

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94105

KENNETH R. BINNING
DIRECTOR, APPLICATIONS, SURVEILLANCE, AND REPORTS
BANKING SUPERVISION AND REGULATION

June 4, 2001

James L. Davis
President and Chief Executive Officer
Puget Sound Financial Services, Inc.
5209 Pacific Highway East
Fife, Washington 98424

Dear Mr. Davis:

We have completed our analysis of the notice filed on behalf of Puget Sound Financial Services, Inc. ("Bancorp") to become a bank holding company by acquiring 100 percent of Fife Commercial Bank ("Bank"), both of Fife, Washington, pursuant to section 3(a)(5)(C) of the Bank Holding Company Act, as amended. The notice meets the criteria outlined in section 225.17 of Regulation Y. Consequently, the proposed transaction may be consummated immediately and must be consummated within a three-month period unless the period is extended by this Reserve Bank.

Please advise the undersigned in writing when this transaction is consummated. In addition, the following information should be provided to the Reserve Bank within 30 days of consummation:

1. Mailing address of Bancorp to be used in the future;
2. Date of fiscal year-end of Bancorp;
3. Parent-only (not consolidated) balance sheet of Bancorp as of the close of business on the date of consummation (the balance sheet should be prepared in accordance with generally accepted accounting principles);
4. Number and percent of each class of voting shares of Bank acquired by Bancorp; and
5. List of changes, if any, in directors, principal officers, and shareholders of Bancorp since the bank holding company notification was filed.

Bancorp's first Annual Report on Form FR Y-6, which must be filed with this Reserve Bank within three months of the fiscal year-end in which Bancorp becomes a bank holding

Telephone: (415) 974-3007 FAX: (415) 974-3031 Email: kenneth.binning@sf.frb.org

company, will complete the registration requirements pursuant to section 5(a) of the BHC Act. Accordingly, the time for completing the registration requirements pursuant to section 5(a) is hereby extended, as necessary, to the date of the filing of the FR Y-6.

Enclosed is a copy of Form FR Y-6A, which should be completed by Bancorp and returned to the Reserve Bank immediately after consummation of the reorganization. Questions regarding the completion of the FR Y-6A may be directed to Statistics Supervisor Andrea Hattersley at (415) 974-2636.

Any questions regarding the above matter may be directed to Financial Analyst Tania Luhde at (415) 974-3229.

Very truly yours,

Enclosures

cc: Board of Governors
oWashington Department of Financial Institutions
Federal Deposit Insurance Corporation
Office of the Comptroller of Currency
Robert L. Ducko III - Gerrish & McCreary, P.C.
Richard Shershenovich
Andrea Hattersley