

May 18, 2007

Board of Directors  
South Coastal Bank  
279 Union Street  
Rockland, Massachusetts 02370

Dear Members of the Board:

The request to modify conditions to the May 20, 2002, Order and Basis for Corporation Approval (Order) to effect a merger between South Coastal Holdings MHC Inc. and MountainOne Financial Partners MHC has been reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to the FDIC's regulations at 12 C.F.R. Section 303.250 and other pertinent FDIC regulations. Based on the information presented and representations made, we do not object to the request.

Enclosed is our Modified Order and Basis for Corporation Approval (Order) for the application filed on behalf of South Coastal Bank in conjunction with the proposed merger. Our approval is subject to the conditions stated in the Order, some of which must be met on an ongoing basis. Please advise the Boston Area Office in writing when the proposed merger has been consummated.

Sincerely,

/S/

Sandra L. Thompson  
Director

Enclosure

cc: Kevin J. Handly  
Gallagher, Callahan, & Gartrell  
112 South Street  
Second Floor  
Boston, Massachusetts 02111

FEDERAL DEPOSIT INSURANCE CORPORATION

South Coastal Bank  
Rockland, Plymouth County, Massachusetts

Applications for Federal Deposit Insurance; Consent to Merge; and  
Modification of Conditions

MODIFIED ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Sections 5 and Section 18 (c) and other provisions of the Federal Deposit Insurance Act ("FDI Act"), an application has been filed on behalf of the South Coastal Bank, Rockland, Massachusetts, ("Mutual Institution"), currently a state-chartered mutually-owned Bank Insurance Fund member with total resources of \$139,936,000 and total deposits of \$108,121,000 as of December 31, 2001, for the FDIC's consent to merge with South Coastal Interim Stock Bank, Rockland, Massachusetts, a proposed new interim state-chartered stock savings bank, the resultant bank. In addition, applications have been filed for federal deposit insurance for the South Coastal Interim Mutual Bank (to be subsequently organized into a mutual holding company) and the South Coastal Interim Stock Bank. In 2007, South Coastal Holdings MHC, Inc. will subsequently merge into MountainOne Financial Partners, MHC and 100% of South Coastal Bank's voting stock will be transferred to MountainOne Financial Partners, Inc. An application for a modification to conditions has been filed substituting MountainOne Financial Partners, Inc. and MountainOne Financial Partners MHC for South Coastal Holdings MHC to reflect this merger.

The transaction is to effect the Mutual Institution's plan of reorganization which, solely to facilitate such undertaking, provides for:

- South Coastal Bank to organize a new savings bank under Massachusetts law to be known as South Coastal Interim Mutual Bank.
- South Coastal Interim Mutual Bank to amend and restate its mutual savings bank charter as the charter of a mutual holding company to be known as South Coastal Holdings MHC, Inc.
- South Coastal Holdings MHC, Inc. to simultaneously organize a Massachusetts chartered, stock bank as a subsidiary to be known as South Coastal Interim Stock Bank.
- South Coastal Bank will immediately thereafter merge with South Coastal Interim Stock Bank, with South Coastal Interim Stock Bank to be the legally surviving entity under the name of South Coastal Bank.

Upon consummation of the reorganization, the deposits of the Mutual Institution will continue to be insured under the Bank Insurance Fund. On the effective date of the reorganization, the Resultant Bank will be a stock bank and the wholly owned subsidiary of South Coastal Holdings MHC, Inc. Applications for the establishment of South Coastal Holdings MHC, Inc have been filed with the Federal Reserve System. Following the consummation of the merger, the Resultant Bank will operate the same banking business, with the same management, at the same location now being served by the Mutual Institution. The proposed transaction, per se, will not alter the competitive structure of banking in the market served by the Mutual Institution. South Coastal Bank principal office will continue to be at 279 Union Street, Rockland, Massachusetts. Notice of the proposed transaction, in a form approved by the FDIC, has been published pursuant to the FDI Act. A review of available information, including the Community Reinvestment Act ("CRA") Statement of the proponent, discloses no inconsistencies with the purposes of the CRA. The resultant 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 applications, the FDIC has 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. In connection with the applications for deposit insurance the FDIC has taken into consideration the: financial history and condition; adequacy of the capital structure; future earnings prospects; general character and fitness of management; risk to the insurance fund; convenience and needs of the community; and consistency of corporate powers. Having found favorably on all statutory factors and having considered other relevant information, including all 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 of the United States, it is the FDIC's judgment that the applications should be and hereby are approved, subject to the following conditions:

1. That, except for the proposed transfers of the stock to MountainOne Financial Partners, Inc., no shares of the stock of South Coastal Bank shall be sold, transferred or otherwise disposed of, to any person (including any Employee Stock Ownership Plan) unless prior notice is provided to, and non-objection is received from the FDIC.
2. That, prior to a sale, transfer or other disposition of any shares of MountainOne Financial Partners, Inc. by the MountainOne Financial Partners, MHC to any person (including any Employee Stock Ownership Plan), or a conversion of the MountainOne Financial Partners, MHC to stock form, South Coastal Bank will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with the state and federal banking and/or securities regulators in connection with any such sale, transfer, disposition or conversion.

3. That, should any shares of stock of South Coastal Bank or MountainOne Financial Partners, Inc. be issued to persons other than the MountainOne Financial Partners, MHC, any dividends waived must be retained by South Coastal Bank or MountainOne Financial Partners, Inc. and segregated, earmarked, or otherwise identified on its books and records; such amounts must be taken into account in any valuation of the institution and factored into the calculation used in establishing a fair and reasonable basis for exchanging shares in any subsequent conversion of MountainOne Financial Partners, MHC to stock form; such amounts shall not be available for payment to or the value thereof transferred to minority shareholders, by any means including through dividend payments or at liquidation.
4. That, any changes in proposed management, including the board of directors or proposed ownership (ten percent or more of the stock and new acquisitions of, or subscriptions to, ten percent or more of the stock), will render this approval null and void unless such proposal is approved by the FDIC prior to the consummation of the proposed transaction.
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.
6. That, the transaction may not be consummated unless and until the applicant has received all appropriate federal and state approvals.
7. 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 Director of the Division of Supervision and Consumer Protection pursuant to the delegated authority of the Board of Directors.

Dated at Washington, D.C., this 19th day of May, 2007.

/S/

Sandra L. Thompson  
Director