

OFFICE OF THRIFT SUPERVISION

**APPROVAL OF ACQUISITION
OF A FEDERAL SAVINGS ASSOCIATION
AND REBUTTAL OF CONTROL**

Order No.: 2000-55

Date: June 20, 2000

IndyMac Mortgage Holdings, Inc., Pasadena, California (the Applicant), has applied to the Office of Thrift Supervision (OTS) to acquire First Federal Savings and Loan Association of San Gabriel Valley, West Covina, California (the Savings Association), a federal stock savings association, pursuant to 12 U.S.C. § 1467a(e) and 12 C.F.R. § 574.3. In addition, the Capital Group Companies, Inc. and affiliates have filed, pursuant to 12 C.F.R. § 574.4(e), a rebuttal of control submission that includes a rebuttal of control agreement.

The OTS has considered the holding company application under the standards set forth in 12 U.S.C. § 1467a(e) and 12 C.F.R. § 574.7, and under the Community Reinvestment Act, 12 U.S.C. §§ 2901, *et seq.*, and OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, OTS has considered the digest by the OTS West Regional Office, a legal opinion by the Business Transactions Division, and an analysis by the Office of Examination and Supervision (collectively, the Staff Memoranda). For the reasons set forth in the Staff Memoranda, OTS has determined that the holding company application and the rebuttal of control submission satisfy all applicable statutory and regulatory criteria, provided that the conditions set forth below are satisfied in a manner satisfactory to the West Regional Director or his designee (Regional Director). Accordingly, the holding company application is hereby approved, subject to the following conditions:

1. The Applicant and the Savings Association must receive all required regulatory and shareholder approvals for the proposed transaction and submit copies of all such approvals to the Regional Director prior to consummation of the proposed transaction;
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 date of consummation of the proposed transaction, the chief financial officers of the Applicant and the Savings Association must 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 operation of the Applicant and the Savings Association as disclosed in the Application. If additional information having an adverse bearing on any feature of the Application is brought to the attention of the

Applicant, the Savings Association, or the OTS since the date of the financial statements submitted with the Application, the transaction must 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;

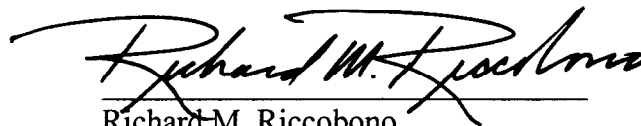
4. The Applicant and the Savings Association must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Application, and this Order;
5. The Savings Association must operate within the parameters of its business plan. The Applicant and the Savings Association 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 a minimum of 60 calendar days before the proposed change is implemented;
6. The Savings Association must submit annual 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;
7. The Savings Association must maintain a detailed compliance management program that includes, at a minimum, the following components:
 - a. The assignment of specific compliance responsibilities to individuals who are knowledgeable and experienced in administering consumer protection, nondiscrimination, and other compliance laws administered by the OTS;
 - b. Regular and comprehensive self-assessment reviews to ensure compliance on a day-to-day basis;
 - c. Periodic compliance audits;
 - d. Comprehensive training for all affected staff; and,
 - e. Appropriate written policies and procedures for each area of operation;
8. No later than 10 calendar days after the end of each calendar quarter, the Savings Association must submit a status report, in a form acceptable to the Regional Director, that details the implementation of the business plan and compliance management program, and the results of its compliance monitoring efforts as required by the compliance management program. This quarterly report is required until such time as the Regional Director deems it no longer necessary;
9. No later than 10 calendar days after the end of each quarter, the Savings Association must submit a report on the monitoring of its CRA Plan, in a form acceptable to the Regional Director, detailing the results of its various lending programs and initiatives, its level of

lending to low- and moderate-income individuals and communities, and its level of qualifying investments. This quarterly report is required until such time as the Regional Director deems it no longer necessary;

10. The Savings Association must maintain a ratio of Tier 1 capital to adjusted total assets, as defined in 12 C.F.R Part 567, of at least 8.0 percent for the three years following consummation of the transaction;
11. Savings Association must maintain a well capitalized risk-based capital position based on an alternate risk-based calculation described herein. The risk-based capital ratio must be calculated using OTS prescribed rules, except all subprime loans, whether held for investment or held for sale must be risk-weighted at double the risk weight prescribed by 12 C.F.R. Part 567. The Savings Association must submit its alternate risk-based calculation to the Regional Office within 30 days of the end of each quarter. For purposes of this condition, the term subprime loans includes loans underwritten using the criteria and standards as the Applicant represented in its Application. In the event OTS adopts a more stringent definition of subprime loans, such as by issuing policy guidelines or regulations, the more stringent definition shall apply; and
12. No later than five business days following the acquisition of the Savings Association, the Chief Financial Officers of the Holding Company and the Savings Association must provide to the Regional Director a reconciliation of the assets and liabilities of the Holding Company and the Savings Association immediately before and after the acquisition, and the regulatory capital for the Savings Association immediately before and after the acquisition relative to the capital requirements set forth in 12 C.F.R. part 567 and this order.

The rebuttal of control agreement filed by the Capital Group Companies, Inc. and affiliates is hereby approved.

By order of the Director of the Office of Thrift Supervision, or her designee, effective June 20, 2000.



Richard M. Riccobono
Deputy Director