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September 23, 2020

Mr. Bill Yeomans, Sr.
Brookline Branch Services
100 Intrepid Lane, Suite 1A
Syracuse, New York 13205

RE: Brookline's Branch Sale/Leaseback

Dear Bill:

Thank you for sending me your material and discussing your sale/leaseback program with me and my team. Since we are very active in bank M&A market and bank strategic planning, we firmly believe that in a post-COVID banking environment, your program has great merit and can apply to a number of our clients. The future function of our branches will change and you program adds flexibility to our clients' planning process.

As we discussed, your business model and the use of the new rules on sale/leasebacks are a vast improvement over my recollections of sale/leasebacks of the 80's before the accounting profession revised the accounting practices. To paraphrase a national accounting firm referring to ASC 842:

> In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (otherwise known as ASC 842). ASC 842 introduced a lessee model that addressed numerous concerns related to the 40-year-old leasing model previously issue.

According to discussions with our CPA and our internal accountants, the pronouncement not only brought many off-balance sheet leases onto the balance sheet, it also clarified FASB's revenue recognition standard. For our purposes and for those of our non-public clients, we found that in those cases where our banks had branches that were too large and needed to be right sized or that had a experienced significant appreciation in the building's value over depreciated book value, your model allows them to recognize significant gains on the sale leaseback of those branches provided they meet the requirements of an independent arms-length transaction, market pricing and the appropriate terms of the lease, to mention a few of the requisite accounting structure issues.

I would be remiss though, if I did not mention that our research and review suggested that the gain recognition is significantly limited for public institutions even though the branch repurposing component of your model is still workable and cost effective. Further, our external CPA and our internal accountants have suggested that when ASU No. 2016-02 is required for non-public companies in 2022, the gain recognition will change for post 2022 transactions.

Nevertheless, subject to the final review and signoff from our clients' independent auditors, once the dust settles on the COVID disruption, we are prepared to recommend a sale/lease back to a number of our clients.

For your files, I have attached a brochure on our company. Please let me know of any material revisions to your program or the lease documents that you utilize in transactions. Last, please provide me a timeline as to the time required to complete a modest sale/leaseback transaction.

Sincerely,

Randy D. Dennis
President

Encl.

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