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Decision of December 6, 1996

Decision relative to the application of Medway Savings Bank, Medway to become a mutual holding company

By the [Division of Banks](#)

Medway Savings Bank (the "Petitioner"), Medway, Massachusetts, a state-chartered savings bank, in mutual form, has filed with the Division of Banks for approval to reorganize so as to become a mutual holding company. The reorganization is to be accomplished pursuant to the provisions of Massachusetts General Laws chapter 167H, section 3 and effective in accordance with a Plan of Reorganization approved and adopted by both the Petitioner's Board of Trustees and its Corporators on May 21, 1996 and October 15, 1996, respectively. The mutual holding company will be known as Service Bancorp, M.H.C. (the "Holding Company") and headquartered at 81 Main Street, Medway, Massachusetts. As part of the reorganization, the Petitioner will establish a subsidiary savings bank, in stock form, which will use the name Medway Savings Bank (the "Subsidiary Bank"). Accordingly, the Petitioner filed an application with the Board of Bank Incorporation (the "Board") relative to the formation of the Subsidiary Bank. The merits of that application were, by statute, considered by the Board, which issued, as of this same date, a certificate to commence business for the Subsidiary Bank.

In accordance with the provisions of said chapter 167H, the Petitioner has submitted the requisite documents and information relative to this transaction. Notice has been given to its depositors and to the public. The deadline for filing comments has passed. Consequently, the reorganization has been considered in conformity with relevant statutory and regulatory provisions.

The application and supporting documents, as amended, have established an extensive record on this petition which has been reviewed in light of the statutory provisions and policies of the Division. Those statutory requirements necessitate that, among other things, the Division consider whether the reorganization will be unfair to the depositors of the Petitioner and whether the public will be served by this transaction. Having considered the record established in this application, the Division has determined that statutory and administrative considerations support approval of the reorganization.

In accordance with these findings and pursuant to statute, I hereby approve the reorganization subject to the submission to the Division of a favorable tax ruling, opinion of counsel or other opinion of recognized experts in the field of taxation no later than at the time of closing of the transaction and the following considerations:

1. The reorganization shall not be consummated until:
 - a. all additional regulatory approval have been obtained; and
 - b. all of the assets of the Petitioner are transferred to the Subsidiary Bank subject to the retention of assets of no more than \$50,000.
2. Commencing with the acquisition's effective date, the Division's minimum capital requirements for

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the Subsidiary Bank and the Holding Company are as follows:

- a. the Subsidiary Bank's Tier 1 leverage capital ratio must equal or exceed 4%, or any such higher amount as specified within any formal or informal regulatory action document required by the Division, the Federal Deposit Insurance Corporation or the Federal Reserve, based upon the Subsidiary Bank's most recent Federal Deposit Insurance Corporation Report of Condition and Income and any amendments thereto. The amount of capital shall be calculated in accordance with 12 CFR Part 325.
 - b. the Holding Company's consolidated Tier 1 leverage capital ratio must equal or exceed 4%, or any such higher amount as specified within any formal or informal regulatory action document required by the Division, the Federal Deposit Insurance Corporation or the Federal Reserve, based upon its most recent call report or any amendment thereto as reported to the federal or state authority; and
 - c. If the minimum capital ratios fall or would fall below those stated in clauses a and b, the Commissioner may impose further conditions or restrictions on the payment of dividends. There will be no dividend restrictions other than those found in Massachusetts General Laws chapter 172, section 28, so long as the minimum capital ratios set out herein are maintained.
3. After the completion of the reorganization
 - a. the Holding Company may engage in only such activities as are now or may hereinafter be activities authorized for a mutual holding company under section 7 and other applicable provisions of chapter 167H; and
 - b. the Subsidiary Bank may engage in any investment or activity which it may from time to time engage in as a state-chartered savings bank in stock form.
 4. That Articles of Organization and/or Charter documents be placed on record with the Office of the Secretary of State.

December 6, 1996

Thomas J. Curry

Date

Commissioner of Banks