

July 14, 2011

# Mutual Alert



ANOTHER MASS SAVINGS BANK AFFIRMS MUTUALITY. NEWBURYPORT INSTITUTION FOR SAVINGS AMENDS BYLAWS TO PREVENT CONVERSION.

The incorporators of Newburyport, Mass.-based Institution for Savings amended its bylaws for the preservation of its mutual savings bank charter. The Company's incorporators amended two bylaw Articles. Recently appointed president Michael Jones stated in the attached press release that " It is now official that the Institution for Savings will forever remain as a mutual savings bank."

The legal efficacy of this approach which has been described as the "vow of mutuality" may differ with the wording of each bylaw and the type of institution adopting it. In Mass a corporator action is more difficult to overturn since the number of corporators can run in the hundreds but typically approximates 50. In the case of state and federally chartered savings and loan bylaws a simple Board vote can repeal any anti-conversion bylaws. We will continue to weigh the efficacy of this approach and any pitfalls it may involve. Whether it assures mutuality forever may be in the eyes of the beholder and the faithfulness of future Boards and corporators.