

OFFICE OF THRIFT SUPERVISION
Approval of Application to Establish an Operating Subsidiary
And to Acquire a Non-Controlling Interest in a Service Corporation

Order No.: 2001-09

Date: April 4, 2001

Re: OTS No. 6947

Gardiner Savings Institution, FSB, Gardiner, Maine (Savings Bank) has applied to the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. § 1828(m) and 12 C.F.R. Part 559, for permission to organize a wholly-owned operating subsidiary (Operating Subsidiary) and for the Operating Subsidiary to hold a non-controlling interest in Dirigo Reinsurance Company, Ltd., a service corporation to be organized under the laws of the Turks and Caicos Islands, British West Indies (Service Corporation). The Service Corporation will reinsure private mortgage insurance on loans originated by the Savings Bank and the other investors in the Service Corporation. (The foregoing is referred to as the Application.)

The OTS has considered the application under the standards set forth at 12 C.F.R. Part 559. In addition, the OTS has considered the digests prepared by the Northeast Regional Office and Examination Policy, and a legal opinion from the Business Transactions Division (collectively, the Staff Memoranda).

For the reasons set forth in the Staff Memoranda, the OTS has concluded that the establishment of the Operating Subsidiary and the Service Corporation would comply with all applicable statutes and regulations. Accordingly, the Application is hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Northeast Regional Director, or his designee (Regional Director):

1. The Savings Bank, the Operating Subsidiary and the Service Corporation must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Director;
2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order;
3. The activities of the Operating Subsidiary and the Service Corporation must be conducted in accordance with the representations made in the application;
4. The Savings Bank must obtain prior written approval from the Regional Director for any material deviation from the activities, facts, representations or level of investment in the Operating Subsidiary and the Service Corporation described in the application;
5. The Service Corporation must make available to the OTS such information as the OTS deems necessary from time to time to monitor the Service Corporation's

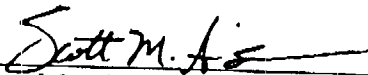
activities and the effect of those activities on the safe and sound operation of the Savings Bank. The Service Corporation must maintain a duplicate set of records in the United States at the Savings Bank's home office, or, if satisfactory to the Regional Director, elsewhere in the United States;

6. The Service Corporation must maintain a registered agent in the Savings Bank's home office or, if satisfactory to the Regional Director, elsewhere in the United States to receive service of process on the subsidiary's behalf;
7. The Service Corporation must provide all financial statements in U.S. dollars in accordance with generally accepted accounting principles, including financial information required to be submitted quarterly in the Thrift Financial Report;
8. The Savings Bank must promptly inform the Regional Director in writing of all changes in the directors, officers, or managers of the Service Corporation; and
9. The documents required by the following bullet items must be submitted to the Regional Director and receive the Regional Director's non-objection, prior to the Service Corporation's commencement of operations.
 - The Savings Bank must establish and document internal controls that demonstrate adequate oversight of its investment in the Service Corporation, and provide materials documenting the institution of such internal controls to the Regional Director.
 - The Service Corporation must consent in writing to the disclosure by the Turks and Caicos Islands governmental authorities to the OTS of such information on its operations and its affiliates that the OTS deems necessary from time to time to determine and enforce compliance with applicable U.S. law;

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

April 4, 2001



Scott M. Albinson
Managing Director
Office of Supervision