

OFFICE OF THRIFT SUPERVISION

APPLICATION FOR THE ISSUANCE OF SUBORDINATED DEBT SECURITIES

PAPERWORK REDUCTION ACT STATEMENT

The Office of Thrift Supervision (OTS) will use this information to evaluate the eligibility of the applicants to issue subordinated debt in light of the regulatory criteria.

Collection of the information is mandatory for savings associations as required by 12 C.F.R. § 563.81 of the OTS regulations.

Public reporting burden for this collection of information is estimated to average 60 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. If a valid OMB Control Number does not appear on this form, you are not required to complete this form. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Examination Policy, Office of Thrift Supervision, 1700 G Street N.W., Washington, DC 20552; and to the Office of Management and Budget, Paperwork Reduction Project (1550-0030), Washington, DC 20503.

Docket No. _____

OFFICE OF THRIFT SUPERVISION

APPLICATION FOR THE ISSUANCE OF SUBORDINATED DEBT SECURITIES

Application pursuant to 12 C.F.R. § 563.81 for the issuance of subordinated debt securities by savings associations.

(Legal name of applicant and OTS docket number)

(Address of home office)

(Zip Code)

(Name and address of person to whom communications are to be sent)

GENERAL INSTRUCTIONS

1. Preparation of Application

- (a) Completion Under Item Captions; No Riders. This form is not a blank to be filled in, but should be used as a guide in the preparation of the application. When properly completed, the application should convey to the reader the coverage of the items contained herein without the need for referring to the text of the items or the instructions thereto. Each answer shall be furnished under the applicable numbered item and caption, and all parts of each item shall be answered. If the answer to an item is "none" or "not applicable," that should be indicated expressly. Where any item requires information to be given in tabular form, it shall be given in substantially the tabular form specified herein. The text and all instructions shall be omitted from the application and no riders shall be used.
- (b) SUBSTANTIALLY COMPLETE. ANY APPLICATION NOT PREPARED SUBSTANTIALLY IN ACCORDANCE WITH 12 C.F.R. § 563.81 AND THE REQUIREMENTS OF THIS APPLICATION FORM MAY BE RETURNED BY THE OTS WITHOUT PROCESSING. 12 C.F.R. §563.81 SHOULD BE CAREFULLY REVIEWED PRIOR TO COMPLETING THIS APPLICATION.

2. Requirements as to Paper and Printing

- (a) Paper. The application shall be filed on good quality, unglazed, white paper 8 1/2 inches in width and 11 inches in length, insofar as practicable. Tables, charts, and financial statements, however, may be submitted on larger paper, if folded to that size.
- (b) Printing. The application, insofar as practicable, and all papers and documents filed as a part thereof, shall be printed, lithographed, mimeographed, or typewritten. The application or any portion thereof, however, may be prepared by any similar process, which, in the opinion of the OTS, produces copies suitable for a permanent record. Irrespective of the process used, all copies of any such material shall be clear and easily readable. Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on photocopies.

3. Number of Copies -- Signatures -- Binding

- (a) Number of Copies; Signatures. Three complete copies of the application, including exhibits and all other papers and documents filed as a part thereof, shall be filed with OTS addressed to the Regional Director at the region in which the home office of the applicant is located. At least one copy of the application filed with the Regional Director shall be manually signed in the manner prescribed by the signature page of the application. Unsigned copies shall be conformed (i.e., photocopies of the signed original). Two additional conformed copies shall be filed with the Applications Filing Room, OTS 1700 G Street, N.W., Washington, DC 20552 if the application raises significant issues of law or policy.
- (b) Binding. Each copy of the application filed shall be bound in one or more parts, without stiff covers. The application shall be bound on the left side in such a manner as to leave the reading matter legible.

4. Amendments

All amendments shall be filed under cover of this form, shall be clearly identified as amendments, numbered consecutively, and shall comply with all pertinent requirements for such applications, including the signature page.

5. Additional Information

In addition to the information expressly required to be included in the application, there shall be added such further material information, if any, as may be necessary to make the required statements not misleading, in light of the circumstances under which they are made.

6. Limited Incorporated by Reference

Only material submitted in answer to another item of this application or in an exhibit hereto may be incorporated by reference in answer or partial answer to any item of the application. Material incorporated by reference shall be clearly identified in the reference and an express statement that the specified material is incorporated by reference shall be made at the particular place in the application where the information is required. Material shall not be incorporated by reference in any case where such incorporation would render the statement incomplete, unclear, or confusing.

7. Confidential Information

- (a) This application (including the financial statements and exhibits) shall be available for public inspection pursuant to the provisions of the Freedom of Information Act, 5 U.S.C. § 552, and 12 C.F.R Part 505 Subchapter A, and the procedures specific in paragraph (b), below, unless OTS determines that grounds exist under the above provisions to deny disclosure of the application to the public.
- (b) Any applicant may request confidential treatment under the above provisions to information in any portion of the application for reasons of personal privacy, business confidentiality, or any other reason permitted by Federal law. You must submit your request in writing with your application and must explain in detail how your request is consistent with the standards under the Freedom of Information Act (5 U.S.C. 552) and 12 C.F.R. Part 505. Failure to identify specifically either the information for which confidential treatment is being sought or the reasons under the above laws for such confidential treatment may constitute a basis for denial of the request. In addition, any applicant requesting confidential treatment should take all reasonable steps to ensure, as nearly as practicable, that at the time of filing any information for which confidential treatment has been requested, that such information is segregated physically from information for which confidential, treatment has not been requested and is appropriately marked as confidential, either by prominent stamp, legend, or other notice, or by a prominently marked cover sheet attached securely to the information, if individual marking of each page is not practicable under the circumstances. A determination on the validity of any such request will be made upon the receipt by the OTS of a request for disclosure of the information under the Freedom of Information Act or, in the discretion of the OTS, at any time prior thereto. The OTS will provide the applicant with five business days notice of any

determination to release to the public information for which confidential treatment has been properly requested in accordance with the foregoing procedures.

It should be understood that although sections of the application may be considered "confidential" with respect to their availability for public inspection, the OTS may comment on such confidential submissions, to the extent it deems necessary, in any public statement made in connection with its decision on this application, and may do so without prior notice to the applicant.

8. Definitions

Applicants should refer to 12 C.F.R. § 563.81 and 12 C.F.R. Part 561, which contain requirements and definitions of various terms used in this application. The following additional definitions also apply to terms used in this application:

- (a) Insider. The term "insider" means, with respect to the applicant, (i) any director, officer, or controlling person of the applicant (including any close relative of any such person), or (ii) any entity in which a director, officer, or controlling person of the applicant (including a close relative of any such persons) individually or as a group has a material direct or indirect financial interest, or (iii) any entity of which a director, officer, or controlling person of the applicant (including a close relative of any such persons) is a director, officer, controlling person, general partner, or trustee. A material direct or indirect financial interest in an entity will be deemed to exist, with respect to any of such persons individually, if the investment in the entity (including the investment of a close relative or such person) represents five percent or more of such person's total net worth or ten percent or more of the voting stock of a corporation, or the capital of a partnership, or the beneficial interests in a trust. A material direct or indirect financial interest in an entity for all of such persons as a group (including close relatives of any of such persons) will be deemed to exist if the aggregate investment of all such persons represents twenty-five percent or more of the voting stock of a corporation, or the capital of a partnership, or the beneficial interests in a trust. An indirect financial interest includes an investment through a subsidiary.
- (b) Close relative. The term "close relative" of a person means such person's spouse or a relative by blood, marriage, or adoption who is a father, mother, brother, sister, son or daughter, of such person, or is such a relative of such person's spouse.
- (c) Long-term. The term "long-term" with respect to a debt security means any debt security that at the time of issuance has a maturity of one year or more. With respect to a lease obligation, the term means any lease that has an expiration date of one year or more, as of the date the information is being supplied.
- (d) Significant subsidiary. The term "significant subsidiary" means a subsidiary, or a subsidiary and its subsidiaries, that meet any of the conditions described below based on the most recent annual financial statements, including consolidated financial statements, of such subsidiary that would be required to be filed if such subsidiary were an applicant, and the most recent annual consolidated financial statements of the applicant being filed:
 - (i) The applicant's and the applicant's other subsidiaries' investments in and advances to the subsidiary exceed ten percent of the total assets of the applicant and its consolidated subsidiaries, after intercompany eliminations;

- (ii) The applicant's and the applicant's other subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the subsidiary exceed ten percent of the total assets of the applicant and its consolidated subsidiaries.
- (iii) The applicant's and the applicant's other subsidiaries' equity in the income from continuing operations (after intracompany eliminations) before income taxes, extraordinary items, and the cumulative effect of a change in accounting principle of the subsidiary, exceeds ten percent of such income of the applicant and its consolidated subsidiaries.

Item 1. Summary of Terms

- (a) State the title, maturity, minimum denomination, and maximum principal amount of the securities covered by this application, and whether the securities include any conversion features, or whether any warrants are being issued in connection with the subordinated debt securities. Provide a complete description of any such conversion features or warrants.
- (b) State the purchase price as a percentage of the principle amount and the interest rate. If the purchase price or interest rate has not yet been determined, so indicate and state the minimum and maximum purchase prices and interest rates.
- (c) If the securities are to be issued at a discount or premium, state the current yield and the yield to maturity.

Item 2. Use of Proceeds and Reasons for Issuance.

- (a) A minimum three-year projection, which adequately demonstrates the specific use of the funds should be submitted. Details of specific types of investments should be included.
- (b) If the net cash proceeds are to be used to refinance existing long-term debt, state the date and purpose of that debt's issuance and the original principal amount, the amount presently outstanding, and the amount to be refunded of that debt.
- (c) If the net cash proceeds, or any portion thereof, are to be used to retire or otherwise repurchase the equity securities of the applicant, state the amount of such repurchase and the reasons for the repurchase.

Item 3. Capital.

Attach schedule CCR from the applicants most recent Quarterly Thrift Financial Report. In a separate schedule provide the calculation of applicant's fully phased-in capital requirement, as of the date of submission of the application and on a pro forma basis.

In addition, applicant should provide a listing of all outstanding subordinated debt and the amortization of that debt including the proposed issuance and its effect on capital.

Item 4. Guarantee of Insurance.

If the payment of the principal, interest, or premium, if any, on securities covered by this application is to be directly or indirectly guaranteed or insured, briefly describe the material terms of the guarantee or insurance, including the name of the guarantor or insurer, the cost and extent of the guarantee or insurance, and the nature of any affiliation of the insurer or guarantor to the applicant or to any insider of the applicant.

Item 5. Distribution.

- (a) State the names and addresses of the proposed purchasers of the securities covered by this application, if known, and if the purchasers are institutional investors, so indicate. If the identity of the purchasers has not been determined, indicate the type of purchasers to whom offers have been or will be made. State whether any securities covered by this application have been offered or issued, or are proposed to be offered or issued, either directly or indirectly through an underwriter or otherwise, to an institution whose accounts are insured by the FDIC or any corporate affiliate thereof, or to a Federal Home Loan Bank.
- (b) If any insider of the applicant proposes to purchase the securities, directly or indirectly, state the name, position, nature of control, and amount of the proposed purchase by such insider, and set forth information showing that the terms of such purchase are fair to the applicant.
- (c) State the name and address of each investment banker or other agent for the applicant involved in the offering of the securities.
- (d) Describe generally the method and principal terms of distribution of the securities.

Item 6. Fees, Commissions and Other Expenses.

- (a) Set forth in substantially the tabular form indicated below the following expense information (if estimated, use maximum amount and so indicate).

Accounting	\$
Legal	\$
Printing/Engraving	\$
Investment banker or other offering agent	
- Commission or fee expense	\$
- Underwriting discount	\$
- Expense reimbursement	\$
Insurance or guarantee fee	\$
Other (showing separately any type of expense exceeding \$5,000)	\$ _____
Total	\$ _____

- (b) If any of the above expense items are to be paid directly or indirectly to any insider of the applicant, set forth the material facts concerning the payment (including name, position, nature of control, type of service, and amount of payment).

Item 7. Compensating Balances.

If a purchaser is a commercial bank or other depository institution, state any noninterest-bearing balance that the applicant (including its service corporations or other subsidiaries) maintains or proposes to maintain with such purchaser. Also, describe any agreement or understanding, written or oral, between the applicant and any purchaser pursuant to which a compensating balance (or similar arrangement) is to be maintained by the applicant (including its service corporations or other subsidiaries) in connection with the issuance of the securities covered by this application, or pursuant to which the applicant is to lend funds to, or engage in any other transactions with, or arranged by, the purchaser or parties designated by the purchaser.

Item 8. Debt Service Requirements.

Furnish a cash projection schedule for the current fiscal year and the next four fiscal years. List the maturities and debt service requirements for the securities covered by this application and all long-term and short-term debt of the applicant (excluding savings accounts, and any debt to be refunded out of the proceeds from the sale of such securities) outstanding and to be outstanding, and state the source of funds to be used in servicing such debt requirements.

Instruction. If consolidated financial statements of the applicant are filed as part of this application, debt service requirements shall be furnished on a consolidated basis and need not also be furnished on a nonconsolidated basis, unless nonconsolidated financial statements of the applicant are also filed as part of the application.

Item 9. Amortization of Debt Discount.

State the method to be used to amortize any debt discount and other expenses related to the issuance of the securities covered by this application. If any method other than interest level yield is used, furnish an amortization schedule. State the extent, if any, to which the amount of the issuance to be included in capital includes amounts attributable to underwriters' discounts or expenses of the offering.

Item 10. State Approval.

If the applicant is state-chartered, describe the nature and extent of any state approval required for the issuance of the securities covered by this application. If such approval is required, describe the action taken or proposed to be taken by the state supervisory agency.

Item 11. Sinking Fund Payments, Other Prepayments or Reserve Requirements, Compliance with Section 563.81(d)(2).

Furnish information to show that the total of all required sinking fund payments, other required prepayments and required reserve allocations to be made during the first six years the securities covered by this application are to be outstanding will comply with Section 563.81(d)(2). The information should be presented in the following tabular form, with textual explanations and descriptions where necessary.

<u>Year</u>	<u>Prepayment Amounts Permitted by § 563.81(d)(2)</u>	<u>Scheduled Prepayments of Applicant</u>
1	\$ _____	\$ _____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____
6	_____	_____

Item 12. Offering Circular or Private Placement Memorandum.

State whether the offer or sale of the securities is to be or has been accompanied or preceded by an offering circular that complies with 12 C.F.R. Part 563g, and if not, identify the exemption under Part 563g pursuant to which the securities will be or were offered or sold and submit an opinion of counsel supporting the claimed exemption. If an offering circular for the offer or sale of the securities covered by this application is required pursuant to Part 563g, the applicant shall file copies of such offering circular directly with the Corporate and Securities Division, Chief Counsel, Office of Thrift Supervision, as provided by Part 563g. No final offering circular shall be furnished to purchasers unless it has been declared effective pursuant to Part 563g prior to its use.

Item 13. Financial Statements.

List all financial statements filed as part of this application.

Instructions to Financial Statements

These instructions specify the financial statements required to be filed as a part of this application. All financial information shall be derived from the most recent Quarterly Thrift Financial Report filed with the OTS and should be reported in accordance with GAAP.

1. CONSOLIDATED STATEMENTS (to be filed unless the applicant has no consolidated subsidiaries).
 - (a) Consolidated Statements of Financial Condition of the Applicant. (i) Furnish a certified consolidated statement of financial condition as of the close of the applicant's latest fiscal year. (ii) If the statement furnished under (i) is in excess of 135 days from the date of filing, furnish an additional consolidated statement of financial condition as of a date within 135 days of such filing. This additional statement need not be certified.
 - (b) Consolidated Statements of Operations and Statements of Stockholders Equity. Furnish in comparative columnar form consolidated statements of operations and consolidated statements of stockholders' equity (retained earnings if a mutual) of the applicant (i) for each of the three fiscal years preceding the date of the consolidated statement of financial condition filed under paragraph (a), and (ii) for the period, if any, between the close of the latest of such fiscal years and the date of the latest consolidated statement of financial condition filed under paragraph (a). Furnish a consolidated statement of operations for the period comparable to (a)(ii) in the immediately preceding fiscal year. Statements for the three fiscal year shall be certified.
 - (c) Consolidated Statements of Income and Changes in Financial Position. Furnish certified consolidated statements of income and changes in financial position (i) for each of the three fiscal years preceding the date of the latest consolidated statement of financial condition filed under paragraph (a) and (ii) for the period, if any, between the close of the latest of such fiscal years and the date of the latest consolidated statement of financial conditions filed under paragraph (a).

2. UNCONSOLIDATED STATEMENTS OF CERTAIN APPLICATIONS
 - (a) Unconsolidated Statements Required. Except as provided in the following paragraph, furnish the individual financial statements of the applicant on a nonconsolidated basis for the same periods and as of the same dates as required for the consolidated statements by Instruction 1.
 - (b) Omission of Unconsolidated Statements in Certain Cases. Notwithstanding paragraph (a), the individual financial statements of the applicant on a nonconsolidated basis may be omitted if all of the conditions specified below are met and OTS is furnished information to such effect:
 - (i) the applicant's total assets, exclusive of investments in and advances to consolidated subsidiaries, constitute 90 percent or more of the total assets shown at each date at which a consolidated statement of financial condition is filed;
 - (ii) the applicant's total gross revenues, exclusive of interests and dividends received from the consolidated subsidiaries, constitute 90 percent or more of the total gross revenues shown for each of the periods for which consolidated statements of operations are filed;

- (iii) the applicant's net income, exclusive of the income of consolidated subsidiaries, constitutes 90 percent or more of the net income shown for each of the periods for which consolidated statements of operations are filed; and
- (iv) the applicant is required to file consolidated statements under Instruction 1.

3. UNCONSOLIDATED SUBSIDIARIES

- (a) Unconsolidated Majority-Owned Subsidiaries. There shall be set forth for each majority-owned subsidiary of the applicant not consolidated, the financial statements that would be required if such subsidiary were itself an applicant. Insofar as practicable, these financial statements shall be as of the same dates or for the same periods as those of the applicant or appropriate group statements.
- (b) Fifty-Percent-Owned Persons and Other Persons. If the applicant owns directly or indirectly approximately 50 percent of the voting securities of any person and approximately 50 percent of the voting securities of such person is owned directly or indirectly by another single interest, or if the applicant takes up the equity in undistributed earnings of any other unconsolidated person, there shall be set forth for each person the financial statements that would be required if it were an applicant or appropriate group statements. The statements set forth for each person shall identify the other single interest, or other interests in any person operated jointly.
- (c) Omission of Statements. Notwithstanding paragraphs (a) and (b), there may be omitted all financial statements of any one or more persons if all such subsidiaries or 50-percent-owned persons or other persons if all such subsidiaries and 50-percent-owned and other persons for which statements are so omitted, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Item 14. Exhibits.

List all exhibits filed as part of this application. Exhibits shall be appropriately lettered or numbered for convenient reference. Copies of signed exhibits shall be conformed (i.e., photocopies of the signed original). The following exhibits shall be filed as part of this application (if any exhibit requirement is not applicable, so state and indicate why it is not applicable):

1. Applicant's charter, as now in effect, certified by the secretary of the applicant. If the applicant is a Federal association, the applicant need only specify the type of charter issued.
2. Applicant's by-laws, as now in effect, certified by the secretary of the applicant.
3. Resolutions adopted by the board of directors of applicant authorizing the issuance of the securities in accordance with the terms set forth in this application, certified by the secretary of the applicant.
4. Cross reference sheet specifying, by page number and section or paragraph, the location of the provisions in the form of the securities, related purchase agreement, or indenture that are intended to satisfy the requirements as to securities of 12 C.F.R. § 563.81(d).
5. Form of the securities covered by this application, including any related purchase agreement.

If the securities covered by this application are being issued pursuant to an indenture, the applicant should state whether the indenture would qualify under the Trust Indenture Act 1939, if not, indicate what provisions of the indenture would not qualify under the Trust Indenture Act of 1939.

6. Any guarantee of insurance agreement described in Item 4.
7. Any distribution agreement, including any underwriting agreements, described in Item 5.
8. Any compensating balance agreement or other arrangement described in Item 7.
9. Any state approval described in Item 10.
10. Any offering circular or private placement memorandum to be furnished to prospective investors under Item 13.
11. A copy of the applicant's most recent annual audit report.
12. An opinion of counsel for the applicant substantially as follows (which opinion shall state that such counsel has reviewed this application, including all exhibits and amendments):
 - (a) The issuance of the securities covered by this application by the applicant is authorized by applicable law and regulation and is not inconsistent with any provision of the applicant's charter or by-laws (required only if the applicant is state-chartered), or any other agreement known to such counsel to which the applicant, one of its service corporations, or holding company is a party;
 - (b) The issuance of the securities has been duly authorized by the board of directors of the applicant, and upon issuance the securities will be validly issued and constitute binding obligations of the applicant in accordance with their terms;
 - (c) The form of securities and related purchase agreement comply with the requirements as to securities set forth in 12 C.F.R. § 563.81(d)(1);
 - (d) With regard to any part of the offering circular or private placement memorandum not purporting to be made on the authority of an expert, that such counsel has made reasonable investigation and, on the basis of that investigation, had reasonable grounds to believe and did believe that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Such an opinion need not cover financial statements.
 - (e) The securities were offered and sold in compliance with 12 C.F.R. Part 563g or pursuant to a valid exemption therefrom.
13. Other exhibits deemed material by applicant or OTS.

Item 15. Undertakings.

The following undertakings shall be included in this application:

- (a) The applicant agrees to deliver, upon written request to the applicant, to each purchaser of the securities prior to consummation of the sale a copy of this application (excluding any portion or exhibit accorded confidential treatment by the OTS). If the securities covered by this application are to be offered by means of an offering circular, the applicant, in lieu of an

- undertaking to deliver to each purchaser a copy of the application, may undertake to state in the offering circular that copies of the application (excluding any portion or exhibit accorded confidential treatment by the OTS) will be furnished to prospective purchasers free of charge.
- (b) The applicant agrees to file a post-approval amendment within 30 days after approval of this application by the OTS describing action taken to comply with each condition set forth in such approval.
 - (c) The applicant agrees to file a post-approval amendment within 30 days after consummation of the sale of the securities covered by this application stating (i) the total principal amount of the securities sold and the net cash proceeds to the applicant; (ii) the actual purchase price and interest rate if such price and rate were not set forth in Item 1; (iii) copies of the securities covered by this application in the form issued by the application.

SIGNATURES

Pursuant to the requirements of Section 563.81 of the OTS Regulations, the applicant has duly caused this application to be signed on its behalf by the undersigned duly authorized.

(Name of Applicant)

The undersigned principal executive or principal financial officer of the applicant acknowledges and certifies that he has carefully reviewed the information contained in this application (including financial statements and exhibits) and that such information is true, correct, and complete to the best of his knowledge and belief.

(Signature)

(Name)

(Title)

Date: _____