

December 10, 1999

Board of Trustees
Boiling Springs Savings Bank
23 Park Avenue
Rutherford, New Jersey 07070-1799

Members of the Board:

The Notice to effect a mutual holding company reorganization with the organization of an interim institution and a merger to facilitate a conversion from mutual form to stock form filed on behalf of Boiling Springs Savings Bank, Rutherford, New Jersey has been reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to C.F.R. Sections 303.160 – 303.164 and other pertinent FDIC regulations. Based on the information presented and representations made, we do not object to the proposal.

Please advise the New York 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 New York Regional Office.

Sincerely,

/s/

Michael J. Zamofski
Deputy Director

cc: Mr. Samuel J. Malizia
and
Mr. Gregory J. Rubis
Malizia, Spidi, Sloane & Fisch, P.C.
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FEDERAL DEPOSIT INSURANCE CORPORATION
Boiling Springs Savings Bank
Rutherford, Bergen County, New Jersey

Application for Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to sections 5 and 18(c) and other provisions of the Federal Deposit Insurance Act (the "FDI Act"), an application has been filed on behalf of Boiling Springs Savings Bank, Rutherford, Bergen County, New Jersey ("Mutual Bank"), currently a mutually-owned, Bank Insurance Fund ("BIF") member state-chartered institution with total resources of \$618,956,000 and total deposits of \$522,772,000 as of March 31, 1999, for the FDIC's consent to merge with Boiling Springs Interim Savings Bank, Rutherford, New Jersey ("Interim Bank"), a proposed new interim savings bank.

This transaction is the result of the Mutual Bank's plan of reorganization which, solely to facilitate this undertaking, includes:

- Step 1: The Mutual Bank will organize the Mutual Holding Company, a New Jersey-chartered mutual savings bank holding company ("Mutual HC").
- Step 2: The Mutual HC will organize the Stock Holding Company ("Stock HC") as a wholly-owned subsidiary.
- Step 3: The Mutual HC will organize Boiling Springs Interim Savings Bank ("Interim Stock Bank") as a wholly-owned New Jersey stock savings bank subsidiary.
- Step 4: The Mutual Bank will convert to the capital stock form of organization by exchanging its charter for that of a New Jersey stock savings bank (becoming the "Stock Bank").
- Step 5: Interim Stock Bank will merge with and into the Stock Bank with the Stock Bank as the surviving entity, and the Mutual HC will become the owner of 100% of the issued and outstanding stock of the Stock Bank.
- Step 6: The Mutual HC, which at this stage will be the sole stockholder of both the Stock Bank and the Stock HC, will transfer 100% of the stock of the Stock Bank to the Stock HC in a capital contribution to the Stock HC and the Stock Bank will become a wholly-owned subsidiary of the Stock HC.

Mutual HC and Stock HC will each be capitalized with up to \$1,000,000. Applications for the establishment of Mutual HC and Stock HC have been filed with the Federal Reserve Bank of New York. The resultant bank will operate with the title of Boiling Springs Savings Bank, Rutherford, New Jersey. Following consummation of the merger,

the resultant bank will operate the same banking business, with the same management, at the same locations now being served by the Mutual Bank. The proposed transaction, per se, will not alter the competitive structure of banking in the market served by the Mutual Bank. The resultant bank's principal office will be at 23 Park Avenue, Bergen County, Rutherford, New Jersey. 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 (the "CRA") Statement of the Mutual Bank 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. 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 Office of Thrift Supervision, and the Attorney General of the United States, it is the FDIC's judgement that the applications should be and hereby are approved, subject to the following conditions:

1. That the transaction may not be consummated unless the Plan of Reorganization receives prior approval by an affirmative vote of at least a majority of the total votes eligible to be cast by the Mutual Bank's depositors;
2. That, unless prior notice is provided to and non-objection is received from the FDIC, no shares of the stock of Boiling Springs Savings Bank shall be sold, transferred or otherwise disposed of, to any persons (including any Employee Stock Ownership Plan) other than Boiling Springs Bancorp. Inc., nor shall Boiling Springs Savings Bank issue any equity securities or any securities that would accord the holder the right to acquire equity securities or that would bestow upon the holder an interest in the retained earnings of the issuer to any persons other than Boiling Springs Bancorp. Inc.;
3. That, prior to a sale, transfer or other disposition of any shares of Boiling Springs Bancorp. Inc. by Mutual HC to any person (including any Employee Stock Ownership Plan), or a conversion of the Mutual HC to stock form, Boiling Springs Savings Bank will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with state and federal banking and/or securities regulators in connection with any such sale, transfer, disposition, or conversion;
4. That, should any shares of the stock of Boiling Springs Savings Bank or Boiling Springs Bancorp. Inc. be issued to any persons other than the Mutual

HC, any dividends waived by Mutual HC must be retained by the Stock HC or the savings bank and segregated, earmarked, or otherwise identified on the books and records of the Stock HC or the savings bank; 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 Mutual HC 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;

5. That any changes in proposed management, including the board of directors or proposed ownership (ten per cent or more of the stock and new acquisitions of or subscriptions to ten per cent or more of the stock), will render this approval null and void unless such proposal is approved by the Regional Director (Supervision) of the FDIC's New York Regional Office prior to the consummation of the proposed transaction;
6. That, in the case of Individual Retirement Accounts ("IRA") and tax-qualified plan accounts, such as Keogh accounts, for which Boiling Springs Savings Bank serves as trustee or custodian, the IRA beneficiary or plan sponsor may direct the trustee's or custodian's vote on the plan of reorganization by returning a completed proxy card. If Boiling Springs Savings Bank is trustee or custodian and no proxy card is returned, votes will be cast in the same ratio as all other votes are cast FOR or AGAINST the adoption of the plan or reorganization;
7. That all necessary and final approvals be received from other regulatory authorities;
8. That the transaction shall not be consummated less than fifteen calendar days after the date of this Order or later than six months after the date of this Order, unless such period is extended for good cause by the FDIC; and
9. That until the proposed transaction is consummated, the FDIC shall have the right to alter, suspend, or withdraw its approval should any interim development be deemed to warrant such action.

By Order of the Deputy Director of the Division of Supervision, pursuant to authority delegated by the Board of Directors of the Federal Deposit Insurance Corporation.

Dated at Washington, D.C., this 21st of October, 1999.

/s/

Michael J. Zamorski
Deputy Director
Division of Supervision