

**OFFICE OF THRIFT SUPERVISION**

**APPROVAL OF APPLICATIONS FOR PERMISSION TO  
ORGANIZE A FEDERAL SAVINGS BANK  
AND HOLDING COMPANY ACQUISITION**

**ORDER NO.:** 99-11

**DATE:** March 11, 1999

Village Financial Corporation, Lawrenceville, New Jersey (the "Holding Company"), has applied for approval of the Office of Thrift Supervision (the "OTS") pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3 for permission to organize and acquire Village Bank, Lawrenceville, New Jersey (the "Savings Bank") (collectively, "the Applications"). The Savings Bank will have a branch office located in Pennington, New Jersey.

The OTS has considered the Applications under the factors set forth in 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 543.3, 545.92, 552.2-1, 556.5 and 574.7 and other applicable statutes and regulations. The OTS also has considered the Applications under the Community Reinvestment Act, 12 U.S.C. § 2901 *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e.

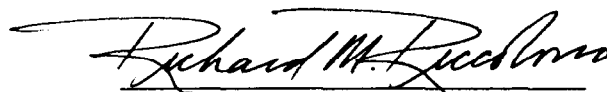
In addition, the OTS has considered a digest from the Northeast Regional Office, an analysis prepared by the Office of Supervision and a legal opinion from the Business Transactions Division (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy the applicable approval standards provided that the following conditions are complied with in a manner satisfactory to the Northeast Regional Director, or his designee ("Regional Director"). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The proposed transaction must be consummated no later than 120 calendar days after the date of this approval order, unless an extension is granted for good cause by the Regional Director;
2. On the business day prior to the date of consummation of the proposed transaction, the chief financial officer of the Savings Bank and the Holding Company must certify to the Regional Director, in writing, that no material adverse events or material adverse changes have occurred with respect to the financial condition or operations of the Savings Bank and the Holding Company, respectively, since the date of the financial statements submitted with the Applications;
3. The Savings Bank must obtain all required regulatory approvals prior to consummation, and will act to satisfy all requirements and conditions imposed by the OTS, and comply with all applicable laws, rules and regulations;
4. No later than 5 calendar days from the date of consummation of the proposed transaction, the Savings Bank must file with the Regional Director, a certification by legal counsel stating the effective date of the proposed transaction and of the Savings Bank's insurance of accounts,

and that the transaction has been consummated in accordance with the provisions of all applicable laws and regulations, the Applications and this order;

5. The Savings Bank must submit independent audit reports to the Regional Director for its first three fiscal years. These reports shall be in compliance with the audit rules set forth in 12 C.F.R. Section 562.4;
6. The Savings Bank must operate within the parameters of its business plan. Any proposed major deviations or material changes from the plan will require the Savings Bank to submit a revised business plan for the approval of the Regional Director. The request for change shall be submitted a minimum of 30 days before the proposed change is implemented;
7. Any material deviation from the Community Reinvestment Act Plan must be submitted to the Regional Director for review and non-objection. The revised plan should be submitted no later than 30 days prior to the desired implementation date;
8. At least 10 days prior to opening, the Holding Company must provide a list of stockholders including names, addresses, number of shares and percentage of total shares. Any individuals presumed to be acting in concert pursuant to 12 C.F.R. Section 574.4 must also be listed and the relationship giving rise to the action in concert shall be disclosed;
9. Prior to the date of consummation, the Savings Bank must submit a copy of a proposed lending policy acceptable to the Regional Director;
10. For a period of two years following the date of consummation, the Savings Bank must receive prior approval by the Regional Director, for any proposed new senior executive officer or director;
11. For a period on one year following the date of consummation, the Holding Company and the Savings Bank must submit a copy of any proposed stock benefit plan to the Northeast Regional Office prior to its implementation; and
12. At least 30 calendar days before beginning operations, the Savings Bank must submit written evidence, acceptable to the Regional Director, that the Savings Bank's Year 2000 efforts comply with the terms, deadlines, requirements and conditions contained in the Year 2000 guidance issued by the OTS and/or the Federal Financial Institutions Examination Council.

By Order of the Director of the Office of Thrift Supervision, or her designee, effective  
*March 11, 1999.*



Richard M. Riccobono  
Deputy Director