



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

SCOTT G. ALVAREZ
GENERAL COUNSEL

September 7, 2016

Brian D. Christiansen, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, D.C. 20005-2111

Dear Mr. Christiansen:

This is in response to your letter, dated August 26, 2016, and received on August 29, to the Federal Reserve Bank of Philadelphia requesting a waiver from an application requirement under section 10(e) of the Home Owners' Loan Act, as amended ("HOLA"),¹ for OceanFirst Financial Corp. ("OCFC"), Toms River, New Jersey, a savings and loan holding company, to acquire Ocean Shore Holding Company ("OSHC"), a savings and loan holding company, and thereby indirectly acquire its wholly-owned subsidiary federal savings association, Ocean City Home Bank ("OCH Bank"), both of Ocean City, New Jersey.

The purpose of the proposed transaction is to facilitate the merger of OCH Bank with and into OCFC's wholly-owned subsidiary federal savings association, OceanFirst Bank, Toms River, New Jersey. The proposed transaction would proceed as follows: (1) Masters Merger Sub Corp., a wholly-owned subsidiary of OCFC formed solely for the purpose of facilitating the transaction, would merge with and into OSHC, with OSHC as the resulting entity; (2) OSHC would merge with and into OCFC, with OCFC as the resulting entity; and (3) OCH Bank would merge with and into OceanFirst Bank, with OceanFirst Bank as the resulting entity. You have represented that the transaction steps would occur simultaneously and on the same business day, and that OCFC would not operate OCH Bank as a separate entity.

Section 10(e)(1)(A) of HOLA and the Board's Regulation LL require the approval of the Board before any savings and loan holding company may acquire direct

¹ 12 U.S.C. § 1467a(e).

or indirect control of a savings association or a savings and loan holding company.² OCFC is acquiring control of OSHC and OCH Bank through the transaction as described above. Accordingly, OCFC would be required to obtain the Board's approval under section 10(e)(1)(A) of HOLA and Regulation LL before acquiring OSHC and OCH Bank.

In certain circumstances, however, in order to avoid duplication of regulatory review by federal banking regulators, the Board's rules provide that a savings and loan holding company seeking to merge with another savings and loan holding company or acquire shares or control of a savings association need not obtain the Board's prior approval. Specifically, 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 ("Bank Merger Act"),³ and meets certain other criteria.⁴ Your proposal meets all of the applicable criteria, and OCFC has provided all necessary information.

The proposed merger of OCH Bank with and into OceanFirst Bank requires the prior approval of the Office of the Comptroller of the Currency ("OCC") under the Bank Merger Act.⁵ In acting on the merger proposal, the OCC must consider the impact the acquisition would have on competition, the financial and managerial resources and future prospects of the combined organization, the convenience and needs of the communities served by OceanFirst Bank and OCH Bank, the institutions' records of performance under the Community Reinvestment Act, and risks to the stability of the United States banking or financial system.⁶ These criteria are substantially similar to the criteria the Board would consider under HOLA.⁷

Additionally, at no time would OSHC or OCH Bank operate as a separate subsidiary of OCFC. Following the transaction, the separate corporate existence of

² 12 U.S.C. § 1467a(e)(1)(A); 12 CFR part 238.

³ 12 U.S.C. § 1828(c).

⁴ 12 CFR 238.12(d)(1).

⁵ 12 U.S.C. § 1828(c). OceanFirst Bank filed a Bank Merger Act application with the OCC dated August 16, 2016, in connection with the proposal. OCFC has provided the Board with a copy of the application.

⁶ 12 U.S.C. §§ 1828(c)(5), 2902(3)(E), 2903(a)(2).

⁷ See 12 U.S.C. § 1467a(e)(2); 12 CFR 238.15.

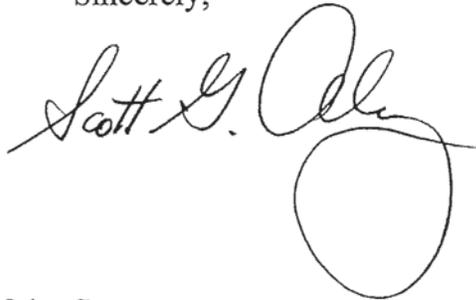
OSHC and OCH Bank would cease, and OceanFirst Bank would continue to operate as a federal savings association. Under these circumstances, review of the transaction under HOLA would be duplicative of the review under the Bank Merger Act.

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

This opinion is based on all the facts and representations presented to Federal Reserve staff. Any material change in those facts or 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 matter, please contact Chris Callanan at (202) 452-3594 or Evans Muzere at (202) 452-2621 of my staff.

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott G. Callanan". The signature is written in black ink and includes a large, circular flourish at the end.

cc: Office of the Comptroller of the Currency