



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

LEGAL DIVISION

October 29, 2021

Michael J. Callaghan  
Stevens & Lee  
1500 Market Street  
East Tower, Suite 1800  
Philadelphia, Pennsylvania 19102

Dear Mr. Callaghan:

This is in response to your letter to the Federal Reserve Bank of Philadelphia, received on August 10, 2021, requesting a waiver from application requirements under section 10 of the Home Owners' Loan Act ("HOLA")<sup>1</sup> in connection with the proposal by Columbia Bank MHC, Fair Lawn, New Jersey, a mutual savings and loan holding company, to acquire Freehold MHC, a mutual bank holding company, and thereby indirectly acquire its bank holding company subsidiary, Freehold Bancorp, and state savings bank subsidiary, Freehold Bank, all of Freehold, New Jersey.

The purpose of the proposed transaction is to facilitate the merger of Freehold MHC and Freehold Bancorp (collectively, the "Freehold Holding Companies") with and into Columbia Bank MHC and Columbia Financial, Inc., Fair Lawn, New Jersey (collectively, the "Columbia Holding Companies"), respectively. You have represented that the transaction would occur as follows: (1) Freehold Bank would convert to a federal savings association charter; (2) Freehold MHC would merge with and into Columbia Bank MHC, with Columbia Bank MHC as the surviving entity; and (3) Freehold Bancorp would merge with and into Columbia Financial, Inc., with Columbia Financial, Inc., as the surviving entity. You have represented that these steps would occur in immediate succession and that the Freehold Holding Companies would not operate Freehold Bank as a federal savings association.

Section 10(e) of HOLA and the Board's Regulation LL require approval of the Board before a company may take any action that causes such

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<sup>1</sup> 12 U.S.C. §§ 1467a(e) and (o).

company to become a savings and loan holding company.<sup>2</sup> Section 10(o) of HOLA and the Board's Regulation MM require that any federal savings association seeking to establish a mutual savings and loan holding company provide prior notice to the Board and receive a charter issued by the Board.<sup>3</sup> Through the transaction described above, Freehold Bank would convert to a federal savings association charter prior to the merger of the Freehold Holding Companies with and into the Columbia Holding Companies. Accordingly, the Freehold Holding Companies would become savings and loan holding companies for a moment in time and would be required to obtain the Board's approval under section 10(e) of HOLA and Regulation LL. The Freehold Holding Companies also would be required to provide notice to the Board and receive charters for a mutual holding company and a subsidiary company of a mutual holding company under section 10(o) of HOLA and the Board's Regulation MM.

In order to avoid duplication of regulatory review by federal banking regulators, section 238.12(d)(1) of the Board's Regulation LL provides that a savings and loan holding company need not receive the Board's approval if the transaction is subject to review by a federal banking agency under section 18(c) of the Federal Deposit Insurance Act<sup>4</sup> and meets certain other criteria.<sup>5</sup> While section 238.12(d)(1) does not apply to a transaction involving a company that becomes a savings and loan holding company, or a transaction involving an entity organized in mutual form, the proposal is consistent with the purposes of section 238.12(d)(1) of the Board's Regulation LL.

The proposed acquisition of the Freehold Holding Companies by the Columbia Holding Companies requires the prior approval of the Board under the Bank Holding Company Act.<sup>6</sup> In acting on the merger proposal, the Board must consider whether acquisition of the Freehold Holding Companies can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or risk to the stability of the United States banking or financial system.<sup>7</sup> The Board would consider substantially similar criteria in evaluating an application by the Freehold Holding Companies to become savings and loan holding companies.<sup>8</sup>

Additionally, Freehold Bank would not operate as a subsidiary of the Freehold Holding Companies following its conversion to a federal savings

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<sup>2</sup> 12 U.S.C. § 1467a(e)(1)(B); 12 CFR part 238.

<sup>3</sup> 12 U.S.C. § 1467a(o)(3)(A); 12 CFR part 239.

<sup>4</sup> 12 U.S.C. § 1828(c).

<sup>5</sup> 12 CFR 238.12(d)(1).

<sup>6</sup> 12 U.S.C. § 1843(c)(8); 12 CFR part 225.

<sup>7</sup> 12 U.S.C. § 1843(j); 12 CFR 225.26.

<sup>8</sup> 12 U.S.C. § 1467a(e)(2); 12 CFR 238.15.

association. As a result of the proposal, the separate corporate existence of the Freehold Holding Companies would cease, and Freehold Bank would be operated as a subsidiary of the Columbia Holding Companies. Under these circumstances, review of the Freehold Holding Companies' conversion from bank holding companies to savings and loan holding companies would be duplicative of the review of the Columbia Holding Companies' acquisition of the Freehold Holding Companies. Further, members of Freehold MHC would become members of Columbia Bank MHC, and the Columbia Holding Companies have already received federally issued charters that meet the requirements of the Board's Regulation MM.<sup>9</sup>

Based on a review of these and other facts presented, the Legal Division believes that no regulatory purpose would be served by requiring the Freehold Holding Companies to file an application under HOLA. The Legal Division, therefore, would not recommend that the Board take action to require a filing of an application by the Freehold Holding Companies in connection with the transaction described above. This opinion is subject to the receipt by the Freehold Holding Companies, Freehold Bank, and the Columbia Holding Companies of all other necessary regulatory approvals and compliance with any terms and conditions that may be imposed in connection with those approvals.

This opinion is based on all the facts and representations presented to Federal Reserve staff. Any material change in those facts and representations should be communicated immediately to Federal Reserve staff and may cause this opinion to be reconsidered. This opinion is limited to this proposal and does not apply to any other transaction.

If you have any questions regarding this proposal, please contact Nathaniel Balk, at (202) 872-7517, of the Legal Division.

Sincerely,

*Charles Gray*

Charles Gray  
Deputy General Counsel

cc: Federal Reserve Bank of Philadelphia  
Office of the Comptroller of the Currency

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<sup>9</sup> See 12 CFR part 239.