment—except under limited circumstances.

Payments more than the minimum amount due must apply to balance with highest APR first.

Prepaid cards (including gift cards) will have a minimum life span of five years.*

Changes in Interest Rates

Customers generally must receive a 45-day advance notice for any increase in an interest rate and any change in a significant term. For interest rate increases, the customer has the option to decline the rate increase and pay off the balance over time under the original interest rate.

Increases in interest rates will only apply to new balances—except under limited circumstances (i.e., if the rate is disclosed at account opening—promotional rates—or if a cardholder becomes more than 60 days late on a payment).

Interest rate increases are prohibited during

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President's Message

Newsletter Spring 2010



Peter F. Crosby,
President & CEO

In these uncertain times, connections to the community can be reassuring to everyone. Passumpsic Savings Bank and our dedicated staff know how important those connections can be and that's why we support our communities in many different ways.

In 2009, throughout Vermont's Northeast Kingdom and Northern New Hampshire, our staff was involved in teaching financial literacy to over 800 students in Grades K-8 at eleven schools as part of the American Banker's Association Teach Children To Save initiative. In addition, staff worked with numerous middle and high school classes teaching credit awareness. The Bank provided classroom teachers with financial literacy curriculum materials addressing checking account management, loans and credit applications. Be sure to

read about our latest credit education initiatives in the enclosed article.

Volunteering can also serve to strengthen our communities. In 2009, Passumpsic Savings Bank employees and members of the Board of Trustees volunteered 7,285 hours to a wide array of organizations including schools, mentoring programs, hospitals, libraries, economic development organizations and local government boards and committees.

And finally, charitable contributions can also support the economic vitality of our communities. During the past year, the bank has supported many organizations such as homeownership center programs, capital campaign projects for schools and hospitals, downtown development corporations, small business Internet contest, NEK energy fair, community festivals and cultural programs, and college scholarship programs.

Passumpsic Savings Bank is committed to partnering with our customers and communities because we believe that the stronger the community, the stronger we are individually. We appreciate your confidence in our organization.

Credit Awareness

As young adults graduate into the real world weighed down by student loans and credit card debt, experts are increasingly concerned about the absence of financial education courses in high school. More than ever, students are facing a host of economic issues that previous generations did not. As a result, credit card companies continue to aggressively market to students, often leaving them overwhelmed with future debt.

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NORTHEAST KINGDOM ENERGY FAIR

Saturday, March 27, 2010 9am – 4pm
Lyndon State College

Calling Homeowners, Business Owners, Contractors & Students!

Learn about renewable & alternative energy from the experts

Talk with people who use solar, wind & geothermal systems

Save money with rebates, financial incentives and low-interest loans for energy improvements

Everyone is invited to attend the **Northeast Kingdom Energy Fair** at Lyndon State College on Saturday, March 27th. Northeastern Vermont Development Association (NVDA) is once again presenting a full day of exhibits, demonstrations and educational seminars. Admission is FREE and Passumpsic Savings Bank is a proud sponsor.

NVDA's 2009 Energy Fair was a huge success and interest continues as Vermont residents explore opportunities for saving energy. This popular event will once again promote energy efficiency, provide information about renewable energy systems, and showcase a variety of exhibits from pellet stoves to electric bikes and hybrid vehicles. Learn more about weatherization, sustainability, green jobs, green building, home energy audits, tax credits and low-interest loans for home energy improvements.

Discover the possibilities! Talk with over forty energy exhibitors who share your commitment to a clean energy future!

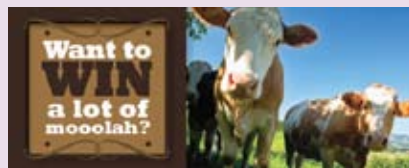
Questions? Visit www.nvda.net or call Lorna Higgs, Project Manager, 802-748-5181 or 1-800-639-5011 or email lhiggs@nvda.net



Hassle-Free Way to Pay Your Bills

Paying your bills using Passumpsic Savings Bank Bill Pay feature, could win you a lot of Moolah!

During the months of February and March, we'll automatically enter you into a contest to **WIN \$5,000 CASH** each time you pay a bill using our **FREE** online bill pay service!*



To get started, login to your online bill pay account and continue to pay your bills online. The more bills you pay online during February and March, the more chances you have to win!

The Benefits of Bill Pay:

- Pay bills to anyone in the U.S. from your personal computer
- Choose your own payment date
- Bills are paid on time each month, which means no more late fees
- Avoid unnecessary postage costs and trips to the post office
- It's FREE

Simply visit our website at www.passumpsicbank.com to enroll. Still unsure about how to use bill pay or internet banking? Stop by your local branch and ask a Personal Banker for a demonstration, or call Customer Information Services at 802-751-4238.

* No purchase necessary. Void where prohibited. For complete rules and more information, visit <https://secure.orcc.com/promo/q12010/rules.html>.

Helping Local Food Shelves

To kick off 2010, Passumpsic Savings Bank teamed up with our customers to hold a month-long food drive. Non-perishable food items were collected in lobby areas and distributed to nine food shelves throughout Vermont and Northern New Hampshire. In addition, the bank's January's Casual Dress Down Day charity event, raised \$1,068 for area food shelves.



Shown (left to right) at Kingdom Community Services Food Shelf, St. Johnsbury, VT: Richard Clay, PSB courier, and Peg Keach, St. Johnsbury Branch Manager; present Ted Merchant, Manager, Kingdom Community Food Shelf Services with a check and donated food and toiletry items. The food shelf is open Tuesdays and Thursdays from noon to 4pm.



Shown (left to right) at All Saints Episcopal Church and Food Pantry, Littleton NH: Marilyn Machia, Food Pantry Coordinator; and Megan Lee Driscoll, pantry volunteer; accept a check and donated items from Carmen Menard, Littleton Branch Manager. Marilyn indicates that the need for food is greater than ever. They are always in need of cereal and tuna fish. The food pantry is open Tuesday, Thursday and Saturday mornings from 9AM to 10AM at the Church annex at 35 School Street in Littleton, NH.



Lillian Harriman (left), Manager of Friends and Neighbors Food Pantry, Whitefield, NH is presented with non-perishable food items and a check by Holly Fortin (right), Whitefield Branch Manager. In addition to food items, Friends and Neighbors also accepts new or used clothing and outerwear.



Donna Clay (left) Newport Branch Manager, Passumpsic Savings Bank and Jennifer Morin (right), Commercial Loans Administrative Assistant, present Nancy Castle (center), Food Shelf Manager, St. Mark's Episcopal Church with a check and donated food items. Please call St. Mark's Episcopal at 802-334-7365 to arrange a time to drop off donations.

Staff News



Robbie Hallett, Director of Human Resources, was named 2009 Employee of the Year at the Annual Employee Recognition event. This award recognizes an employee who has shown outstanding service, or contributions in the areas of innovation, service, judgment or human relations. Nominations are submitted by Bank employees.

Robbie joined the bank in June of 1996. He spent thirteen years as the Human Resources Representative before being named the Director of Human Resources in August of 2009. Robbie is responsible for the management of Human Resources activities and provides leadership and counsel to managers on all Human Resources issues. In addition, Robbie interprets, explains and communicates to staff, managers and applicants, personnel policies, employee benefits, programs and guidelines.

Robbie graduated from Utica College of Syracuse University with a Bachelors Degree in Business before joining the Passumpsic Savings Bank team. He has successfully completed a multitude of courses including Effective Interviewing and Terminating, Verbal Communication, with numerous Employment Law classes and seminars. Robbie resides with his family in Waterford.

As Employee of the Year, Robbie received a paid day off, a gift certificate to his favorite restaurant, and a contribution was made on his behalf to the March of Dimes. Thank you, Robbie, for your dedication and hard work!



Thomas J. Grace has been promoted to the position of Business Banking Officer. In this position, Thomas will work directly with Commercial Bankers and Branch Managers bank wide to sell commercial and retail deposit products, merchant card services and technology to existing business customers and to cultivate new relationships. Previously, Thomas held the position of Service

Representative working at the St. Johnsbury Branch offices for more than three years. His academic accomplishments include completion of the Northern New England Center for Financial Training's Certified Teller program. Also, he is currently pursuing a Bachelors of Science Degree in Global Studies from Lyndon State College with a planned graduation date of 2010. Thomas resides in St. Johnsbury.

PSB recognized with SBA Loan Award



Shown left to right:
Robert Bishop, Sr. Vice President Commercial Banking, PSB; Darcy Carter, SBA Vermont Office; Peter F. Crosby, President, PSB; Bernard Villemaire, SBA Team Leader.

Passumpsic Savings Bank (PSB) has been recognized by the U.S. Small Business Administration (SBA) as one of the top five banks in Vermont for the number of Recovery Act loans for fiscal year 2009. Darcy Carter, District Director, SBA Vermont Office and Bernard Villemaire, SBA Team Leader for Lender Relations and Oversight, presented Peter F. Crosby, PSB President, with a Lender Appreciation Award. Darcy Carter reports, "This award is being presented to recognize the outstanding activity of lenders utilizing the Recovery Act loan programs for Vermont businesses. Passumpsic Savings Bank has been a leader in SBA programs and has shown a commitment to meeting the lending needs of small businesses in the communities they serve."

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the first 12 months of opening a credit card account and promotional rates must last at least 6 months.

No more double cycle or single cycle billing permitted for interest rate calculation.

More Detailed Billing Statements

Billing statements must be sent 21 days prior to due date.

Billing statements must explain the number of months to repay the credit card balance, the total cost if only minimum payments are made and the amount that must be paid to repay the balance in 36 months.

Payment due date must be same day each month.

College Students

In order to obtain a credit card, consumers under the age of 21 will need a co-signer or proof that they have independent means to repay the loan.

Consumers under 21 will have to opt-in for prescreened offers.

**Rule will go into effect August 2010*

Credit, Continued from page 1

Since the first of the year, Passumpsic Savings Bank has been teaming up with the Green Mountain United Way and Vermont Student Assistance Corporation (VSAC) to embark on a series of Credit Awareness Seminars. Over 375 high school students have attended the seminar throughout the St. Johnsbury/Lyndonville area. More visits to schools are planned during the school year. The presentations consist of relevant issues surrounding young

adults and the development of good credit. Topics that are discussed include the different types of credit and loans, how to be "credit worthy," the responsibilities associated with using credit cards, interest rates, and the impact that your credit report has on your financial life. Students are given tips on how to budget and avoid unnecessary debt.

Contact Barb Schoolcraft, VP Marketing at 802-751-4215 for more information about bringing credit awareness to your school.

Is the U.S. Economy Emerging from Recession?

Daniel J. Kimbell, Senior Vice President, Investment Management Division

The U.S. economy expanded in the fourth quarter 2009 with an increase in gross domestic product (GDP) at a 5.7% annual rate. This was the fastest pace in over six years, although fueled in part by the 2009 government stimulus package.

This encouraging news comes as factories begin cranking up production and investing in equipment, technology and software; three factors that should bode well for bringing down the jobless rate from its 26-year high. To be truly sustainable, the expansion will need to be fueled by a steady growth in employment in the private sector where gains in efficiencies from technology alone will not be enough to meet the additional capacity needed to expand production in re-supplying inventories.

Putting people back to work and creating new jobs without the reliance on short term government spending will be essential. Is the expansion sustainable? Both consumers and businesses are beginning to increase spending. The U.S. Commerce Department (for the fourth quarter 2009) reported

a 13% increase in the purchases of equipment and software. This gain helped offset a 15% decline in commercial construction, leaving total business investment up 2.9% over the past three months.

In his State of the Union address, President Obama declared that getting Americans back to work is his number one priority. His hope is to accomplish this by creating tax incentives for businesses that add to payrolls and to re-spend monies that have been re-paid by banks through the TARP program, funneling the funds back to smaller community banks that in turn would lend to small businesses. This may be a difficult task, since banks that did not take the TARP funds in the first round may remain weary of the stigma that is attached to receiving any government funding.

In any case, it is worth noting that most community banks in general, and Passumpsic Savings Bank in particular, remain ready and well prepared to meet the credit needs of small businesses.



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VERMONT

St. Johnsbury
1236 Main Street
497 Railroad Street
1242 Memorial Drive
(802) 748-3196

Lyndonville
62 Broad Street
(802) 626-9211

Danville
53 Route 2 West
(802) 684-8100

Newport
1 Gardner Street
(802) 334-6529

Island Pond
49 Mill Street Ext.
(802) 723-4100

NEW HAMPSHIRE

Lancaster
117 Main Street
(603) 788-4715

Littleton
81 Meadow Street
(603) 444-1730

Groveton
40 State Street
(603) 636-1223

Whitefield
20 Jefferson Road
(603) 837-9591



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Support for Heating Assistance Programs

Peter F. Crosby, President & CEO for Passumpsic Savings Bank (PSB) joined Robert Young, President & CEO for Central Vermont Public Service (CVPS); John Goodrich, VP/General Manager for Weidmann Electrical Technology; and Holly Ruggles and Michelle Bachand, Outreach Coordinators for Northeast Kingdom Community Action to discuss the 2009-2010 ShareHeat Program.

CVPS ShareHeat program provides statewide emergency home energy assistance to Vermonters in need. CVPS began its 2009-2010 ShareHeat program with a commitment of \$100,000 to match incoming donations. Both Passumpsic Savings Bank and Weidmann Electrical Technology have each donated \$5,000 to the ShareHeat Business Partnership pool which represents seven Vermont businesses. These seven businesses have collectively raised \$43,200 to encourage additional matching funds from individuals and businesses.

Holly Ruggles from Northeast Kingdom Community Action reports that demand for fuel assistance is very high this heating season and the ShareHeat program really makes a difference for hundreds of Vermonters living in the Northeast Kingdom.

In addition, Passumpsic Savings Bank contributed \$2,000 in New Hampshire to Tri-County Community Action for the Littleton



Shown (left to right): Holly Ruggles, Outreach Coordinator, Northeast Kingdom Community Action; John Goodrich, VP/General Manager, Weidmann Electrical Technology; Michelle Bachand, Outreach Coordinator, Northeast Kingdom Community Action; Robert Young, President, CVPS; Peter F. Crosby, President, Passumpsic Savings Bank.

and Lancaster fuel assistance programs. Karen Hoyt, Littleton Manager for Tri-County Community Action Program states, "Rising heating costs, the stressed economic climate and an increase in demand for assistance have all contributed to the need for additional resources, beyond what the Fuel Assistance Program may provide. Tri-County CAP really appreciates the support provided by Passumpsic Savings Bank."