



MUTUAL ALERT

Walden Mutual Stock Conversion Limitation Articles

As a follow-up to last Monday's discussion concerning Walden Mutual I have pasted below an excerpt from the Walden Mutual Articles of Incorporation which provide various obstacles to stock conversion that I thought might be of interest. Of course what the Board and corporators can adopt they can repeal. However, in Walden's case, repeal will face a high hurdle. I have also included Article XII which requires a super majority vote of $\frac{3}{4}$ of both the Directors and corporators to amend Article VII.

ARTICLE VII

Conversion from Mutual to Stock Form

The Bank may convert directly from a mutual savings bank to stock form with the approval of (i) three-quarters of the full Board of Directors and (ii) three-quarters of all of the Corporators. The Bank may also reorganize into a mutual holding company structure, provided that the holding company will retain a direct or indirect control of a majority of the voting interest in the Bank, with the approval of (i) a majority of the full Board of Directors and (ii) a majority of all of the Corporators. No Director, officer or Corporator shall receive a benefit from a conversion that is not commonly available to any depositor of the Bank. Any such conversion or reorganization shall require the approval of the Bank Commissioner in accordance with RSA 383-B.

The Board or the Corporators may deny by majority vote any proposal not offered by the Board (i) to terminate the status of the Bank as a mutual organization. (ii) to convert the Bank from mutual to stock form, or (iii) to alter a plan of conversion from mutual to stock cony), without breaching any fiduciary duty or other legal obligation to the depositors.

ARTICLE XII

Amendments to Articles of Incorporation

Except as provided in this Article XII. the Bank shall not amend these Articles of Incorporation without the approval of a majority of the full Board, and then by a majority of all of the Corporators at any annual meeting of the Bank or at a special meeting called for such purpose.

Any amendment of Articles VI, VIII, X and XII shall require approval by two-thirds of the full Board and two-thirds of all of the Corporators. Any amendment of Article VII shall require approval by three-quarters of the full Board and three-quarters of all of the Corporators. Any such amendment shall be compatible with the laws of the State of New Hampshire and must be approved by the New Hampshire Bank Commissioner before it may be effective.

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