

OFFICE OF THRIFT SUPERVISION

ORDER APPROVING MUTUAL HOLDING COMPANY REORGANIZATION,
AND HOLDING COMPANY APPLICATION

ORDER NO.: 98-18

DATE: February 24, 1998

Union City **Savings** Bank. Union City, New Jersey (the "Savings Bank"), has filed notice (the "Notice") **of its intent** to reorganize into a **mutual holding company structure, thereby** becoming a subsidiary of Hamilton **Bancorp** MHC (the "Mutual Holding Company"), pursuant to section **10(o)** of the Home Owners' Loan Act ("**HOLA**"), **12 U.S.C. § 1467a(o)**, and **12 C.F.R. § 575.3**. In addition, Hamilton **Financial, Inc.** Union City, New Jersey (the "Stock Holding Company") seeks approval of the Office of Thrift Supervision ("**OTS**"), pursuant to **12 U.S.C. § 1467a(e)** and **12 C.F.R. § 574.3**. to acquire the Savings Bank (the "Application"). The Notice and the Application together seek OTS approval of the Savings Bank's **reorganization** into a mutual holding **company** structure, along with all of the constituent elements of such a reorganization.

The OTS has considered the Notice and Application, and the transactions described therein, under the factors set forth in **12 U.S.C. §§ 1467a(e) and 1467a(o), and 12 C.F.R. §§ 574.7 and 575.4**, under the Community Reinvestment Act, **12 U.S.C. §§ 2901, et seq.**, and the OTS regulations thereunder at **12 C.F.R. Part 563e**, and other applicable statutes and regulations. In addition, the OTS has considered a digest by the OTS **Northeast** Regional Office, an analysis by Corporate Activities, and a legal opinion issued by the Business Transactions Division (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS has **determined** that the reorganization and acquisition would be in compliance with all of the applicable standards and criteria, with the exception of **12 C.F.R. §§ 575.6(a) and 575.6(b)**, provided the conditions set forth below are **satisfied**. Pursuant to **12 C.F.R. § 575.1(b)**, the OTS hereby waives the applicability of **12 C.F.R. §§ 575.6(a) and 575.6(b)**.

Accordingly, the Notice and Application, and the component steps of the reorganization described therein, are hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Northeast Regional Director, or his designee ("Regional Director"):

1. The Mutual Holding Company and the Stock Holding Company shall receive **all** required regulatory approvals prior to consummation of the reorganization and acquisition with copies of all such approvals supplied to the Regional Director;
2. The reorganization and acquisition shall be consummated within 120 calendar days **after** the date of the approval order;

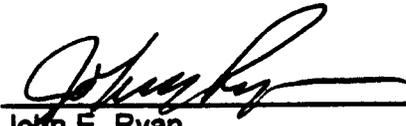
3. On the business day prior to consummation of the reorganization, the Savings Bank shall submit to the Regional Director a certification stating that the reorganization has been approved by the majority of the total votes eligible to be cast at the **special meeting** of members of the Savings Bank called to vote on the transaction:
4. On the business day prior to the date of consummation of the reorganization and acquisition, the chief financial officers of the Mutual Holding Company, the Stock Holding Company and the Savings Bank shall certify in writing to the Regional Director that no material adverse events or material adverse changes have occurred with **respect** to the financial condition or operations of the Mutual Holding Company, the **Stock** Holding Company or the Savings Bank since the date of the financial **statements Submitted** With the Notice and Application:
5. Upon completion of the organization of the interim federal savings banks, the board of directors of the interim federal savings banks, the Mutual Holding Company, the Stock Holding Company, and the Savings Bank shall ratify the Agreement of Merger and Amended Plan of Reorganization:
6. No later than 5 calendar days from the date of consummation of the reorganization and acquisition, the Mutual Holding Company, the Stock Holding Company and the Savings Bank shall file with the Regional Director, a certification by legal **counsel stating the effective date** of the reorganization and **acquisition**, the exact number of shares of stock of the Savings Bank acquired by the Stock Holding Company, the exact number of shares of stock of the Stock Holding Company acquired by the Mutual Holding Company, that the interim Federal savings associations did not open for business, and that the reorganization and acquisition has been consummated in accordance with all applicable laws and regulations, the Notice and Application, the Agreement of Merger and Amended Plan of Reorganization, and the approval order;
7. The Stock Holding Company shall be subject to the same restrictions (including, but not limited to, the activities limitations) that the Mutual Holding Company is subject to under section **10(o)(5)** of the **HOLA** and 12 C.F.R. **§§** 575.10, 575.11 and 575.12, as well as any other pertinent statutory and regulatory provisions;
8. The Stock Holding Company shall be subject to the provisions of the Mutual Holding Company ("**MHC**") Regulations pertaining to minority stock issuances as if it were a former mutual savings association that reorganized into a mutual holding company **structure**. For the purposes of 12 C.F.R. **§** 575.11 (e), the Stock Holding Company shall be deemed to be a subsidiary savings association;
9. The Stock Holding Company must hold all of the issued and outstanding common stock of the Savings Bank, and the Savings Bank may not issue any other class of equity security;
10. The Stock Holding Company and the Savings Bank must obtain approval from the OTS prior to issuing any securities;
11. The Stock Holding Company shall be subject to the provisions of 12 C.F.R. Part 552 pertaining to charters and bylaws **as if** the Stock Holding Company were a Federal stock savings association:

12. The Stock Holding Company shall cease any activity, reverse any action, or amend any provision of its charter or bylaws, to which the **OTS** objects as being contrary to the MHC Regulations in effect at this time or as subsequently amended;
13. If the Mutual Holding Company undertakes a mutual-to-stock conversion, OTS policies regarding purchases of stock in the conversion will apply to shareholders of the Stock Holding Company:
14. Within 90 calendar days after the date of the approval order, the Savings Bank shall submit the final tax opinions, evidence of accountholder approval and a copy of an amended tax sharing agreement that shows details on how the new alternative minimum tax would be treated.

In addition, the OTS hereby approves the Stock Holding Company's application for a Federal charter.

Any time period specified herein may be extended by the Regional Director, for good Cause, for up to 120 calendar days.

By Order of the Director of the Office of Thrift Supervision, or her designee, effective February 24, 1998.



John E. Ryan
Acting Executive Director,
Supervision