

OFFICE OF THRIFT SUPERVISION
Approval of Service Corporation Application

Order No. 2000-77

Date: September 1, 2000

CharterBank, West Point, Georgia (Savings Bank) has applied to the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. § 1828(m) and 12 C.F.R. Part 559, to invest in a service corporation, Charter Holdings, Inc. of Georgia (Service Corporation), which will establish a Hawaii chartered reinsurance company, Charter Insurance Company, Inc. (Insurance Company) to reinsure private mortgage insurance on loans originated by the Savings Bank.

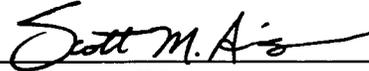
The OTS has considered the application under the standards set forth at 12 U.S.C. § 1464(c)(4)(B) and 12 C.F.R. Part 559. In addition, the OTS has considered the digests prepared by the Southeast Regional Office and the Office of Examination and Supervision, and a legal opinion from the Business Transactions Division (collectively, the Staff Memoranda).

For the reasons set forth in the Staff Memoranda, the OTS has concluded that the establishment of the Service Corporation and the Insurance Company would comply with all applicable statutes and regulations. Accordingly, the application is hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Southeast Regional Director, or his designee (Regional Director):

1. The Savings Bank must obtain prior written clearance from the Regional Director or his designee for any material deviation from the activities, facts or representations described in the application;
2. While the Insurance Company is a subsidiary of the Savings Bank, the portion of reinsurance risk assumed by the Insurance Company must be considered in determining the loan-to-value ratio for loans on the Savings Bank's books for purposes of determining whether such loans exceed the Supervisory Loan-to-Value Limits set forth in the Appendix to 560.101, or whether such loans are "Qualifying mortgage loans" for risk-weighting purposes set forth in Part 567;
3. While the Insurance Company is a subsidiary of the Savings Bank, the Savings Bank, for purposes of calculating the its regulatory capital as provided in 12 C.F.R. § 567.6(a)(2)(i)(C), must treat the amount of the Insurance Company's maximum reinsurance obligation on loans that the Savings Bank has sold as loans sold with recourse; and

4. The Service Corporation and Insurance Company must commence the activities proposed in the application no later than 120 days from the date of this approval order, unless the Regional Director or his designee grants an extension.

By order of the Director of the Office of Thrift Supervision, or her designee, effective



Scott M. Albinson
Managing Director
Office of Supervision