

## OFFICE OF THRIFT SUPERVISION

### Notice of Intent by Mutual Holding Company to Waive Dividend from Subsidiary Savings Bank

Order No. 98-10

Date: February 6, 1998

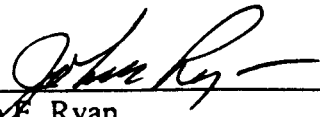
First Savings Bancshares. M.H.C., Perth **Amboy**, New Jersey (the "MHC"), has filed with the **Office** of Thrift Supervision ("OTS"), pursuant to Section **10(o)** of the Home Owners' Loan Act and **12 C.F.R. Section 575.1 l(d)**, a notice (the "Notice") of the **MHC's** intent to waive its right to receive quarterly cash dividends declared by its subsidiary savings association. First Savings Bank. SLA. Perth **Amboy**, New Jersey (the "Savings Bank"), for the period beginning **January 1, 1998** until the contemplated stock conversion and reorganization of the Savings Bank is completed during 1998.

The OTS has considered the **written** analyses and recommendations of the Northeast Regional **Office**, the Chief Counsel's Office and Corporate Activities and has determined that the waiver of quarterly cash dividends by the MHC for the period noted above is not detrimental to the safe and sound operation of the Savings Bank, provided that the conditions set forth below are satisfied. **Accordingly**, the OTS does not object to the waiver of dividends by the MHC as proposed in the Notice subject to the following conditions:

1. For as long as the Savings Bank is controlled by the MHC, the dollar amount of dividends waived by the MHC must be considered a restriction on the retained earnings of the Savings Bank. Such restriction, if material, must be disclosed in the public financial statements of the Savings Bank as a note to the financial statements. The amount of any dividend **waived** by the MHC shall be available for declaration as a dividend solely to the MHC. In accordance with Statement of Financial Accounting Standards No. 5, where the Savings Bank determines that the payment of such dividend to the MHC is probable, an appropriate dollar amount shall be recorded as a liability;
2. The amount of any **waived** dividend must be considered as having been paid by the Savings Bank (and the Savings Bank's capital ratios adjusted accordingly) in evaluating any proposed dividend under 12 C.F.R. §§ 563.134 and 565.6(a)(1), or any successor regulations; and
3. The board of directors of the MHC shall submit the certification required by 12 C.F.R. § 575.1 l(d) specifying that its dividend waiver is consistent with the directors' fiduciary duties.

The **OTS's** non-objection with respect to the **MHC's** waiver of quarterly dividends for the period noted above may be rescinded prior to such dates by the Northeast Regional Director if, based on subsequent developments, the proposed waivers are determined to be detrimental to the safe and sound operation of the Savings Bank.

By Order of the Acting Director of the **Office of Thrift Supervision**, or her designee, effective February 6, 1998.

  
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John E. Ryan  
Acting Executive Director, Supervision