



November 1, 2011

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Re: Docket No. R-1429
RIN No. 7100 AD 80
Interim Final Rule Regarding MHC Dividend Waivers (12 C.F.R. 239.63 (d))

Dear Ms. Johnson:

This letter is submitted on behalf of Northfield Bancorp, MHC (“Northfield MHC”), in response to the Federal Reserve Board’s request for comment on the above referenced Interim Final Rule. Northfield, MHC, is the federally chartered mutual holding company of Northfield Bancorp, Inc. (the “Company”), a federally-chartered mid-tier stock holding company. Northfield Bank (the “Bank”) is a wholly owned subsidiary of the Company. As of June 30, 2011, Northfield MHC owned approximately 58% of the outstanding shares of common stock of the Company. The remaining 42% of the outstanding common stock is held by the public. As of June 30, 2011, the Company had total assets of \$2.3 billion, total deposits of \$1.4 billion and total stockholders’ equity of \$398.0 million. At June 30, 2011, the Bank reported a Tier 1 (Core) Capital Ratio of 13.57% and a Total Risk-Based Capital Ratio of 27.51%.

The Bank reorganized into a mutual holding company in 1995, and on November 7, 2007 the Company completed its minority stock offering by raising approximately \$193 million of new capital in an initial public offering. The Company has consistently paid quarterly cash dividends since October 2008. Significantly, at the time of the initial stock offering, the Company disclosed to prospective stockholders in its prospectus that Northfield Bancorp, MHC anticipated waiving any dividends declared by the Company.

Northfield Bancorp, MHC and the Company are both savings and loan holding companies that were previously registered with and regulated by the Office of Thrift Supervision (“OTS”). As a result of The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), the Federal Reserve Board is now the sole Federal regulator of the Company and Northfield MHC.

We believe that the Interim Final Rule will adversely affect mutual savings institutions and mutual holding companies (“MHCs”), including Northfield MHC, by impairing their ability to pay dividends and attract capital.

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2. The plain language of Section 625(a) of the Dodd-Frank Act authorizes federally chartered MHCs that were formed prior to December 1, 2009, sold stock and waived dividends (“Grandfathered MHCs”), to waive dividends without requiring a member vote. However, the Interim Final Rule, as drafted by the Federal Reserve, effectively eliminates the ability of MHCs to waive dividends by requiring a member vote approval that few MHCs will be able to obtain and the cost of which would be prohibitive.
3. MHCs have successfully raised billions of dollars of new capital for community banks since 1993. The ability of MHC subsidiaries to pay reasonable dividends to their public stockholders without causing dilution of such stockholders is key to the capital raising potential and attractiveness of MHCs. The Interim Final Rule would effectively eliminate the ability of MHC subsidiaries to pay reasonable dividends because it would force all subsidiary banks or mid-tier holding companies to pay cash dividends to their MHCs regardless of whether the MHC has a need for the cash dividends or a right to receive the dividends that is comparable to the rights of public stockholders.
4. Adopting a rule that has a negative effect on the ability of MHCs to raise capital is counter-intuitive and counter-productive in the current economic environment. In other words, the Interim Final Rule will diminish the ability of MHCs to raise capital at time when the federal banking regulators are demanding higher capital levels than ever before and banks are having considerable difficulty raising new capital.
5. The Federal Reserve Board’s analysis and concern over potential conflicts of interest in connection with waiving dividends is overstated and the factual basis for this concern should be reconsidered in light of the very limited and tangential ownership rights of mutual members. In any case, assuming there is a potential conflict of interest, it can be resolved in ways that do not harm minority stockholders or the ability of MHCs to pay reasonable dividends to minority stock holders. Depositors, for example, have been and can be advised of the MHC’s intent to waive dividends when they vote on an MHC reorganization.
6. The Federal Reserve’s perceived conflict of interest associated with MHC dividend waivers and minority stockholders benefiting from such waivers also can be resolved readily by requiring that the amount of waived dividends must be earmarked and unavailable for distribution to minority stockholders, and added to any liquidation account created when an MHC converts to stock form. The Federal Reserve Board has included this requirement in its approval orders for MHC reorganizations, and would address any concerns about value being transferred to minority stockholders in the same way that a liquidation account has been used to preserve the mutual interest of a mutual savings bank or association when it converts to stock form in a standard conversion.

7. There is no evidence that any members or depositors have ever been adversely affected by MHCs dividend waivers under the OTS regulations. Instead, the evidence suggests that dividend waivers have helped members and depositors by preserving more capital and allowing their bank to grow and provide additional products and services.

We initially chose the MHC structure to raise an appropriate level of capital to allow for prudent deployment in a safe and sound manner, while continuing to remain an independent community bank, serving the credit and deposit needs of our local customers.

We feel strongly that Northfield MHC should be permitted to continue to waive dividends as it has done every quarter since it began paying dividends in October, 2008, and is explicitly permitted under the Dodd-Frank Act.

Accordingly, we respectfully request that the Federal Reserve Board amend the Interim Final Rule to allow Grandfathered MHCs, as well all other mutual holding companies, to waive the receipt of dividends declared on the common stock of their bank or mid-tier holding company subsidiaries.

Thank you for considering our position set forth in the comment letter, and please do not hesitate to contact me if you have any questions.

Respectfully submitted,

A handwritten signature in cursive script that reads "John W. Alexander".

John W. Alexander, Chairman and
Chief Executive Officer

cc. Steven M. Klein, Chief Operating Office and
Chief Financial Officer
Eric Luse, Esq., Luse Gorman Pomerenk & Schick