



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Conditional Approval #237
May 1997

April 14, 1997

Mr. Gary A. Lax, P.C.
Silver, Freedman & Taff, L.L.P.
1100 New York Avenue, NW
Washington, DC 20005-3934

Re: Notice from First Federal Savings and Loan Association of Wooster, Wooster, Ohio,
to convert to a national banking association
Application Control Number: 97-CE-01-0010

Dear Mr. Lax:

The Office of the Comptroller of the Currency (OCC) has reviewed the February 13, 1997 request of First Federal Savings and Loan Association of Wooster, Wooster, Ohio, to convert to a national bank. After a thorough review of all information available, we found that the thrift's request meets the requirements for preliminary approval to convert to a national banking association as follows:

Title: FirstFederal Bank, National Association

Location: 135 East Liberty Street
Wooster, Ohio

In connection with the conversion, the OCC approves FirstFederal Bank's retention of the following operating subsidiaries that are involved in the specific activities discussed below. These activities are permissible for national banks:

First Federal Mortgage Services, Inc. -- Acts as a mortgage loan production office.

Professional Appraisal Services Corp -- Engages in real estate appraising for the bank and other lenders, including depository institutions and insurance companies.

FirstFed Corp -- Issues securities backed by pools of manufactured housing loans to third-parties in the secondary market. The manufactured housing loans will be originated by the bank.

First Federal Capital Corporation I -- An inactive subsidiary that used to be a special purpose finance company.

Venture Mortgage Corp -- Owns a 50% interest in American Federal Mortgage Company (American). American operates as a residential mortgage broker in Mansfield, Ohio. FirstFederal Bank's retention of Venture Mortgage Corp is subject to the following conditions:

1. American will engage only in activities that are part of, or incidental to, the business of banking;
2. FirstFederal Bank will have veto power over any activities and major decisions of American that are inconsistent with condition number one, or will withdraw from American in the event it engages in an activity that is inconsistent with condition number one;
3. FirstFederal Bank will account for the investment in American under the equity method of accounting; and,
4. American will be subject to OCC supervision, regulation, and examination.

Please be advised that these conditions are deemed to be “conditions imposed in writing by the agency in connection with the granting of any application or other request” within the meaning of 12 U.S.C. § 1818.

H.F.S. Agency, Inc. -- As a general insurance agency, engages in the sale of life, accident and health insurance. The agency also sells variable and fixed rate annuities with its primary business in the sale of tax deferred annuities. Approval to retain this operating subsidiary is based on FirstFederal Bank's representations that it will relocate the operating subsidiary to Loudonville, Ohio, a town with a population of less than 5,000 and where the bank operates a branch office.

Home Financial Services Corporation -- Provides, through a third-party provider, INVEST Financial Corporation, securities brokerage and investment advisory services on the thrift's premises.

FirstFederal Bank, H.F.S. Agency, Inc. and Home Financial Services Corporation should be mindful of the Interagency Statement on Retail Sales of Nondeposit Investment Products, dated February 15, 1994, which provides guidance to banks and their operating subsidiaries on the

sale of retail nondeposit investment products. In addition, the bank and the appropriate subsidiaries should be familiar with the OCC's Advisory Letter, AL 96-8, dated October 8, 1996, and Interpretive Letter 753, dated November 4, 1996, a copy of the letters are enclosed. The Advisory Letter and Interpretive Letter provide guidance to national banks on insurance and annuity sales activities. The OCC expects the bank and its operating subsidiaries to comply with the Interpretive Letter, Advisory Letter and Interagency Statement, as well as applicable national banking laws, rules, and regulations.

These operating subsidiaries are subject to and must be operated within the constraints of all national banking laws, rulings, and regulations. FirstFederal is reminded that it must obtain the OCC's prior approval, if appropriate, before any of its operating subsidiaries can engage in any new activities consistent with 12 CFR 5.34.

These approvals are granted based on a review of all information available, including representations made by you and your representatives in the applications, subsequent correspondence and telephone conversations. In addition, FirstFederal must comply with the following requirements upon converting to a national bank:

1. FirstFederal Bank must maintain the liquidation account that was established as a result of its conversion from a mutual to a stock form of ownership.
2. If a director, officer, employee or principal shareholder of the bank (including an entity in which such person owns an interest of 10% or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan made by the bank.
3. FirstFederal Bank has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) System. If, at any time, FirstFederal Bank ceases to be a member of FHLB System, it must use its best efforts, including contacting the appropriate Federal Home Loan Bank and/or the Federal Housing Finance Board, to dispose of any stock in the FHLB. The OCC will consider this stock a nonconforming asset for any period that FirstFederal Bank is not a member of the FHLB System.

Prior to or as of the date of the conversion:

1. FirstFederal Bank must obtain any other required regulatory approvals.
2. Directors must own qualifying shares in conformance with 12 U.S.C. 72 and 12 CFR 7.2005.
3. The institution must apply for membership in the Federal Reserve Bank in accordance with 12 CFR 209, if applicable.
4. The institution must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which list four factors the directors should consider to determine adequacy.
5. The board of directors must adopt and have in place policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure bank compliance with them. The minimum policies and procedures applicable to a national bank are enclosed.

Upon completion of the above procedures, please submit to the Central District Office a letter certifying that you have completed all steps required to convert to a national banking association. Your notification should include the following documents as attachments if they have not already been submitted: A Secretary's Certificate certifying shareholder approval of the proposed conversion; Articles of Association; Bylaws; Organization Certificate properly signed and executed; Oath(s) of directors; List of directors; and Certification that you have applied for membership in the Federal Reserve System in accordance with 12 CFR 209.

When the institution has satisfactorily completed all of the above steps, the OCC will issue a letter officially authorizing the institution to commence business as a national banking association. At that time, you will receive the charter certificate.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

If the conversion is not consummated within six months from the date of this decision, the preliminary approval will be withdrawn, unless the OCC grants an extension of the time period.

Mr. Gary A. Lax
First Federal Savings and Loan Association of Wooster
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If you have any questions, please contact me or NBE/Senior Bank Structure Analyst Stephen A. Lybarger at (202) 874-5060 or National Bank Examiner Travis W. Wilbert in our Central District Office at (312) 360-8850.

Sincerely,

/s/

Troy L. Dixon
Director for Corporate Activity
Bank Organization & Structure

Enclosures: Minimum Policies and Procedures
Advisory Letter 96-8
Interpretive Letter 753