

OFFICE OF THRIFT SUPERVISION

Notice of Intent by Mutual Holding Company
to Waive Dividend from Subsidiary Savings Association

Order No. 96-19

Date: March 11, 1996

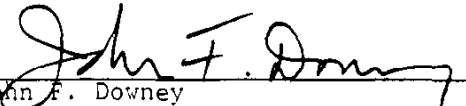
Finger Lakes Financial Corporation, M.H.C., Geneva, New York (the "MHC"), has filed with the Office of Thrift Supervision ("OTS"), pursuant to Section 10(o) of the Home Owners' Loan Act and 12 C.F.R. Section 575.11(d), a notice (the "Notice") of the MHC's intent to waive its right to receive cash dividends declared by its subsidiary savings association, Savings Bank of the Finger Lakes, FSB, Geneva, New York (the "Savings Bank"), for the four quarterly periods ending September 30, 1996.

The OTS has considered the analyses and recommendations of the Northeast Regional Office, the Chief Counsel's Office and Corporate Activities and has determined that the waiver of cash dividends by the MHC for the four quarterly periods ending September 30, 1996, is not detrimental to the safe and sound operation of the Savings Bank, provided that the conditions set forth below are satisfied. Accordingly, the OTS does not object to the waiver of dividends by the MHC as proposed in the Notice subject to the following conditions:

1. For as long as the Savings Bank is controlled by the MHC, the dollar amount of dividends waived by the MHC must be considered a restriction on the retained earnings of the Savings Bank. Such restriction, if material, must be disclosed in the public financial statements of the Savings Bank as a note to the financial statements. The amount of any dividend waived by the MHC shall be available for declaration as a dividend solely to the MHC. In accordance with Statement of Financial Accounting Standards No. 5, where the Savings Bank determines that the payment of such dividend to the MHC is probable, an appropriate dollar amount shall be recorded as a liability; and
2. The amount of any waived dividend must be considered as having been paid by the Savings Bank (and the Savings Bank's capital ratios adjusted accordingly) in evaluating any proposed dividend under 12 C.F.R. §§ 563.134 and 565.6(a)(1), or any successor regulations.

The OTS's non-objection with respect to the MHC's waiver of dividends for the four quarterly periods may be rescinded prior to such dates by the Northeast Regional Director if, based on subsequent developments, the proposed waivers are determined to be detrimental to the safe and sound operation of the Savings Bank.

By Order of the Director of the Office of Thrift Supervision, or
his designee, effective March 11, 1996.



John F. Downey
Executive Director, Supervision