

OFFICE OF THRIFT SUPERVISION

Approval of Application for Extension of Time

Order No. 2003-46

Date: September 4, 2003

Docket No. 17873

Citizens Community Federal, Eau Claire, Wisconsin, (Savings Bank) has filed an application with the Office of Thrift Supervision (OTS) for an extension of time to comply with the 35 percent limit on consumer lending set forth in § 5(c)(2)(D) of the Home Owners' Loan Act. In OTS Order No. 2001-74, dated December 3, 2001 (Order), approving the Savings Bank's application for conversion from a credit union to a federal mutual savings association, OTS provided that the Savings Bank had two years to meet the 35 percent consumer lending limit. The Savings Bank has requested that OTS grant the Savings Bank an additional year in which to achieve compliance with the consumer lending limit.

Section 543.8 provides that mutual depository institutions may convert to federal mutual savings associations, provided that, among other things, the resulting federal mutual association conforms, "within the time prescribed by the OTS, to the requirements of section 5(c) of the HOLA."¹

The regulation does not establish specific criteria that OTS must use in setting a phase-in period. However, the purpose of the phase-in period is to enable the converted entity to achieve compliance with the applicable lending provisions without taking precipitous actions that could cause the converting entity to suffer losses, by, for example, disposing of non-conforming assets at a loss, or rapidly acquiring conforming assets.

OTS concludes that the material submitted by the Savings Bank demonstrates that the requested extension would permit reduction of the Savings Bank's consumer loan portfolio in a prudent manner, without raising safety and soundness concerns or presenting undue risk. Significantly, in this case, an extension will help preserve existing customer relationships, particularly with the Hocak Nation, which the Savings Bank has traditionally served, and in which limited opportunities for real estate lending exist. Further, the Savings Bank has represented that consumer loans will not exceed 37 percent of the Savings Bank's assets during the term of the extension.

Based on the foregoing considerations, and the application, OTS concludes that the proposed extension is consistent with 12 C.F.R. § 543.8, and hereby grants the requested one-year extension, subject to the condition that the Savings Bank's consumer loans do not exceed 37 percent of assets during the extended period.

¹ 12 C.F.R. § 543.8(a)(3)(2003).

The Regional Director may, for good cause, extend the phase-in period for up to an additional year.

By order of the Director of the Office of Thrift Supervision, or his designee, effective September 4, 2003.



Scott M. Albinson
Managing Director
Office of Supervision