

OFFICE OF THRIFT SUPERVISION

Notice of Change of Control

Order No.: 2011-44

Date: July 13, 2011

Docket Nos.: H-3691 and 17528

Syd Ghermezian, Mark Ghermezian, John Ghermezian and Adam Ghermezian (the Ghermezians) have filed a Notice of Change of Control (Notice) with respect to their proposed acquisition of Community FSB Holding Company (Holding Company), Woodhaven, New York, and its wholly owned savings association subsidiary, Community Federal Savings Bank (Savings Bank), Woodhaven, New York, pursuant to the Change in Bank Control Act (CBCA),¹ and Office of Thrift Supervision's (OTS) Acquisition of Control Regulations (Control Regulations).²

Background

The Savings Bank is a Deposit Insurance Fund (DIF)-insured, federal stock savings association. The Savings Bank had total assets of approximately \$51.8 million as of March 31, 2011.

In the proposed transaction, the Ghermezians will purchase all of the Holding Company's common stock, from its current shareholders. Each of the four individuals will acquire 25 percent of the common stock of the Holding Company. In addition, upon consummation of the common stock acquisition, the Ghermezians will make a capital infusion into the Savings Bank.

Notice of Change of Control

The CBCA, at 12 U.S.C. § 1817(j)(7), sets forth the grounds upon which OTS may disapprove a notice of change of control. OTS may disapprove the Notice if: (i) the proposed transaction will result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize the business of banking in any part of the United States; (ii) the effect of the proposed acquisition in any section of the country may be substantially to lessen competition or tend to create a monopoly, or in any other manner be in restraint of trade; (iii) either the financial condition of the acquiror or the future prospects of the institution might jeopardize the financial stability of the institution or prejudice the interests of depositors; (iv) the competence, experience or integrity of any acquiring person or of any proposed management personnel would not be in the interest of depositors or in the interest of the public; (v) any acquiror refuses to furnish the information requested by the agency; or (vi) the agency determines that the proposed transaction would result in an adverse effect on the DIF.

¹ 12 U.S.C. § 1817(j).

² 12 C.F.R. Part 574 (2011).

With respect to the first two criteria, regarding competitive considerations, the Ghermezians do not control any insured depository institution in the United States. Accordingly, the proposed transaction will not cause the Savings Bank to become affiliated with any other operating insured depository institution in the United States. Therefore, OTS concludes that competitive considerations are consistent with non-disapproval.

With respect to the third criterion, relating to the financial condition of the acquiror and the future prospects of the Savings Bank, OTS has reviewed the financial condition of the Ghermezians and has not objected to the proposed transaction. With respect to the future prospects of the Savings Bank, the proposed transaction will significantly increase the Savings Bank's capital. In addition, the Ghermezians plan to replace the management of the Savings Bank. Further, OTS has reviewed the proposed business plan for the Savings Bank, and has concluded that the business plan, as amended, is acceptable.

OTS has included conditions 4 through 9 in order to help ensure that the Savings Bank operates pursuant to the three-year business plan submitted with the Notice and that changes to and from the business plan are not detrimental to the Savings Bank. In addition, these conditions help ensure that the Savings Bank operates appropriately, that certain transactions do not adversely affect the future prospects of the Savings Bank, and that management has the necessary competence to contribute to the Savings Bank's future prospects. Accordingly, the conditions help ensure the Savings Bank's future prospects are consistent with approval.

Based on the foregoing, OTS concludes that the financial resources of the Ghermezians, and future prospects of the Savings Bank are consistent with non-disapproval, subject to the recommended conditions.

With respect to the fourth factor, the competence, experience and integrity of the acquirors and of the proposed management, OTS has conducted the appropriate background checks and has not found any material negative information. In addition, OTS has concluded that backgrounds of the relevant persons are consistent with non-disapproval. However, the background checks for several of the proposed directors and executive officers of the Holding Company and the Savings Bank are not complete. OTS has included condition 10 in order to help ensure that competence, experience and integrity of the Holding Company and Savings Bank's management are consistent with non-disapproval.

The Ghermezians have furnished the information that OTS has requested, and accordingly, there is no basis for disapproval based on any failure to provide information.

Finally, with respect to the sixth criterion, the effect of the proposed acquisition on the DIF, the proposed transaction will provide significant additional capital for the

Savings Bank, and provide it with new management. Also, OTS has concluded, based on the considerations discussed above, that the Savings Bank's future prospects are consistent with approval. Accordingly, in our opinion, there is an adequate legal basis to conclude that this criterion is consistent with non-disapproval.

Conclusion

Based on the Notice and the foregoing analysis, OTS concludes that the Notice satisfies the applicable criteria, provided that the following conditions are complied with in a manner satisfactory to the Northeast Regional Director (Regional Director)³. Accordingly, OTS does not disapprove the Notice, subject to the following conditions:

1. The proposed acquisition (Proposed Transaction) must be consummated within 120 calendar days from the date of this Order;
2. On the business day prior to the date of the Proposed Transaction, the chief financial officers of the Holding Company and the Savings Bank must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Holding Company and the Savings Bank, respectively, as disclosed in the Notice. If additional information having a material adverse bearing on any feature of the Notice is brought to the attention of the Holding Company, the Savings Bank, or OTS since the date of the financial information submitted with the Notice, the Proposed Transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to the consummation of the Proposed Transaction;
3. The Holding Company must within 5 calendar days after the effective date of the Proposed Transaction: (a) advise the Regional Director in writing of the effective date of the Proposed Transaction; (b) advise the Regional Director in writing that the Proposed Transaction was consummated in accordance with all applicable laws and regulations, the Notice and this Order; and (c) provide a reconciliation of the Savings Bank's capital to the Regional Director;
4. The Savings Bank must operate within the parameters of the business plan submitted with the Notice, for three years after consummation of the transaction. During that period, any proposed major deviations or material changes from the plan, (including changes resulting from decisions made by the Holding Company), must be submitted for the prior, written non-objection of the Regional Director.

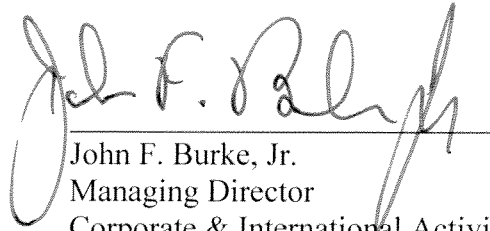
³ Following the Transfer Date, *see* Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. Law No. 111-203, § 311, 124 Stat. 1520-21 (2010), all submissions, requests, communications, consents or other documents relating to this Order shall be directed to the Comptroller of the Currency, or to the Federal Reserve System (Board of Governors), as appropriate, or to the individual, division, or office designated by the Comptroller of the Currency or the Board of Governors.

The request for change must be submitted no later than 60 calendar days prior to the desired implementation;

5. For three years following the date of consummation of the Proposed Transaction, the Savings Bank must submit to the Regional Director within 45 calendar days after the end of each calendar quarter, a business plan variance report detailing the Savings Bank's compliance with the business plan and an explanation of any deviations;
6. The Savings Bank must submit independent audit reports to the Regional Director for three years after the date of consummation of the Proposed Transaction. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
7. For the two years following the date of consummation of the Proposed Transaction, any contracts or agreements pertaining to transactions with affiliates, or to related interests of affiliated persons as defined in 12 C.F.R. § 561.5(d) of the Holding Company and the Savings Bank, not yet submitted to OTS for review, must be provided to the Regional Director at least 30 calendar days prior to their planned execution and receive his written non-objection prior to their implementation;
8. For the two years following the date of consummation of the Proposed Transaction, the Savings Bank must receive the prior written non-objection of the Regional Director for any proposed new directors or executive officers or any significant change in responsibilities of any executive officer;
9. The Savings Bank and the Holding Company must submit for review all employment agreements between the proposed officers and the Savings Bank and receive prior written non-objection of the Regional Director prior to their execution; and
10. With respect to any proposed director or executive officer for whom background checks have not been completed, the Holding Company or Savings Bank, must take such action as required by the Regional Director, if the Regional Director objects to any such person based on information obtained during the background check.

The Regional Director may, for good cause, extend any time period herein for up to 120 days.

By order of the Director of the Office of Thrift Supervision, or his designee, effective July 13, 2011.

A handwritten signature in black ink, appearing to read "John F. Burke, Jr.", is written over a horizontal line. The signature is fluid and cursive.

John F. Burke, Jr.
Managing Director
Corporate & International Activities