

FDIC

Federal Deposit Insurance Corporation
Washington, DC 20429

Division of Supervision

February 24, 1998

Board of Trustees
North Adams Hoosac Savings Bank
P.O. Box 997
North Adams, Massachusetts 01247

Dear Board of Trustees:

The notice to effect a reorganization of North Adams Hoosac Savings Bank (the "Bank") into a mutual holding company structure has been reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to 12 C.F.R. § 303.15 and other pertinent FDIC regulations. The reorganization includes converting a de novo state-chartered mutual savings bank to a state-chartered mutual holding company, the organization of a de novo state-chartered stock savings bank owned by the holding company, and the merger of the Bank with the de novo stock savings bank.

As part of the Notice, the Bank has requested, in accordance with 12 C.F.R. § 333.4(a), waiver of the depositor vote requirement contained in 12 C.F.R. § 333.4(d)(2). The Bank's waiver request is appropriate for consideration by the FDIC's Board of Directors under the "good cause" exception to the Conversion Regulations (12 C.F.R. § 333.4(a)), rather than the "conflicts with State law" exception specified in 12 C.F.R. § 333.4(b). The FDIC Board has determined that the depositor voting requirement in the Conversion Regulations does not present a conflict with Massachusetts law, but rather is supplemental to state law and procedures for mutual-to-stock conversions.

The FDIC Board has considered the information provided by the Bank with respect to the commercial borrowings and commercial relationships of the respective incorporators of the Bank in light of the following standard presented in the preamble to the conversion Regulations with respect to the waiver of the depositor voting requirement:

...On a case-by-case basis, the Board will consider waiving the depositor voting requirement if it is demonstrated, to the Board's satisfaction, that the alternative voting mechanism established under the applicable state law satisfies the concerns expressed above about the need for a vote on the conversion by parties that are not insiders and do not have a potential conflict of interest in reviewing the proposed conversion."
[59 Fed. Reg. 61233, 61238 (November 30, 1994)]

Applying this standard, the FDIC Board has determined that a sufficient number of the Bank's incorporators are not insiders and have no apparent potential for conflict of interest and that a majority of the independent incorporators voted in favor of the Plan of Reorganization.

Board of Trustees
North Adams Hoosac Savings Bank
North Adams, Massachusetts
Page 2

Based on the information and representations presented, the FDIC does not object to the proposal. Acting on behalf of the Board of Directors of the Corporation, I have also approved the applications for consent to merge and federal deposit insurance submitted in conjunction with the Bank's Notice of Mutual Holding Company Reorganization, subject to the conditions included in the attached Order and Basis.

Please advise the Boston Regional Office in writing when the proposed transaction has been consummated. If an extension of the time limitation included in the Order is required, a letter requesting a specific extension of the limitation, including reasons therefore, should be submitted to the Boston Regional Office.

Sincerely,

/s/

Mark S. Schmidt
Associate Director

Enclosure

cc: Kevin J. Handly, Esq.
Peabody & Brown
101 Federal Street
Boston, Massachusetts 02110-1832

FEDERAL DEPOSIT INSURANCE CORPORATION

RE: North Adams Hoosac Savings Bank North Adams, Massachusetts

Application for Federal Deposit Insurance and for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 5 and 18(c) and other provisions of the Federal Deposit Insurance Act (the Act), applications for federal deposit insurance have been filed on behalf of Hoosac Financial Services Savings Bank, North Adams, Massachusetts, a newly-formed, Bank Insurance Fund member, state-chartered mutual savings bank; and Hoosac Bank, North Adams, Massachusetts, a newly-formed, Bank Insurance Fund member, state-chartered stock savings bank.

An application has also been filed for the Corporation's consent to the merger of Hoosac Bank, North Adams, Massachusetts with North Adams Hoosac Savings Bank, North Adams, Massachusetts, a Bank Insurance Fund member, state-chartered mutual savings bank with total resources of \$181,413,000 and total deposits of \$148,346,000, as of September 30, 1997.

These transactions are the result of North Adams Hoosac Savings Bank's plan of reorganization from a mutual savings bank to a mutual holding company/stock savings bank structure, which includes:

1. The formation of a de novo mutual savings bank to be named Hoosac Financial Services Savings Bank.
2. The immediate reorganization of Hoosac Financial Services Savings Bank as a state chartered mutual holding company to be named Hoosac Financial Services, Inc., North Adams, Massachusetts.
3. The formation by Hoosac Financial Services, Inc. of a new stock savings bank subsidiary, which will be named Hoosac Bank.
4. The merger of Hoosac Bank and North Adams Hoosac Savings Bank, with the resultant institution retaining the charter and name of Hoosac Bank.

As a result of the merger transaction, North Adams Hoosac Savings Bank will transfer substantially all of its assets and all of its liabilities to Hoosac Bank, which will be a wholly owned subsidiary of Hoosac Financial Services, Inc. The principal office of the resultant bank will be at 93 Main Street, North Adams, Massachusetts, the present location of North Adams Hoosac Savings Bank. Notice of the proposed transaction, in a form approved by the Corporation, has been published pursuant to the FDI Act.

A review of available information, including the Community Reinvestment Act (the "CRA") Statements of the proponent, discloses no inconsistencies with the purposes of the CRA. The post-merger institution is expected to continue to meet the credit needs of its entire community, consistent with the safe and sound operation of the institution.

In connection with the merger application, the Corporation has also taken into consideration the financial and managerial resources and future prospects of the proponent banks and the resultant bank, and the convenience and needs of the community to be served. Having found favorably on these statutory factors and having considered other relevant information, including any reports on the competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Director of the Office of Thrift Supervision and the Attorney General, it is the Corporation's judgement that the application should be and hereby is approved.

Favorable findings have been accorded to all factors required to be considered pertinent to each application. Accordingly, it is the Corporation's judgment that the applications should be and hereby are approved subject to the following conditions:

1. That federal deposit insurance shall not become effective unless and until the applicant has been established as a stock savings bank by the State authority and its mutual holding company, Hoosac Financial Services, Inc., has received approval to become a mutual holding company from the Massachusetts Banking Commissioner and the Federal Reserve System;
2. That Hoosac Bank (the resultant stock bank) shall not issue minority shares without prior written notification to and non-objection from the FDIC;
3. That Hoosac Financial Services, Inc. shall provide written notification to the Corporation prior to any conversion to stock form and provide the Corporation with copies of all documents filed with state and federal banking and securities regulators in connection with any proposed conversion of the mutual holding company to stock form;
4. That, should any, shares of stock be issued to persons other than Hoosac Financial Services, Inc., any dividends waived by Hoosac Financial Services, Inc. must be retained by Hoosac Bank and segregated, earmarked, or otherwise identified on its books and records, such amounts must be taken into account in any valuation of Hoosac Bank and Hoosac Financial Services, Inc. and factored into the calculation used in establishing a fair and reasonable basis for exchanging bank shares for holding company shares in any subsequent conversion of Hoosac Financial Services, Inc. to stock form; such amounts shall not be available for payment to or the value thereof transferred to minority shareholders of the bank by any means, including through dividend payments or at liquidation;
5. That the transaction shall not be consummated sooner than fifteen calendar days after the date of this Order nor later than six months after the date of this Order unless such period is extended for good cause by the Corporation; and
6. That until the conditional commitment herein granted becomes effective, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action.

By Order of the Associate Director of the Division of Supervision, acting pursuant to delegated authority of the Board of Directors of the Corporation.

Dated at Washington, D.C., this 24th day of February, 1998.

Mark S. Schmidt
Associate Director
Division of Supervision