

OFFICE OF THRIFT SUPERVISION

Order No. 99-48

Date: July 23, 1999

Order Approving Conversion of a State Chartered Savings Association to a Federal Mutual Savings Bank; Order Approving Mutual Holding Company Reorganization and Related Applications

Bennington Cooperative Savings & Loan, Inc., Bennington, Vermont (the "Savings Association"), has filed an application to convert from a Vermont-chartered savings association to a Federal mutual savings bank to be known as The Bank of Bennington (the "Application") pursuant to sections 5(e) and 5(i) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C. §§ 1464(e) and (i), and 12 C.F.R. § 543.8, and a notice (the "Notice") of its intent to reorganize into a mutual holding company to be known as Community Financial, MHC (the "Mutual Holding Company"), pursuant to section 10(o) of the HOLA, 12 U.S.C. § 1467a(o), and 12 C.F.R. § 575.3. The Notice requests that the Office of Thrift Supervision ("OTS") approve the reorganization, together with all of its constituent elements.

The OTS has considered the Application and the Notice, and the transactions described therein, under 12 U.S.C. §§ 1464(e), 1464(i) and 1467a(o), and 12 C.F.R. §§ 543.8, 563.22 and 575.4, the Community Reinvestment Act, 12 U.S.C. §§ 2901 *et seq.*, and OTS regulations thereunder, and all other applicable statutes and regulations. In addition, the OTS has considered the digest submitted by the OTS Northeast Regional Office, a legal opinion by the Business Transactions Division, and an analysis by the Office of Examination and Supervision (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS has determined that the proposed transactions would be in compliance with all applicable standards and criteria, with the exception of 12 C.F.R. §§ 575.6(a) and 575.6(b), provided that the Savings Association and its successor Federal savings bank, The Bank of Bennington (the "New Savings Association"), satisfy the conditions set forth below. 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 Application and the Notice, together with all the constituent elements of the reorganization, are hereby approved, provided the following conditions are complied with in a manner satisfactory to the Northeast Regional

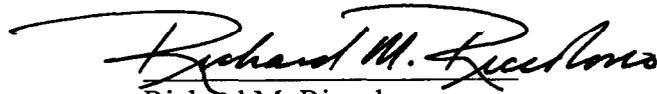
Director, or his designee (“Regional Director”):

1. The Savings Association and the Mutual Holding Company must receive all required regulatory approvals prior to consummation of the reorganization with copies of all such approvals supplied to the Regional Director;
2. The reorganization shall be consummated within 120 calendar days after the date of this order, unless an extension of time is granted for good cause by the Northeast Regional Office;
3. On the business day prior to consummation of the transaction, the Savings Association shall submit to the Regional Director a certification stating that the transaction has been approved by the majority of the total votes eligible to be cast at the special meeting of members of the Savings Association called to vote on the transaction;
4. Upon completion of the organization of the interim Federal savings associations, the board of directors of the interim Federal savings associations, the mutual holding company, and the New Savings Association must ratify the two mergers and the Amended and Restated Plan of Conversion and Mutual Holding Company Reorganization;
5. On the business day prior to consummation of the proposed transaction, the chief executive officer of the Savings Association shall 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 Association since the date of the financial statements submitted with the Application and Notice;
6. No later than 5 calendar days from the date of consummation of the reorganization, the Mutual Holding Company shall file with the Regional Director a certification by legal counsel stating: (i) the effective date of the reorganization; (ii) the initial capitalization of Mutual Holding Company; (iii) the exact number of shares of the stock of the Savings Association acquired by the Mutual Holding Company; (iv) the interim Federal savings associations did not open for business; and (v) that the reorganization has been consummated in accordance with the provisions of all applicable laws and regulations, the Application and the Notice, and the approval order; and

7. No later than 30 days after consummation of the transaction the New Savings Association must file with the Regional Director an executed Tax Allocation Agreement.

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 his designee, effective July 23, 1999.


Richard M. Riccobono
Deputy Director