

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR CONVERSION TO FEDERAL SAVINGS AND LOAN ASSOCIATIONS, MERGER, CONVERSION TO FEDERAL MUTUAL HOLDING COMPANIES, AND HOLDING COMPANY ACQUISITION

Order No.: 2001-54

Date: July 16, 2001

**Re: Docket Nos. H-3728 ; H-3729;
17777 and 17810**

Brookline Bancorp, MHC (MHC), Brookline Bancorp, Inc. (Mid-Tier Holding Company), Brookline Savings Bank (Institution), all of Brookline, Massachusetts, and Lighthouse Bank, Waltham, Massachusetts (Internet Bank), (collectively, the Applicants), have submitted applications for the following: the conversion of the Institution and the Internet Bank from Massachusetts chartered stock savings banks to federally chartered stock savings and loan associations, under § 5 of the Home Owners' Loan Act (HOLA), 12 U.S.C. § 1464, and 12 C.F.R. § 552.2-6; the merger of the converted Internet Bank with and into the converted Institution, under the Bank Merger Act, 12 U.S.C. § 1828(c), and 12 C.F.R. § 563.22; the conversion of the MHC and the Mid-Tier Holding Company from a Massachusetts chartered mutual holding company and a Massachusetts chartered mid-tier holding company to a federally chartered mutual holding company and a federally chartered mid-tier mutual holding company, respectively, under § 10(o) of the HOLA, 12 U.S.C. § 1467a(o), and 12 C.F.R. Part 575; and the acquisition by the converted MHC and converted Mid-Tier Holding Company of the Institution and the Internet Bank, under § 10(e) of the HOLA, 12 U.S.C. § 1467a(e), and 12 C.F.R. Part 574. (The foregoing are collectively referred to herein as the Applications.) The converted Institution and the converted Internet Bank will be a member of the Bank Insurance Fund. In addition, the Applications include a request that the resulting Institution have one year to comply with the qualified thrift lender requirements and have two years to divest any impermissible investments.

OTS has considered the Applications under the standards set forth in 12 U.S.C. §§ 1464, 1467a(e), 1467a(o), and 1828(c), and in 12 C.F.R. §§ 552.2-6, 563.22(d), and 574.7, and Part 575. Also, OTS has considered the Applications under the Community Reinvestment Act, 12 U.S.C. §§ 2901, *et seq.*, and OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, OTS has considered the digest by the OTS Northeast Regional Office, an analysis by the Office of Examination Policy, and a legal opinion by the Business Transactions Division (collectively, the Staff Memoranda). For the reasons set forth in the Staff Memoranda, OTS has determined that the Applications satisfy all applicable statutory and regulatory criteria if the following conditions are imposed. Accordingly, the Applications 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 Applicants must receive all required regulatory and shareholder approvals for the proposed transaction and submit copies of all such approvals to the Regional Director prior to consummation of the proposed transaction;

2. The proposed transaction must be consummated within 120 calendar days from the date of this Order;
3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Applicants must 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 operation of the Applicants as disclosed in the Applications. If additional information having an adverse bearing on any feature of the Applications is brought to the attention of the Applicants or the OTS since the date of the financial statements submitted with the Applications, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;
4. The Applicants must submit a certification from their independent legal counsel to the Regional Director within five calendar days after the effective date of the transaction, regarding: (a) the effective date of the transaction and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications and this Order;
5. No later than 30 days after the effective date of the transaction, the Applicants must submit to the Regional Director an opinion from an independent certified public accountant stating that the transaction was accounted for in accordance with generally accepted accounting principles;
6. No later than 30 days after the effective date of the transaction, the Applicants must submit to the Regional Director a final opinion of tax counsel or other tax expert regarding the federal and state tax consequences of the transaction;
7. No later than 30 days after the effective date of the transaction, the Applicants must submit to the Regional Director an executed Tax Allocation Agreement between the Mid-Tier Holding Company and the Institution;
8. No later than 30 days after the merger of the converted Internet Bank with and into the Institution, the Institution must advise each accountholder whose withdrawable accounts in the resulting Institution would increase above \$100,000, as a result of the merger of the effect of the transaction on deposit insurance coverage. A copy of such notice should be submitted to the Regional Director;
9. The Institution must divest any investments not permitted under Section 5(c) of the HOLA, without material loss to the Institution, at the earliest possible date, but in any event no later than two years after the date of the transaction;
10. The Mid-Tier Holding Company's subsidiary, Brookline Securities Corp. (Mid-Tier Subsidiary), must obtain prior OTS written approval for any stock issuances; and

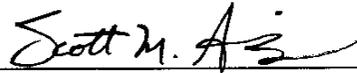
11. The MHC and Mid-Tier Holding Company must obtain prior OTS written approval for any disposition of stock of the Mid-Tier Subsidiary.

In addition, OTS hereby grants the Institution an exception from the qualified thrift lender provisions of 12 U.S.C. § 1467a(m) for one year following consummation of the transaction.

The Regional Director, for good cause, may extend any time period specified herein for up to 120 days.

By order of the Director of the Office of Thrift Supervision, or her designee, effective

July 16, 2001



Scott M. Albinson
Managing Director
Office of Supervision