

OFFICE OF THRIFT SUPERVISION

**ORDER APPROVING MUTUAL HOLDING COMPANY
REORGANIZATION AND HOLDING COMPANY APPLICATION**

ORDER NO.: 97-32
DATE: April 2, 1997

Third Federal Savings and Loan Association of Cleveland, Cleveland, Ohio (the "Institution"), has filed notice (the "Notice") of its intent to reorganize into a mutual holding company to be known as Third Federal Savings and Loan Association of Cleveland, MHC (the "Mutual Holding Company"), pursuant to section 10(o) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C. § 1467a(o), and 12 C.F.R. § 575.3. In addition, TFS Financial Corporation, Cleveland, Ohio (the "Stock Holding Company") seeks approval of the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. § 1467a(e) and 12 C.F.R. § 574.3, to acquire the Institution (the "Application"), and has applied to the OTS, pursuant to 12 U.S.C. § 1467a(o), for a Federal charter.

The OTS has considered the Notice and Application under the factors set forth in 12 U.S.C. §§ 1467a(e), and 1467a(o), and 12 C.F.R. §§ 574.7 and 575.4, under the Community Reinvestment Act, 12 U.S.C. §§ 2901, *et seq.*, and under the OTS regulations thereunder at 12 C.F.R. Part 563e. The OTS has reviewed the Stock Holding Company's proposed Federal charter, and has determined that the proposed charter is consistent with 12 U.S.C. § 1467a(o). In addition, the OTS has considered a digest by the OTS Central Regional Office, an analysis by Corporate Activities, and a legal opinion issued by the Business Transactions Division. Based on the foregoing statutes, regulations, and materials, the OTS has determined that the reorganization and acquisition would be in compliance with all of the applicable standards and criteria, with the exception of 12 C.F.R. §§ 575.6(a) and 575.6(b), provided the conditions set forth below are satisfied. Pursuant to 12 C.F.R. § 575.1(b), the OTS hereby waives the applicability of 12 C.F.R. §§ 575.6(a) and 575.6(b).

Accordingly, the Notice and Application are hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee ("Regional Director"):

1. The Mutual Holding Company and the Stock Holding Company shall receive all required regulatory approvals prior to consummation of the reorganization and acquisition with copies of all such approvals supplied to the Regional Director;
2. The reorganization and acquisition shall be consummated within 120 calendar days after the date of the approval order;

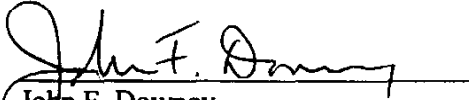
3. On the business day prior to consummation of the reorganization, the Institution shall submit to the Regional Director a certification stating that the reorganization has been approved by the majority of the total votes eligible to be cast at the special meeting of members of the Institution called to vote on the transaction;
4. On the business day prior to the date of consummation of the reorganization and acquisition, the chief financial officers of the Mutual Holding Company, the Stock Holding Company and the Institution shall certify in writing to the Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operations of the Mutual Holding Company, the Stock Holding Company or the Institution since the date of the financial statements submitted with the Notice and Application;
5. Upon completion of the organization of the interim federal savings banks, the board of directors of the interim federal savings banks, the Mutual Holding Company, the Stock Holding Company, and the Institution shall ratify the Agreement of Merger and Amended Plan of Reorganization;
6. No later than 5 calendar days from the date of consummation of the reorganization and acquisition, the Mutual Holding Company, the Stock Holding Company and the Institution shall file with the Regional Director, a certification by legal counsel stating the effective date of the reorganization and acquisition, the exact number of shares of stock of the Institution acquired by the Stock Holding Company, the exact number of shares of stock of the Stock Holding Company acquired by the Mutual Holding Company, that the interim Federal Institutions did not open for business, and that the reorganization and acquisition has been consummated in accordance with all applicable laws and regulations, the Notice and Application, the Agreement of Merger and Amended Plan of Reorganization, and the approval order;
7. The Stock Holding Company shall be subject to the same restrictions (including, but not limited to, the activities limitations) that its parent, MHC, is subject to under section 10(o)(5) of the HOLA and 12 C.F.R. §§ 575.10, 575.11 and 575.12, as well as any other pertinent statutory or regulatory provisions;
8. The Stock Holding Company shall be subject to the provisions of Part 575 regulations pertaining to minority stock issuances as if it were a former mutual savings association that reorganized into an mutual holding company structure. For the purposes of 12 C.F.R. § 575.11(e), the Holding Company shall be deemed to be a subsidiary savings association;

9. The Stock Holding Company must hold all of the issued and outstanding common stock of the Institution, and the Institution may not issue any other class of equity security;
10. The Stock Holding Company and the Institution must obtain approval from the OTS prior to issuing any securities;
11. The Stock Holding Company shall be subject to the provisions of 12 C.F.R. Part 552 pertaining to charters and bylaws as if the Stock Holding Company were a Federal stock savings association.
12. The Stock Holding Company shall cease any activity, or reverse any action to which the OTS objects as being contrary to Part 575 as in effect at this time or as subsequently amended; and
13. If the Mutual Holding Company undertakes a mutual-to-stock conversion, OTS policies regarding purchases of stock in the conversion will apply to shareholders of the Stock Holding Company.

In addition, the OTS hereby approves the Stock Holding Company's application for a Federal charter.

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 his designee,
effective April 2, 1997.


John F. Downey
Executive Director, Supervision