

OFFICE OF THRIFT SUPERVISION

Approval of Service Corporation Application

Order No.: 2000-100

Date: November 22, 2000

Re: Docket No. 2720

First Federal Savings Bank La Crosse-Madison, La Crosse, Wisconsin (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 FF Mortgage Reinsurance, Inc. (Service Corporation), a Vermont chartered, second-tier service corporation which will reinsure private mortgage insurance on loans originated by the Savings Bank. (The foregoing is referred to as the Application).

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 digest prepared by the Central Regional Office, an analysis by the Office of Examination and Supervision, and a legal opinion by the Business Transactions Division (collectively, the Staff Memoranda). For the reasons set forth in the Staff Memoranda, the OTS finds that the Application satisfies the applicable approval standards, provided that the conditions set forth below are complied with in a manner satisfactory to the Central Regional Director, or his designee (Regional Director). Accordingly, the Application is hereby approved, subject to the following conditions:

1. The Service Corporation must commence the activities proposed in the Application within one hundred and twenty (120) calendar days from the date of this Order. This time period may be extended for up to 120 calendar days, for good cause, by the Regional Director;
2. The Savings Bank must obtain prior written clearance from the Regional Director prior to approving any material deviation from the activities, facts, representations or level of investment in the Service Corporation described in the Application;
3. While the Service Corporation is a subsidiary of the Savings Bank, the portion of reinsurance risk assumed by the Service Corporation must be considered: (i) 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 12 C.F.R. § 560.101, and (ii) in determining whether such loans are "Qualifying Mortgage Loans" for risk-weighting purposes set forth in 12 C.F.R. Part 567; and

4. While the Service Corporation is a subsidiary of the Savings Bank, the Savings Bank, for purposes of calculating its regulatory capital as provided in 12 C.F.R. § 567.6(a)(2)(i)(C), must treat the amount of the Service Corporation's maximum reinsurance obligation on loans that the Savings Bank has sold as loans sold with recourse.

By order of the Director of the Office of Thrift Supervision, or her designee, effective November 22, 2000.



Scott M. Albinson
Managing Director
Office of Supervision