

OFFICE OF THRIFT SUPERVISION

Approval of Application for Waiver of OTS Regulation Pertaining to Shareholder Meetings of a Federal Stock Savings Association

Order No.: 2005-35

Date: September 12, 2005

Re: OTS No. 7173

Independence Federal Savings Bank, Washington, DC (Savings Bank) has requested that the Office of Thrift Supervision (OTS) waive 12 C.F.R. § 552.6(a) to the extent necessary to permit the Savings Bank to hold its meeting for the election of directors on October 26, 2005.

OTS regulations, at 12 C.F.R. § 552.6(a), require that a federal stock savings bank, such as the Savings Bank, hold its annual meeting for the election of directors within 150 days after the end of its fiscal year. The Savings Bank, which has a fiscal year end of December 31, had originally scheduled its annual meeting for May 11, 2005, which is less than 150 days after the end of its fiscal year. Due to the circumstances existing shortly prior to the scheduled annual meeting, OTS suggested that the Savings Bank delay its meeting for the election of directors. The Savings Bank convened its annual meeting on May 11, 2005, but rescheduled its meeting for the election of directors to occur on September 14, 2005.

The Savings Bank now has requested that OTS waive 12 C.F.R. § 552.6(a) to the extent necessary to permit the Savings Bank to hold its meeting for the election of directors on October 26, 2005.

In pertinent part, 12 C.F.R. § 500.30(a) (Waiver Regulation) provides that the "Director may, for good cause and to the extent permitted by statute, waive the applicability of any provision of [Chapter V of 12 C.F.R.]." No statute requires that the Savings Bank hold its annual meeting for the election of directors within 150 days of the end of its previous fiscal year. Accordingly, OTS, pursuant to its regulations, may waive the regulation upon determining that good cause exists to grant the waiver.

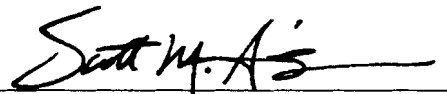
A shareholder of the Savings Bank who holds a significant percentage of the Savings Bank's common stock (Shareholder) has nominated two members to the Savings Bank's nine-member board of directors. Two of the Shareholder's previous nominees already serve on the board of directors, and a third director, although not nominated by the Shareholder, was elected primarily based on the Shareholder's votes.

The Savings Bank believes that the Shareholder will be able to accomplish any business goals he may have with respect to the Savings Bank if the Shareholder's two

current nominees are elected to the Savings Bank's board of directors. Recently, on August 29, 2005, the Shareholder submitted a control application under 12 C.F.R. Part 574 to OTS. In addition, the Shareholder has filed with OTS, in accordance with the Securities Exchange Act of 1934, a Schedule 13D relating to the application under 12 C.F.R. Part 574. These documents, in the Savings Bank's view, provide significant insights into what the Shareholder will attempt to accomplish if his two current nominees are elected. The Savings Bank, in its waiver request, represents that it has requested the waiver in order to provide an opportunity for shareholders of the Savings Bank to consider the Shareholder's potential plans regarding the Savings Bank. The Savings Bank represents that it will ensure that all of its shareholders have the opportunity to contemplate the Shareholder's plans in connection with their voting decision, by sending the Schedule 13D or relevant parts thereof (and/or relevant parts of the 12 C.F.R. Part 574 application), to all of its shareholders, because the shareholders may not otherwise be fully aware of these materials.

Although OTS does not necessarily agree that the Shareholder will be able to accomplish his goals if his nominees are elected, OTS has weighed the Savings Bank's concerns regarding full disclosure against the potential inconvenience to shareholders and delay in the shareholders' ability to vote on directors, and concludes that these circumstances constitute good cause for OTS to grant a temporary, limited waiver of 12 C.F.R. § 552.6(a). Accordingly, OTS hereby waives 12 C.F.R. § 552.6(a), to the extent necessary to permit the Savings Bank to hold the meeting for the election of directors on October 26, 2005.

By order of the Director of the Office of Thrift Supervision, or his designee,
effective September 12, 2005.



Scott M. Albinson
Managing Director
Office of Examinations, Supervision and Consumer
Protection