



**Conditional Approval #1113
December 2014**

November 20, 2014

Todd Poland, Esquire
McCarter & English, LLP
Four Gateway Center
100 Mulberry Street
Newark, New Jersey 07102

RE: Bulk Transfer Application, Capital Distribution Application, Voluntary Dissolution Application, and Branch Closing Notice filed on behalf of NJM Bank FSB, West Trenton, New Jersey
OCC Control Numbers: R1-2014-0042, 0043, 0044 Charter Number: 715263

Dear Mr. Poland:

The Office of the Comptroller of the Currency (“OCC”) hereby conditionally approves the Bulk Transfer Application, Capital Distribution Application, and Voluntary Dissolution Application (collectively, “Applications”) filed by NJM Bank FSB, West Trenton, New Jersey (“Bank”). The Bank is a federal stock savings bank that is wholly owned by New Jersey Manufacturers Insurance Co., a savings and loan holding company (“Holding Company”). The OCC received the Applications on July 22, 2014, which the Bank supplemented in response to the OCC’s additional information requests. The OCC also acknowledges receipt of the Branch Closing Notice received on July 22, 2014.

The OCC reviewed the Applications in accordance with applicable laws, regulations, and OCC policy. Based on a thorough review of all available information, including the representations and commitments made in the Applications and by the Bank’s representative, the OCC has concluded that the Applications satisfy the applicable approval standards, provided the Bank complies with the conditions set forth herein. The OCC’s approval is subject to the consummation requirements and conditions set forth herein.

The Proposed Plan of Dissolution and Bulk Transfer

The Bank’s Board of Directors approved the Plan of Dissolution (“Plan”) and entered into an Agreement to Purchase Certain Assets and Assume Certain Liabilities, dated June 20, 2014 (“P&A Agreement”) with Spencer Savings Bank SLA, Elmwood Park, New Jersey (“Spencer”), a state-chartered savings bank. The Plan provides for, among other things: (1) the transfer of identified assets to, and the assumption of certain liabilities and all of the Bank’s deposit

accounts by, Spencer (“Bulk Transfer Transaction”);¹ and (2) the termination of the Bank’s corporate existence and dissolution of the Bank followed by one or more liquidating distributions.

The Applications include a Guaranty Agreement that provides that the Holding Company unconditionally guarantees that it will assume and agree to pay, perform, and discharge when due, and guarantee the timely payment, performance and discharge when due of, all debts, obligations, contracts and liabilities of the Bank of any kind, character or description, whether fixed or contingent, known or unknown, asserted or unasserted, liquidated or unliquidated, due or to become due, whether arising before or after the date of the Guaranty Agreement.

Bulk Transfer

The Bulk Transfer Application, filed pursuant to 12 C.F.R. § 163.22(c), requests OCC approval for the Bank to transfer substantially all of its assets and liabilities to Spencer.

The OCC has reviewed the Bulk Transfer Application under 12 C.F.R. § 163.22(d), which requires the OCC to consider: (i) the impact of the transaction on a federal savings association’s capital level; (ii) the federal savings association’s financial and managerial resources; (iii) the future prospects of the federal savings association; (iv) the convenience and needs of the communities to be served; (v) the conformity of the transaction to applicable law, regulation, and supervisory policies; and (vi) the fairness and disclosure concerning the transaction. The OCC considered these factors and found them consistent with approval of this application subject to the conditions set forth herein.

Capital Distribution

The Capital Distribution Application, filed pursuant to 12 C.F.R. Part 163, Subpart E, requests the OCC’s approval for the Bank to issue one or more liquidating dividends to the Holding Company.

Pursuant to 12 C.F.R. § 163.146, the OCC may deny a capital distribution application in whole or in part if the proposed distribution would: (i) cause the federal savings association to become undercapitalized;² (ii) raise safety and soundness concerns; or (iii) violate any statute, regulation, agreement between the Bank and the OCC or OTS, or violate a condition imposed on the federal savings association by the OCC or OTS in the approval of an application or notice.³

¹ On, September 15, 2014, the Federal Deposit Insurance Corporation approved Spencer’s application to acquire the Bank’s assets and assume the liabilities pursuant to the P&A Agreement.

² If this factor is met, the OCC may still approve the capital distribution request if it determines that the capital distribution is permitted under 12 U.S.C. § 1831o(d)(1)(B).

³ If this factor is met, the OCC may still determine whether it may permit the proposed capital distribution notwithstanding the violation. 12 C.F.R. § 163.146(c).

The OCC has reviewed the Bank's Capital Distribution Application pursuant to the terms of 12 C.F.R. § 163.146 and found them consistent with approval of this application subject to the conditions set forth herein.

Voluntary Dissolution

The Voluntary Dissolution Application, filed pursuant to 12 C.F.R. § 146.4, requests OCC approval for the Bank to voluntarily dissolve following consummation of the Bulk Transfer Transaction, the additional sale or transfer of any other remaining assets or liabilities, and one or more capital distributions.

The OCC has reviewed the Voluntary Dissolution Application pursuant to 12 C.F.R. § 146.4, which provides that the OCC may approve a dissolution plan if the OCC believes the plan is advisable and best for all concerned. The OCC has reviewed the Bank's Voluntary Dissolution Application pursuant to the terms of 12 C.F.R. § 146.4 and found them consistent with approval of this application subject to the conditions set forth herein.

Branch Closures

The Application includes a Branch Closing Notice advising the OCC that NJM intends to close two of its branch offices in connection with the Voluntary Dissolution. The branches are scheduled to be closed on or about December 5, 2014, and are located as follows:

Hammonton Branch - 840 12th Street, Hammonton, New Jersey, 08037; and

West Trenton Branch - 301 Sullivan Way, West Trenton, New Jersey, 08628

Within 10 days after the branch closing, the Bank must inform OCC's Northeastern District Licensing Division ("Licensing") in writing of the branch closing dates.

Conditions

The OCC approves the Applications subject to the following conditions:

1. No later than three business days prior to the date of consummation of the Bulk Transfer Transaction, the Bank shall submit to the OCC a copy of the executed and effective Guaranty Agreement by Holding Company in substantially the same form as the draft submitted to the OCC on October 23, 2014;
2. No later than five business days after consummation of the Bulk Transfer Transaction, the Bank shall publish notice of its dissolution, in a form acceptable to the OCC, in two issues of a local newspaper of general circulation (the "Notice") and furnish the OCC with proof of such publication. The Notice shall also include a description of how to make a claim under the Guaranty Agreement;

3. If the Bank is not dissolved in the manner contemplated in the Application, the Bank shall submit a plan to continue the liquidation of the Bank, obtain Licensing's written non-objection to the plan, and thereafter adhere to that plan; and
4. The Bank shall not complete the all Capital Distribution(s) until all other conditions herein are met. If the Bank seeks to make a capital distribution prior to satisfaction of all conditions, the Bank must receive the written non-objection of Licensing.

The conditions of this approval are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

Consummation Requirements

On the business day prior to the date of the consummation of the Bulk Transfer Transaction, the chief financial officer of the Bank must certify in writing to the District Director for Licensing ("DDL") that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the Bank as disclosed in the Applications. If additional information having a material adverse effect on any feature of the Applications is brought to the attention of the Bank or the OCC since the date of the financial statements submitted with the Applications, the Bank must not consummate the Bulk Transfer Transaction, any Capital Distribution, or the Voluntary Dissolution, as applicable, unless the information is presented to the DDL and the DDL provides written non-objection to consummation of the Bulk Transfer Transaction, any Capital Distributions, or the Voluntary Dissolution, as applicable.

The approvals set forth herein are granted based on our understanding that other regulatory approvals, non-objections or waivers with respect to the proposed transactions will have been received prior to consummating the transactions. Unless a timeframe is otherwise stated below, please ensure that you submit the following information to Licensing prior to consummation of the dissolution:

- Copies of all regulatory approvals not previously submitted prior to the Bulk Transfer Transaction;
- Copy of the written consent of the Bank's shareholder to the proposed transactions prior to the Bulk Transfer Transaction;
- Certification of the effective date of the Bulk Transfer Transaction;
- Return of Reports of Examination, or certification that Reports of Examination were properly disposed of;
- No later than five business days after the date of consummation of the Bulk Transfer Transaction, Capital Distributions, and Voluntary Dissolution, a certification must be filed with Licensing stating the effective date of each transaction. The certification must specify the transaction, or transactions, that were consummated and that such transactions

were completed in accordance with all applicable laws and regulations, the Applications, and this letter; and

- No later than five business days after the date of consummation of the Voluntary Dissolution, all official copies of the federal charter of the Bank must be returned to Licensing.

If the any transaction approved herein does not consummate within 120 calendar days of the approval date, the approval for any transaction not yet consummated shall automatically terminate, unless the OCC grants an extension in writing for good cause.

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.

Enclosed please find a letter requesting your feedback on how the OCC handled the Applications. The OCC would appreciate your response, so we may continue to improve our service.

All correspondence regarding the Applications should reference the control number. If you have any questions, please contact Justin Holder, Licensing Analyst, Northeastern District Licensing, at (212) 790-4014 or at HolderJE@occ.treas.gov.

Yours truly,

signed

Erica W. Onsager
Acting Director for District Licensing

Enclosure