



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

SCOTT G. ALVAREZ
GENERAL COUNSEL

July 21, 2014

Lawrence M.F. Spaccasi, Esq.
Luse Gorman Pomerenk & Schick, P.C.
5335 Wisconsin Avenue, NW, Suite 780
Washington, D.C. 20015

Dear Mr. Spaccasi:

This responds to your submission, dated February 14, 2014, and subsequent correspondence, requesting a determination that no filing under the Bank Holding Company Act of 1956, as amended (“BHC Act”), 12 U.S.C. § 1841 *et seq.*, would be required for Mascoma Mutual Financial Services Corporation (“Mascoma”), Lebanon, New Hampshire, a federal mutual savings and loan holding company, to acquire Connecticut River Bancorp, Inc. (“CRB”), Charlestown, New Hampshire, a bank holding company, its wholly-owned subsidiary national bank, Connecticut River Bank (“CRB Bank”), Springfield, Vermont, and New Hampshire Trust Company (“Trust Company”), Keene, New Hampshire, a non-depository trust company in which CRB Bank holds a 41.4 percent interest.

The proposed transaction would facilitate the merger of CRB Bank and Mascoma Savings Bank, a federal savings bank and the wholly-owned subsidiary of Mascoma. The transaction would proceed in several steps. Mascoma would establish a direct, wholly-owned subsidiary (“Merger Subsidiary”) solely for the purpose of facilitating the proposal. CRB would then merge into Merger Subsidiary with CRB as the survivor (“First Merger”). As a result of the First Merger, CRB Bank would become an indirect, wholly-owned subsidiary of Mascoma. Immediately after the First Merger, CRB would merge with Mascoma, with Mascoma as the survivor (“Second Merger”), making CRB Bank a direct, wholly-owned subsidiary of Mascoma. Immediately following the Second Merger, CRB Bank would merge into Mascoma Savings Bank, with Mascoma Savings Bank as the survivor (“Third Merger”).

You have represented that Mascoma would control CRB for a moment in time before the Second Merger and would control CRB Bank for a moment in time before the Third Merger. The First Merger, Second Merger, and Third Merger (collectively, “Mergers”), however, would all occur in the same business day, and upon completion of these steps Mascoma would not meet the definition of a bank holding

company under the BHC Act because it would not control a bank, as defined under the BHC Act.¹

You have also represented that Mascoma would gain indirect control of CRB Bank's interest in Trust Company. As part of the proposed transaction, Mascoma Savings Bank would acquire the Trust Company from CRB Bank in connection with the Third Merger. Mascoma Savings Bank would control the Trust Company through a newly-incorporated, wholly-owned service corporation, pursuant to 12 CFR 159.3(a) and 159.3(f)(2).

Sections 3 and 4 of the BHC Act and Regulation Y generally require an application and notice, respectively, to the Board before a company may become a bank holding company and before a bank holding company may acquire more than 5 percent of the voting shares of any bank,² or before any bank holding company may acquire more than 5 percent of the voting shares of any nonbanking company.³ As described above, Mascoma, through Merger Subsidiary, would become a bank holding company for a moment in time when it acquires all of the outstanding voting shares of CRB, before CRB is merged into Mascoma, and CRB Bank is merged into Mascoma Savings Bank. In addition, as a bank holding company for a moment in time, Mascoma would control Mascoma Savings Bank and Trust Company, nonbanking companies under the BHC Act. Accordingly, the Board's approval under sections 3 and 4 of the BHC Act ordinarily would be required for this transaction.

The Third Merger (merger of CRB Bank into Mascoma Savings Bank) was approved by the Office of the Comptroller of the Currency ("OCC") under section 18(c) of the Federal Deposit Insurance Act ("Bank Merger Act") on May 22, 2014.⁴ In approving the merger, the OCC considered the impact the acquisition would have on competition, the financial and managerial resources and future prospects of Mascoma Savings Bank and CRB Bank, and the convenience and needs of the communities served by Mascoma Savings Bank and CRB Bank, the institutions' records of performance under the Community Reinvestment Act, and risks to the stability of the United States banking or financial system. These criteria are substantially similar to the criteria the Board would consider under the BHC Act.⁵

¹ 12 U.S.C. § 1841(c)(2)(B); 12 CFR 225.2(b)(2).

² 12 U.S.C. § 1842(a)(1) and (3).

³ 12 U.S.C. § 1843(c)(8).

⁴ 12 U.S.C. § 1828(c). Mascoma provided the Board with a copy of the bank merger application filed with the OCC for the Third Merger.

⁵ 12 U.S.C. § 1842(c); 12 CFR 225.13(b).

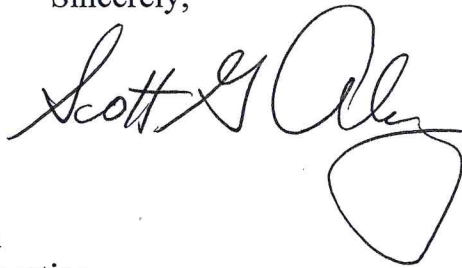
Although Mascoma Savings Bank was not required to submit a filing with the OCC with respect to its acquisition of Trust Company,⁶ we understand that the staff of the OCC reviewed the proposed acquisition of Trust Company including the ownership of Trust Company through a service corporation pursuant to 12 CFR 159.3, the permissibility of the activities in which Trust Company engages, and the limited nature of the trust powers of Trust Company. We further understand that Mascoma Savings Bank confirmed to the OCC that Trust Company engages only in activities in which Mascoma Savings Bank has previously been approved to engage.

Based on all the facts of record and after consultation with the OCC, the Legal Division believes that no regulatory purpose would be served by requiring Mascoma to file an application or notice under the BHC Act for the proposed transaction. The Legal Division, therefore, would not recommend that the Board take action to require a filing of a formal application or notice by Mascoma in connection with the transaction described above.

This opinion is based on the specific facts and representations in your letter and in communications with Board staff, and any change in the facts or representations should be communicated immediately to Board staff and could result in a different conclusion. This opinion is limited to this proposal and does not apply to any other transaction. This opinion also is conditioned specifically on receipt by Mascoma and Mascoma Savings Bank of all necessary regulatory approvals.

If you have any questions regarding this matter, please contact Tate Wilson at (202) 452-3696 or Amber Hay at (202) 973-6997, of my staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott G. Allen". The signature is written in a cursive style with a large, looped initial "S". Below the signature is a large, empty oval shape, possibly a placeholder for a stamp or a mark.

cc: Federal Reserve Bank of Boston
Federal Deposit Insurance Corporation
Office of Comptroller of the Currency

⁶ The OCC did not require prior notice of the acquisition of Trust Company pursuant to 12 U.S.C. § 1828(m)(5).