

OFFICE OF THRIFT SUPERVISION

**APPROVAL OF AN APPLICATION FOR CONVERSION TO
FEDERAL SAVINGS BANK CHARTER**

Order No.: 2001-74
Date: December 3, 2001
Docket No.: 17873

Citizens Community Federal Credit Union, Eau Claire, Wisconsin (the Credit Union), seeks approval of the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1464(e) and 12 C.F.R. §§ 543.8 and 543.9 for permission to convert from a federally chartered, mutual credit union to a federally chartered, mutual savings bank to be known as Citizens Community Federal (the Savings Bank). The Savings Bank will be a member of the Savings Association Insurance Fund.

The Savings Bank requests that it be permitted to phase into compliance with the consumer loan limitation requirements set forth in 12 U.S.C. § 1464(c)(2)(D) for a period of two years from completion of the conversion. The requested exception would permit the Savings Bank to reinvest prudently in non-consumer loans without undue risk or raising substantial safety and soundness concerns.

OTS has considered the application and the request for a two year phase-in to the consumer loan limitation requirements of 12 U.S.C. § 1464(c)(2)(D), under the factors set forth in 12 U.S.C. § 1464(e) and 12 C.F.R. §§ 543.2(g)(1), 543.8 and 543.9. In addition, OTS has considered a digest from the Central Regional Office, an analysis prepared by the Office of Examination Policy, and a legal opinion from the Business Transactions Division (collectively, the Staff Memoranda). For the reasons set forth in the Staff Memoranda, OTS has determined that the application satisfies all applicable statutory and regulatory criteria, and that there is an adequate basis to grant the phase-in period for section 5(c)(2)(D) of the HOLA, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee (Regional Director). Accordingly, the application is hereby approved, and the requested phase-in period granted, subject to the following conditions:

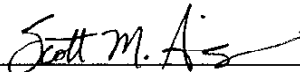
1. The Credit Union and the Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Central Regional Office;
2. The proposed transaction must be consummated within 120 calendar days of the date of this approval order;

3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officer of the Credit Union must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Credit Union as disclosed in the application, including but not limited to directors, shareholders, or the business plan. If additional information having a material adverse bearing on any feature of the application is brought to the attention of the Credit Union or OTS since the date of the financial statements submitted with the application, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;
4. The Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the consummation of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the application and this Order;
5. Within 5 calendar days after the effective date of the proposed transaction, the Savings Bank must submit written certification to the Regional Director confirming that the issues identified in the OTS eligibility examination have been addressed or outline a timeline when they will be addressed;
6. The Savings Bank must operate within the parameters of its business plan. The Savings Bank must submit any proposed major deviations or material changes from the plan for the prior written non-objection of the Regional Director. The Savings Bank must submit the request for a change at least 60 calendar days before the proposed change is to be implemented, with a copy to the FDIC Regional Office;
7. The Savings Bank must submit quarterly variance reports depicting the Savings Bank's operations versus the submitted business plan to the Regional Director within 45 days of the end of each quarter for the first three years following the consummation of the transaction;
8. The Savings Bank must submit annual independent audit reports to the Regional Director for its first three fiscal years. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4; and

9. The Savings Bank must withdraw its capital account with the Wisconsin Central Credit Union as soon as practicable, but no later than 3 years after the consummation of the transaction. The Savings Bank must also withdraw its deposit with the National Credit Union Share Insurance Fund as soon as possible after consummation of the transaction. The Savings Bank must submit satisfactory evidence to the Regional Director upon the withdrawal of these accounts.

Any time period specified herein may be extended by the Regional Director, for good cause, for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or her designee, effective
December 3, 2001.



Scott M. Albinson
Managing Director
Office of Supervision