

OFFICE OF THRIFT SUPERVISION

**Approval of Application for Permission to
Organize a Federal Savings Bank and
Holding Company Acquisition**

Order No.: 2001-32

Date: May 11, 2001

Re: OTS Nos. 17528 and H-3691

Community FSB Holding Company, Woodhaven, New York (the Holding Company) has applied for approval of the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e) and 12 C.F.R. §§ 552.2-1 and 574.3 for permission to organize and acquire Community Federal Savings Bank, Woodhaven, New York (the Savings Bank). (The foregoing are collectively referred to as the Applications.)

OTS has considered the Applications under the standards set forth in 12 U.S.C. §§ 1464(e) and 1467a(e) and 12 C.F.R. §§ 543.3, 552.2-1, 574.4 and 574.7, and other applicable statutes and regulations. OTS also has considered the Applications under the Community Reinvestment Act, 12 U.S.C. §§ 2901 *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, OTS has considered a digest by the OTS Northeast Regional Office, an analysis by 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 Applications satisfy all applicable statutory and regulatory criteria, with the exception of 12 C.F.R. § 543.3(d)(2) as it pertains to the composition of the Holding Company's board of directors, provided that the conditions set forth below are complied with in a manner satisfactory to the Northeast Regional Director, or his designee (Regional Director).

OTS regulations, at 12 C.F.R. § 500.30(a), provide that OTS may, for good cause and to the extent permitted by statute, waive the applicability of any provision of 12 C.F.R. Chapter V. The provisions of 12 C.F.R. § 543.3(d)(2) are not set forth in any statute. For the reasons set forth in the Staff Memoranda, OTS finds that there is good cause for waiving 12 C.F.R. § 543.3(d)(2) as it pertains to the composition of the Holding Company's board of directors, and hereby grants a waiver.

Accordingly, the Applications are hereby approved, subject to the following conditions:

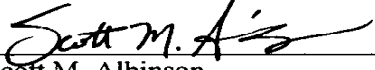
1. The Savings Bank and the Holding Company must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Director;

2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order;
3. On the business day prior to the consummation of the proposed transaction, the chief financial officers of the Holding Company and the Savings Bank 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 Holding Company and the Savings Bank as disclosed in the Applications. If additional information having an adverse bearing on any feature of the Applications is brought to the attention of the Holding Company, the Savings Bank or OTS since the date of the financial statements submitted with the Applications, the transaction shall 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 Holding Company and the Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications, and this Order;
5. The Savings Bank must submit 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;
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 request for change must be submitted no later than 30 calendar days prior to the desired implementation date with a copy to the FDIC Regional Office;
7. The Savings Bank must submit to the Regional Director, on a quarterly basis, within 45 calendar days of the end of each calendar quarter, a variance report detailing the Savings Bank's compliance with the business plan and an explanation of any deviations;
8. For a period of two years following the date of consummation, the Savings Bank must receive the prior written non-objection of the Regional Director for any proposed new directors or senior executive officers or any significant change in responsibilities of any senior executive officer;
9. During the first year of operation, all proposed stock option and incentive plans must receive the prior written non-objection of the Regional Director and the prior approval of the Holding Company and its shareholders;

10. Prior to their execution, all employment contracts to be implemented within the Savings Bank's first year of operation must be submitted to the Regional Director for his written non-objection;
11. The Savings Bank must hire a compliance officer within 60 calendar days after opening for business. The compliance officer must receive the prior written non-objection of the Regional Director; and
12. Prior to beginning operations, the Savings Bank must submit to the Regional Director for his review and non-objection, written policies and procedures for complying with the OTS Policy Statement on Privacy and Accuracy of Personal Customer Information.

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

By order of the Director of the Office of Thrift Supervision, or her designee,
effective May 11, 2001.



Scott M. Albinson
Managing Director
Supervision