

**APPROVAL OF AN APPLICATION TO ACQUIRE
A FEDERAL SAVINGS BANK**

**Order No: 98-101
Date: September 15, 1998**

Washington Mutual, Inc., Seattle, Washington ("WMI"), and New American Capital, Inc., Seattle, Washington ("NACI") have applied to the Office of Thrift Supervision (the "OTS") pursuant to 12 U.S.C. Sections 1467a(e) and 1828(c), Section 10(e) of the Home Owners' Loan Act ("HOLA"), 12 C.F.R. Sections 574.3(a), 574.6(a)(4) and 563.22(a) to acquire Home Savings of America, FSB, Irwindale, California ("Home"); and to merge Home with and into NACI's wholly owned subsidiary, Washington Mutual Bank, FA, Stockton, California ("WMBFA"), with WMBFA as the surviving entity (the "Application"). Home is currently a subsidiary of H. F. Ahmanson & Company ("Ahmanson"). As part of the aforementioned transaction, Ahmanson will be merged with and into WMI, with WMI as the surviving entity.

The OTS has considered the Application under the standards set forth at 12 U.S.C. Sections 1467a(e)(2) and 1828(c), Section 10(e) of HOLA and 12 C.F.R. Sections 574.7(c) and 563.22(d), and under the Community Reinvestment Act, 12 U.S.C. Section 2901 et. seq., and the OTS regulations thereunder, 12 C. F. R. Part 563e. In addition, the OTS has considered a digest from the West Regional Office, an analysis prepared by Corporate Activities, an analysis from Compliance Policy, a legal opinion from the Business Transactions Division and a letter dated September 11, 1998, from WMI making certain commitments on behalf of WMI and WMBFA.

Based on the foregoing statutes, regulations, the digest, analyses, legal opinion and the September 11 letter, the OTS finds that the Application satisfies the applicable approval standards, 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 Application is hereby approved, subject to the following conditions:

1. The proposed transaction shall be consummated between 15 days and 120 days from the date of this approval, unless an extension is granted for good cause by the Regional Director;
2. Prior to consummation of the proposed transaction, WMI, NACI, Ahmanson, WMBFA and Home as applicable, must receive all other required regulatory approvals or non-objection or no action letters for other aspects of the acquisition over which OTS does not have primary jurisdiction;
3. On the business day immediately prior to the acquisition of Home, the chief financial officers of WMI, NACI, Ahmanson, WMBFA and Home 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 their respective companies subsequent to the date of the financial statements submitted as part of the application;

4. No later than 5 days from the date of consummation of the Holding Company Merger, WMI shall file with the Assistant Regional Director a certification by legal counsel stating the effective date of the acquisition, the exact number of shares of Ahmanson stock acquired and the number of WMI shares issued in exchange, the amount paid in cash for fractional shares and that the transaction was consummated in accordance with all applicable laws, regulations and approval conditions. In addition, a similar certification stating the Merger was consummated consistent with all applicable laws, regulations and approval conditions shall be submitted within 5 days following completion of the merger of Home into WMBFA;
5. No later than 30 days following consummation of the Merger, WMBFA shall advise accountholders whose withdrawable accounts in WMBFA would exceed \$100,000 as a result of the merger of the effect of the transaction on their insurance coverage;
6. Within 30 days from the date of consummation, WMI shall submit an independent accountant's opinion verifying the accounting method utilized for the transaction and opining that the acquisition was accounted for in accordance with generally accepted accounting principles;
7. Within 30 days following completion of the Merger, WMBFA shall submit a statement of financial condition showing the institution immediately prior to the merger and a similar statement reflecting the combined thrift immediately following the merger;
8. With regard to the existing California offices of WMBFA, and those California Offices to be acquired in the subject transaction, WMBFA may not impose any conditions, other than currently exist in deed or lease agreements, that would preclude the future use by an FDIC-insured institution of any branch offices that are closed and leased or sold by WMBFA. Such restrictions shall remain in effect for three years following consummation of the acquisition;
9. WMI and WMBFA shall suspend the operation of any existing non-compete agreements and not enter into any new non-compete agreements with any current loan officer or branch manager of Ahmanson or Home in California who would become an employee of WMBFA as a result of the acquisition. This condition shall remain in effect for 180 days following consummation of the acquisition; and
10. WMBFA's Year 2000 Project Management Program must adhere to the terms, deadlines, requirements and conditions contained in the Year 2000 guidance issued by the OTS and/or the Federal Financial Institutions Examination Council ("FFIEC") including the May 5, 1997 *FFIEC Year 2000 Project Management Awareness* statement, the December 17, 1997 *FFIEC Safety and Soundness Guidelines Concerning the Year 2000 Business Risk*, the March 17, 1998 *FFIEC Guidance Concerning Institution Due Diligence in Connection with Service Provider and Software Vendor Year 2000 Readiness*, the March 17, 1998 *FFIEC Guidance Concerning the year 2000 Impact on Customers*, the April 10, 1998 *Guidance Concerning Testing for Year 2000 Readiness*, the May 13, 1998 *Guidance Concerning Contingency Planning in Connection with Year 2000 Readiness*, the May 13, 1998 *Guidance on Year 2000 Customer Awareness Programs* and any subsequent OTS or FFIEC Year 2000 guidance, regulations or other requirements.

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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 her designee, effective
September 15th, 1998.


Richard M. Riccobono
Deputy Director