



Gloucester County Federal Savings Bank

Robert C. Ahrens
President/CEO

August 30, 2006

Regulation Comments, Chief Counsel's Office
Office of Thrift Supervision
1700 G Street NW
Washington, DC 20552

ATTENTION: NO. 2006-29

Re: Notice of Proposed Rule Making – Stock Benefit Plans in Mutual to Stock Conversions and Mutual Holding Company Structures (12 CFR Parts 563b and 575)

Dear Sir or Madam:

I am writing as the President/CEO of Gloucester County Federal Savings Bank, Sewell, New Jersey, to comment upon the above-referenced rules that apply to the various stock benefit plans implemented by a thrift institution which is in the Mutual Holding Company (MHC) form of organization (the "Proposed Regulations"). Gloucester County Federal Savings Bank is a savings association in the mutual holding company form of organization with no public stockholders, approximately \$340 million of assets and five offices. Gloucester County Federal Savings Bank was originally founded in 1903 and reorganized to the MHC form of organization with no minority public stockholders in 2001. Gateway Community Financial Corp. (the "Corporation"), the stock holding company which owns 100% of Gloucester County Federal Savings Bank, is owned 100% by Gateway Community Financial MHC (the "Mutual Holding Company"), which is owned 100% by the depositor members.

Gloucester County Federal Savings Bank has historically conducted traditional banking operations as a community bank accepting deposits from the local community and investing the deposits primarily in real estate loans [and mortgage backed securities]. Gloucester County Federal Savings Bank has historically operated from a sound financial position as a traditional community mutual thrift institution. The MHC form of organization permits our Stock Holding Company to conduct activities not permitted by the Bank. In addition, our Stock Holding Company can raise capital to grow assets and provide incentive awards to management.

Initially, we note that the proposed rules in most cases simply clarify the rules and operations that have been in existence for federal MHC's since the implementation of the MHC structure for Federal associations during the early 1900's. Gloucester County Federal Savings Bank, as a traditional mutual thrift institution, reorganized as an MHC reorganization in reliance upon these well-established rules.

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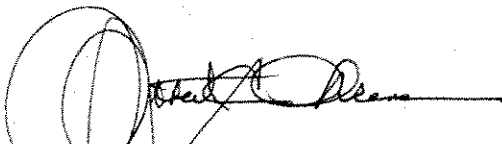
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We are concerned, however, with the proposed regulations, which indicate that a vote of a majority of the minority public stockholders is needed to approve stock benefit plans. We welcome the clarification that stock benefit plans implemented more than one year after the minority stock issuance need the approval of a majority of the outstanding shares, including those of the MHC, which is governed by the owner depositors. However, we question the ability of the OTS to ignore the ownership rights of the depositor owners during the first year after the minority stock issuance, by requiring approval of our benefit plans by the minority stock holders. This ignores the legal ownership rights of the depositors. It is critical that the OTS recognize the ownership rights of the depositor members of a mutual organization. As such, we strongly support regulations which clarify the voting rights of the depositor members one year after a minority stock issuance is all that is needed to approval all proposals, including benefit plans.

We received a copy of a comment letter to the OTS on these proposed regulations dated August 14, 2006 from Lawrence B. Seidman. Mr. Seidman is a well-known stockholder activist that has eliminated many local financial institutions through hostile, mergers. He is one of the reasons that our association and other institutions have remained in the mutual MHC form of organization instead of becoming a stock institution. It has historically been well-established that depositors own mutual institutions; Mr. Seidman's comments have no legal basis and would deprive depositors of the ownership rights of mutual organizations. His comments are purely self-serving, and his proposed changes would severely undermine mutuality and depositor ownership.

In summary, Gloucester County Federal Savings Bank supports the proposed rules, which basically clarify the existing rules governing Federal MHC's during approximately the past fifteen years. The Proposed Regulations, which clarify that the MHC and depositor members have the authority to approval all proposals, including benefit plans after the passage of one year, are in accordance with well-established legal principles governing mutually chartered financial institutions and should be enacted.

Sincerely,



Robert C. Ahrens
President/CEO