

**OFFICE OF THRIFT SUPERVISION**

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

**Order No.: 99-29**

**Date: May 24, 1999**

New Jersey Manufacturers Insurance Company, West Trenton, 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 N.J.M. Bank, FSB, West Trenton, New Jersey (the "Savings Bank") (collectively, "the Applications").

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, 552.2-1, and 574.7 and other applicable statutes and regulations. The OTS also has considered the Applications under the Community Reinvestment Act (the "CRA"), 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, an analysis from Compliance Policy, 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:

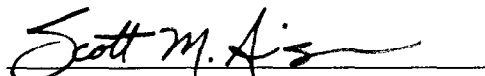
1. The proposed transaction must be consummated no later than 120 calendar days after the date of this approval order, unless an extension is granted for good cause by the Regional Director;
2. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers 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 and the Holding Company must obtain all required regulatory and shareholder 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 Office for its first three fiscal years. These reports must be in compliance with the audit rules set forth in 12 C.F.R. § 562.4;
6. The Savings Bank must operate within the parameters of its business plan. The Holding Company and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Holding Company), and in particular, those pertaining to the cross-marketing of deposit and non-deposit products, for the prior, written non-objection of the Regional Director. The request for change must be submitted a minimum of 30 calendar days before the proposed change is implemented;
7. Prior to commencing operations, the Savings Bank must submit a copy of the proposed interest rate risk management policy which will be reviewed with management at the time of the first examination. The interest rate risk management policy should incorporate the Savings Bank's goal of meeting the second or third quartile of interest rate risk measures for OTS regulated institutions based on the OTS net portfolio value model, as stated in the Applications;
8. No later than 45 calendar days prior to the date of consummation of the proposed transaction, the Savings Bank must submit, for the review and non-objection of the Regional Director: (a) a copy of its proposed lending policy, with specific underwriting guidelines for each of the credit products it will offer during the three years covered by its business plan; and (b) a compliance management plan, addressing training and oversight for all parties who offer or handle the Savings Bank's products, that will ensure compliance with federal fair lending and consumer protection laws and regulations;
9. At least 40 percent of the Savings Bank's board of directors must be comprised of individuals who are not officers or employees of the Holding Company or affiliates thereof and at least one member of the Savings Bank's board of directors must be an individual who is not an officer, director or employee of the Holding Company or any affiliate and who is not an officer or employee of the Savings Bank. At least 50 percent of the Savings Bank's audit and investment committees must be comprised of directors who are not officers or employees of the Savings Bank, the Holding Company or any affiliates;
10. For a period of two years following the date of consummation, any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review must be

provided to the Regional Director at least 30 calendar days prior to execution and must receive his written non-objection prior to implementation;

11. Prior to commencing operations, the Savings Bank must submit background information, and receive the written non-objection of the Regional Director, on the individuals proposed for the positions of Chief Lending Officer, Chief Credit Officer and Chief Financial Officer. For a period of two years following the date of consummation, the Savings Bank must receive the prior non-objection of the Regional Director for any proposed new senior executive officer or director;
12. The Savings Bank, the Holding Company and any affiliates must comply with the anti-tying restrictions of 12 U.S.C. Sections 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must disclose any proposed bundling arrangements and must be submitted for the prior review and non-objection of the Regional Director prior to the Savings Bank opening for business; and
13. 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, milestone dates, 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  
**May 24, 1999.**

  
Scott M. Albinson  
Managing Director