



**CRA Decision #166
July 2015**

June 4, 2015

John Gorman, Esq. Joseph P.
Daly, Esq. Luse Gorman, pc
5335 Wisconsin Avenue, N.W.
Suite 780
Washington, D.C. 20015

Re: Merger of Community National Bank, Great Neck, New York (Charter No. 24523)
with and into The Bridgehampton National Bank, Bridgehampton, New York (Charter No.
9669) Control Number: 2015-NE-Combination-141209

Dear Messrs. Gorman and Daly:

The Office of the Comptroller of the Currency (OCC) hereby approves the application to merge Community National Bank (Community) with and into The Bridgehampton National Bank, (Bridgehampton). This approval is granted based on a thorough review of the application, other materials each of the banks and its representatives supplied, and additional information available to the OCC, including commitments and representations made in the application and by the banks' representatives during the application process.

I. The Transaction

Bridgehampton applied to the OCC for approval to merge Community with and into Bridgehampton, under the charter and title of the latter. Community, a national bank headquartered in Great Neck, New York, operates seven branches in Nassau County, two branches in Suffolk County, and one each in Manhattan and Queens counties, New York. Community has no operating subsidiaries and is owned by individual shareholders. Bridgehampton, a national bank, is wholly owned by Bridge Bancorp, Inc., and operates 29 branches, 27 in Suffolk County and 2 in Nassau County.

II. Legal Authority for the Transactions

The OCC reviewed the proposed merger transaction under the criteria of the Bank Merger Act, 12 USC 1828(c), and applicable OCC regulations and policies. Under the Bank Merger Act, the OCC generally may not approve a merger that would substantially lessen competition. The Bank Merger Act also requires the OCC to take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served. 12 USC 1828(c)(5). The OCC must also consider the effectiveness of any insured depository institution involved in the proposed merger

transaction in combating money laundering activities. 12 USC 1828(c)(1). In addition, the OCC may not approve a merger if the resulting insured depository institution (including all insured depository institutions which are affiliates of the resulting insured depository institution), upon consummation of the transaction, would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States. 12 USC 1828(c)(13). Furthermore, the OCC must consider the risk of the transaction to the stability of the United States banking or financial system. 12 USC 1828(c)(5) (as amended by section 604 of Dodd-Frank). We considered these factors and found them consistent with approval.

III. Community Reinvestment Act

The Community Reinvestment Act (CRA) requires the OCC to take into account the record of the banks' performance in helping to meet the credit needs of their communities, including low- and moderate-income neighborhoods, when evaluating applications under the Bank Merger Act. 12 USC 2903(a)(2). The OCC considered the CRA performance evaluation (PE) of each bank involved in this transaction. A review of these records, information provided by Bridgehampton in response to public comment relating to the proposed transaction, and information provided by Bridgehampton in response to additional information requests, indicates that the banks' records of helping to meet the needs of their communities support approval of this application.

A. The Bridgehampton National Bank

Bridgehampton's most recent PE, dated November 13, 2012, assigned the bank an overall "Satisfactory" rating.¹ The major factors supporting the overall "Satisfactory" rating were: (i) a good geographic and borrower distribution for home mortgage loans; (ii) a good geographic distribution of small loans to businesses; (iii) a substantial majority of both home mortgage and small loans to businesses were made within the bank's assessment area (AA); (iv) an excellent level of community development lending, which addressed community credit needs and had a positive effect on the lending test; (v) adequate performance under the investment test; and (vi) good performance under the service test.

B. Community National Bank

Community's most recent PE, dated December 10, 2013, assigned the bank an overall "Satisfactory" rating.² The major factors supporting the overall "Satisfactory" rating were: (i)

¹ Bridgehampton was evaluated for CRA purposes as a large bank on November 13, 2012 for the period between January 1, 2009 and December 31, 2011. A copy of the PE is available at: <http://www.occ.gov/static/cra/craeval/may13/9669.pdf>.

² Community was evaluated as an intermediate small bank on December 10, 2013 for the period between January 1, 2011 and December 9, 2013 for its home mortgage lending activities; between January 1, 2011 and November 20, 2013 for its commercial lending activities; and between November 10, 2010 and December 10, 2013 for its community development activities. A copy of the PE is available at: <http://www.occ.gov/static/cra/craeval/jun14/24523.pdf>.

Community's quarterly average net loan-to-deposit ratio was more than reasonable given its size, financial condition, and the credit needs of its AA; (ii) Community originated a substantial majority of its loans inside its AA; (iii) a reasonable dispersion of loans among geographies of different income levels; and (iv) community development activities that demonstrated adequate responsiveness to the community development needs of the AA given Community's capacity and community development opportunities within the AA.

IV. Public Comments and Analysis

The OCC received a public comment letter addressing Bridgehampton's record of helping to meet the credit needs of its community. The comment letter expressed concerns related to Bridgehampton's home mortgage lending and its investment test performance. The commenter's primary concerns related to Bridgehampton's lack of lending to African American and Hispanic borrowers.

The commenter cited 2013 Home Mortgage Disclosure Act (HMDA) data for the Nassau-Suffolk MD³ as the basis for his contention that Bridgehampton is not meeting the credit needs of African American and Hispanic individuals. Specifically, the commenter asserted that Bridgehampton did not make any home purchase loans or home refinance loans to African American or Hispanic individuals in the Nassau-Suffolk MD.

In addition, the commenter expressed concern with Bridgehampton's "Low Satisfactory" overall investment test rating in its PE. The commenter asserted that Bridgehampton's problematic lending performance was not offset by stronger performance in other areas, and cited the investment test rating as support for this assertion.

The commenter asserted that based on these concerns the comment period should be extended and the OCC should conduct a public hearing. Further, the commenter asserted that the OCC should deny the application.

The OCC has carefully considered the commenter's concerns as they relate to the statutory and regulatory factors considered by the OCC when reviewing an application under the Bank Merger Act. The commenter's concerns are summarized and addressed below.

A. Fair Lending

The commenter expressed concerns regarding Bridgehampton's lack of lending to African American and Hispanic individuals in the Nassau-Suffolk MD. Further, the commenter alleged that given the demographics of the geography this is "presumptively a failure to market." Pursuant to 12 CFR 25.28(c), the results of the OCC's evaluation of a bank's CRA performance may be adversely affected by evidence of discriminatory or other illegal credit practices. The

³ The commenter referred to this area as the Nassau-Suffolk MSA; however, Bridgehampton's CRA PE refers to this area as the Nassau-Suffolk MD. To maintain consistency with the CRA PE, this letter uses the term Nassau-Suffolk MD.

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OCC may lower the overall rating of an institution based on findings of discriminatory or other illegal credit practices in any geography by the bank, or in an AA by any affiliate whose loans are considered part of the bank's lending performance. Bridgehampton's PE dated November 13, 2012, noted that the OCC found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Regarding the lending concerns raised by the commenter, it should be noted that HMDA data alone are not adequate to provide a basis for concluding that a bank is engaged in lending discrimination or to indicate whether its level of lending is sufficient. Specifically, HMDA data do not take into consideration borrower creditworthiness, housing prices, collateral values, credit scores, and other factors relevant to each credit decision, nor do they fully reflect the range of a bank's lending activities and efforts.

In considering the proposed transaction, the OCC reviewed Bridgehampton's 2013 HMDA data for mortgage applications from the Nassau-Suffolk MD. The OCC's review revealed lending data that was generally consistent with the data presented by the commenter. The OCC's review took into account HMDA data reported by other lenders in the Nassau-Suffolk MD; any statistical analysis was limited by the low number of home mortgage applications Bridgehampton received. The OCC's review did not result in any findings of lending discrimination.

Bridgehampton responded to the commenter's concerns by representing that it understands that it has a responsibility to ensure that its lending practices are based on criteria that provide equal access to credit and safe and sound lending practices.⁴ In so responding, Bridgehampton discussed its Credit Policy, which it represented requires that underwriting guidelines be applied consistently to each prospective borrower regardless of race, ethnicity, national origin, gender, religion, or other prohibited bases. Further, Bridgehampton represented that its Credit Policy requires a second review for denied loan applications. In responding to the commenter, Bridgehampton provided a nondiscriminatory reason for the denial of the one application Bridgehampton received from a Hispanic applicant.⁵

In addition to its Credit Policy, Bridgehampton represented that it also maintains a Compliance Policy that requires an annual fair lending risk assessment, the results of which are presented to the Board of Directors. Bridgehampton also represented that its Internal Audit Department reviews its fair lending related processes and issues a report. Moreover, Bridgehampton represented that it has established a complaint resolution process, and the bank's Compliance

⁴ Bridgehampton disputed the commenter's assertion that consideration of its lending performance should be in relation to the demographics of Nassau County. Specifically, Bridgehampton stated that the acquisition of a branch office in Nassau County in February, 2014 was when it first entered that county and included it in its CRA AA. Prior to 2014, Bridgehampton's AA was restricted to Suffolk County, which has different demographics. Therefore, Bridgehampton asserted that consideration of its lending should account for this distinction.

⁵ Specifically, Bridgehampton represented that the one home mortgage application denial referenced by the commenter was denied because the loan was for investment purposes and the bank's credit policy prohibits such loans.

Department periodically reviews all complaints to ensure that the complaints have been logged according to the process, the complaints have been responded to in a timely manner, and that the issues identified in the complaint have been resolved. In addition to ensuring that Bridgehampton addressed complaints appropriately on an individual basis, the bank represented that the Compliance Department also reviews the complaints to determine if there are any trends by branch, customer, or nature of complaint that may indicate a potential pattern or practice of compliance issues or unfair, deceptive, abusive, or discriminatory acts or practices.

To ensure compliance with fair lending laws, Bridgehampton represented that its policies and procedures require that compliance training be provided to all new employees and transferred employees within 90 days of hire. To provide its compliance training, Bridgehampton represented that it uses the American Bankers Association's online Learning Management System. Bridgehampton represented that after completing the initial online training, employees must take a test and achieve a passing score. Moreover, Bridgehampton represented that all employees receive compliance training and must pass the test on an annual basis. To ensure that training is tailored to the needs of the employee's job responsibilities, Bridgehampton represented that its Chief Compliance Officer is responsible for assigning courses to employees. Bridgehampton represented that employees in the following departments, as well as all branch employees, are required to take fair lending-related training courses: Training, Treasury, Compliance, Internal Audit, Marketing, Business Development (Loan Officers), Credit Administration, Loan Operations & Documentation, Consumer/Residential Lending, Commercial Underwriting, Portfolio Management, and Loan Workout. Bridgehampton represented that all employees completed their assigned training in 2014. As Community uses the same online training program, Bridgehampton represented that all Community employees who have satisfied their 2015 fair lending training will next undergo training in 2016. Those Community employees who have not satisfied their 2015 fair lending training will have 90 days following consummation of the proposed transaction to complete assigned compliance training.

Bridgehampton addressed the commenter's specific concerns related to its lack of lending to African American and Hispanic borrowers by stating that its most effective products in meeting the potential credit needs of minority individuals and minority geographies are its mortgage suite of products.⁶ No loan applications were received from African Americans and two were received from Hispanics, as explained further in the decision letter. Bridgehampton represented that it does not offer government backed mortgages. Bridgehampton represented that its mortgage suite of products includes fixed and variable conforming and jumbo mortgages. Bridgehampton further represented that it does offer a reduced down payment requirement for first time homebuyers that may benefit minority individuals. In addition, Bridgehampton represented that it is assessing offering a wider selection of residential lending products following consummation of the proposed transaction.

⁶ Notably, Bridgehampton represented that it does very little home mortgage lending overall. Specifically, Bridgehampton represented that it originated a total of 61 home mortgage loans in 2013 and 77 home mortgage loans in 2014. Bridgehampton further represented that none of the home mortgage loans it originated during these years were to African American or Hispanic borrowers.

With regard to its marketing and outreach to minority individuals and minority geographies, Bridgehampton stated that it engaged in outreach during 2015 that included a live presentation by one of the lending officers on the Organizacion Latino Americana's LTV Show "Vida en Los Hamptons." However, Bridgehampton represented that its general marketing strategy is brand based and targets a general audience, inclusive of minority individuals.⁷ Moreover, Bridgehampton represented that it offers all of its products and services to all individuals and businesses regardless of race. Bridgehampton further represented that it plans to maintain its business model, including its marketing strategy, following consummation of the proposed transaction.

Bridgehampton represented that part of its business model involves emphasizing community outreach through its partnerships with community organizations. Bridgehampton represented that it has established partnerships with community organizations that help to meet the needs of minority individuals and minority communities.⁸ Moreover, Bridgehampton represented that it has begun seeking partnerships with additional community organizations, some of which will benefit minority individuals and communities, in the expanded market that would be the bank's AA following consummation of the proposed transaction.⁹

B. CRA

As mentioned above, pursuant to the requirements of the CRA, the OCC considers the record of the banks' performance in helping to meet the credit needs of their communities, including low- and moderate-income neighborhoods, when evaluating applications under the Bank Merger Act. In addition to reviewing Bridgehampton's past record of performance, as documented in its CRA PE, the OCC considers, "the probable effects of the business combination on the convenience and needs of the community served." 12 CFR 5.33(e)(1)(i)(C). In this instance, the commenter expressed specific concerns related to Bridgehampton's "Low Satisfactory" investment test performance. The OCC's consideration of the banks' CRA performance is addressed above. Conversely, the probable effects of the merger on the convenience and needs of the community, and, specifically, Bridgehampton's recent investment activities are addressed below.

⁷ Bridgehampton represented that its advertising has included television advertising, such as Cablevision – News 12 and cable networks such as CNN, ESPN, FoxNews, and CNBC; a variety of Long Island, NY radio stations, such as WALK, WBAB, WBAZ, WLNG, WEHM, and WBEA; and various print media.

⁸ Bridgehampton's response to the commenter and questions from the OCC discussed its partnerships with community organizations generally; however, Bridgehampton provided a few examples of partnerships that it asserts specifically benefit African American and/or Hispanic individuals. For example, Bridgehampton represented that it has engaged with the following organizations: (i) CMEE – an after school program for Latino immigrant families (\$15,000 donation), and (ii) Long Island Head Start – an organization that works with children in low- to moderate-income families made up primarily of Hispanic and African American individuals (\$10,000 donation in 2015 and financial literacy projects).

⁹ For example, Bridgehampton represented that it has reached out to the Belmont Child Care Association of Elmont, New York, an organization that provides full-day, early childhood education and development programs at Belmont Park for the sons and daughters of certain employees, referred to as backstretch workers, that maintain horse racetrack stables. Bridgehampton stated that the backstretch workers are a group of primarily Hispanic minimum wage workers, often just above the poverty level.

In responding to the commenter's concerns, Bridgehampton asserted that it takes very seriously its CRA-related responsibilities. Bridgehampton noted that two of the 320 census tracts (less than 1 percent) located in the AA are identified as low-income, the bank operates in a competitive market shared among large multi-national financial institutions and numerous community banks and nonbank institutions, and management has identified limited opportunities in servicing low-income communities. Bridgehampton also pointed out that it is primarily a business lender. As discussed above, to meet the lending needs of its communities, Bridgehampton represented that it offers conforming and jumbo loans with variable and fixed terms. Bridgehampton further represented that it does not offer government-backed loans. However, Bridgehampton represented that it offers first time homebuyers loans with lower down payments, which may help to meet the home mortgage lending needs of low- and moderate-income individuals. In addition, Bridgehampton represented that, although it is primarily a business lender, it is currently considering whether to offer a wider selection of residential lending products following consummation of the proposed transaction.

Bridgehampton further represented that it meets the lending needs of its community through its small business lending programs. Bridgehampton's CRA PE indicated that the bank's geographic distribution of small loans to businesses is good overall. In addition, Bridgehampton's PE indicates that the bank's distribution of small loans to businesses based on the business size is adequate. Bridgehampton represented that since the end of its most recent CRA evaluation period in 2011 the percentage of small business loans originated by the bank in low- and moderate-income census tracts has increased from approximately 18 percent to 29 percent and the percentage of small business loans originated by the bank in minority census tracts has increased from approximately 3.7 percent to 14.5 percent.

Bridgehampton represented that it offers several products to meet the credit needs of business customers with less than \$1.0 million in annual revenue. Specifically, Bridgehampton represented that its small business loan products include working capital lines of credit, equipment financing, general-purpose business loans, and commercial loans. Bridgehampton represented that it offers its small business products through its branch network, which employs 10 lenders and 29 branch managers. To improve proficiency in promoting its small business lending products, Bridgehampton represented that its lenders and branch managers are in the process of completing an Omega training class¹⁰ to improve their ability to work with small business customers to develop quality credit applications and navigate the application process.

Bridgehampton further represented that the proposed transaction will enable the bank to expand its reach in the small business community. Specifically, Bridgehampton represented that the proposed transaction will add additional lending staff and 11 new branches to the bank's current branch network. Bridgehampton further represented that the proposed transaction will provide the bank with the opportunity to work with the Small Business Administration (SBA) on a much

¹⁰ Omega Performance's website indicates that it offers "financial institutions blended training solutions that fuel growth through integrated credit and conversation courses." <http://www.omega-performance.com/>.

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greater level because of Community's robust SBA lending operation. Bridgehampton represented that Community is one of the largest SBA lenders in the New York City area and the second largest SBA lender in Long Island, New York through its SBA 7(a) Loan Program¹¹ and its SBA 504(b) Loan Program.¹² Following consummation of the proposed transaction, Bridgehampton represented that it intends to expand its SBA lending platform. Bridgehampton further represented that it plans to continue the SBA programs offered by Community. To this end, Bridgehampton stated that it will retain the Community lender responsible for SBA lending; the Community SBA lender will join Bridgehampton following consummation of the proposed transaction. In addition, Bridgehampton represented that it has hired an additional staff member to join the Community SBA lender's team. Bridgehampton stated that it has applied to become an SBA "preferred lender."¹³ Lastly, Bridgehampton represented that it is currently a SBA 504 Loan Program lender, and intends to become a SBA 7(a) Loan Program lender following consummation of the proposed transaction.

In response to the commenter's investment test related concerns, Bridgehampton represented that it has increased the number of qualified investments that it has in its investment portfolio. Specifically, in addition to the qualified investments already on Bridgehampton's books from the prior CRA evaluation period, Bridgehampton provided data indicating that it made approximately \$28.1 million in additional qualified investments during 2012 through 2014.¹⁴ Moreover, Bridgehampton asserted that its qualified investments will be enhanced further as a result of the acquisition. Further, Bridgehampton represented that it intends to include all five boroughs of New York City in its AA following consummation of the proposed transaction; as such, Bridgehampton represented that it has identified an additional \$1 million in qualified investments in the expanded AA.

Bridgehampton further represented that it has increased its scholarships and grants to non-profits since 2012.¹⁵ Bridgehampton represented also that it has created programs that benefit its

¹¹ The SBA 7(a) Loan Program is the SBA's most common loan program and loan proceeds can be used to finance a large variety of business purposes. Additional information related to the program can be found at: <https://www.sba.gov/7a-loan-program>.

¹² The SBA 504 Loan Program provides financing for major fixed assets such as equipment or real estate. Additional information related to the 504 loan program can be found at: <https://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/real-estate-and-eq>.

¹³ Under the SBA's Preferred Lender Program (PLP), after checking loan eligibility criteria, the SBA delegates the final credit decision and most servicing and liquidation authority and responsibility to carefully selected PLP lenders. Additional information related to the SBA's PLP can be found at: <https://www.sba.gov/offices/headquarters/oca/resources/14829>.

¹⁴ For each investment, Bridgehampton provided the investment type, dollar amount, settlement date, and the basis under which the investment should qualify for CRA consideration.

¹⁵ Bridgehampton represented that it provided the following amounts of scholarships and grants to non-profits in its community: (i) \$356,730 (2012), (ii) \$381,907 (2013), and (iii) \$481,774 (2014). Examples of the non-profit organizations that benefited from Bridgehampton's donations include: North Fork Housing Alliance, Long Island Housing Authority, Bellport Hagerman (Housing Alliance in East Patchogue), Boys and Girls Clubs of Bellport,

community where it has identified a need. The programs developed by Bridgehampton include: The Bridgehampton National Bank Apple Program – a program that brings together the bank, its customers, and its employees to raise funds and food for food pantries in each of the bank's markets; and Long Island Head Start – Bridgehampton represented that in 2014 it initiated the first ever corporate collaboration with Long Island Head Start, a private non-profit organization that is part of a national program that promotes school readiness among low-income children. Bridgehampton stated that it is the bank's intention to maintain a similar investment strategy as it has employed in the years since its last CRA PE in what would be its expanded AA following consummation of the proposed transaction.

Although Bridgehampton represented that its marketing strategy is brand based and does not promote specific products or target particular segments of the market, the bank also represented that it engages in outreach to community organizations and government entities. In particular, Bridgehampton emphasized three of its community partnerships that promote affordable housing: the Long Island Housing Partnership (LIHP), the Sag Harbor Community Trust, and the Town of Southampton Housing Authority (SHA). Bridgehampton represented that it is a member of the LIHP, which it stated was created to address the need for and to provide affordable housing opportunities on Long Island, New York for individuals who are unable to afford homes. Bridgehampton represented that LIHP develops housing, administers lending programs, and provides technical assistance, mortgage counseling, and homebuyer education. Bridgehampton highlighted also its partnership with the Sag Harbor Community Trust, which it represented was formed in 2008 in recognition of the need to provide affordable housing for low- to moderate-income individuals in the community. Bridgehampton represented that pursuant to its involvement with the Sag Harbor Community Trust, the bank provided a \$1 million loan to the trust that allowed it to purchase an eight unit housing facility. Moreover, Bridgehampton represented that the bank provided the Sag Harbor Community Trust with an unsecured line of credit to further the trust's mission. Lastly, Bridgehampton represented that its partnership with SHA, which develops affordable housing opportunities for the residents of Southampton Town, began in 2005 and has provided financing for at least two housing complexes within the community.

Bridgehampton represented that it intends to maintain its community partnerships and emphasize community outreach following consummation of the proposed transaction. Notably, Bridgehampton represented that it has already begun to establish and extend its community partnerships into the new portion of its AA. Bridgehampton represented that its community development efforts and other CRA efforts are coordinated through the bank's CRA Officer. Bridgehampton represented that its current CRA Officer, who is also the Compliance Officer, regularly reports to the Compliance, CRA, and BSA¹⁶ Committee established by Bridgehampton's Board of Directors, which, according to its charter, is responsible for reviewing reports on no less than an annual basis and assessing the bank's fulfillment of its obligations

YMCA Scholarship programs, Eastern Long Island Hospital Association, South Side Hospital, Brookhaven Hospital, American Heart Association, and Ellen Hermanson Foundation for Women's Health.

¹⁶ BSA stands for Bank Secrecy Act.

under the CRA. Lastly, Bridgehampton represented that in light of its recent growth and the growth that would result from the proposed transaction, it has decided to hire a dedicated CRA Officer in the near future in order to provide greater centralization of the CRA and fair lending functions at the bank.¹⁷

C. Request for an Extension of the Comment Period

The commenter requested that the OCC extend the comment period and deny the application. The standard that the OCC applies to determine whether to extend a public comment period is set forth in 12 CFR 5.10(b)(2), which provides:

The OCC may extend the comment period if: (i) The applicant fails to file all required publically available information on a timely basis to permit review by interested persons or makes a request for confidential treatment not granted by the OCC that delays the public availability of that information; (ii) Any person requesting an extension of time satisfactorily demonstrates to the OCC that additional time is necessary to develop factual information that the OCC determines is necessary to consider the application; or (iii) The OCC determines that other extenuating circumstances exist.

After careful consideration,"the OCC determined not to extend the public comment period.¹⁸ None of the reasons set forth in 12 CFR 5.10(b)(2) as justification for extending the comment period were evident in connection with this application.

D. Request for Public Hearing

The commenter requested that the OCC hold a public hearing on the application. The standard that the OCC applies to determine whether to grant or deny a hearing request is set forth in 12 CFR 5.11(b), which provides:

The OCC generally grants a hearing request only if the OCC determines that written submissions would be insufficient or that a hearing would otherwise benefit the decision making process. The OCC also may order a hearing if it concludes that a hearing would be in the public interest.

After careful consideration, the OCC has determined not to hold a public hearing. The OCC has thoroughly reviewed the public comment that was submitted and is not aware of any reason why the comment is insufficient or why a public hearing would be in the public interest.

¹⁷ Bridgehampton provided a copy of the job description for the new CRA Officer that the bank plans to hire.

¹⁸ It is the OCC's practice to accept public comments after the close of the comment period.

E. Summary

Accordingly, based upon our review of the respective records of the institutions involved in the proposed merger, the application, the public comment and Bridgehampton's response to the comment, information provided by Bridgehampton in response to requests for additional information by the OCC relating to the pending application, and supervisory materials and other information available to the OCC as a result of its regulatory responsibilities, we conclude that Bridgehampton's and Community's records of helping to meet the credit needs of their communities and the probable effects on the convenience and needs of those communities are consistent with approval of the application.

V. Consummation Requirements

The district office must be advised in writing in advance of the desired effective date for the merger, so it may issue the necessary certification letter. The effective date must follow the applicable Department of Justice's injunction period and any other required regulatory approval. The OCC will issue a letter certifying consummation of the transaction when we receive:

- A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved the transaction.
- A Secretary's Certificate from each institution, certifying that the shareholder approvals have been obtained, if required.
- Documentation that all other conditions that the OCC imposed have been met.

If the merger is not consummated within twelve months from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

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A separate letter is enclosed requesting feedback on how we handled the referenced application. All correspondence regarding this application should reference the control number. If you have any questions, contact Robin J. Miller, Licensing Analyst at (212) 790-4015 or via email at robin.miller@occ.treas.gov.

Sincerely,

Stephen A. Lybarger

Stephen A. Lybarger
Deputy Comptroller of Licensing