

OFFICE OF THRIFT SUPERVISION

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

Order No. 97-11

Date: February 3, 1997

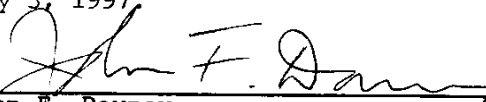
Finger Lakes Financial Corporation, M.H.C., Geneva, New York (the "MHC"), has filed with the Office of Thrift Supervision ("OTS"), pursuant to Section 10(o) of the Home Owners' Loan Act and 12 C.F.R. Section 575.11(d), a notice (the "Notice") of the MHC's intent to waive its right to receive cash dividends declared by its subsidiary savings association, the Savings Bank of the Finger Lakes, FSB, Geneva, New York (the "Savings Association"), for the four quarterly periods ending December 31, 1997.

The OTS has considered the written 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 December 31, 1997, is not detrimental to the safe and sound operation of the Savings Association, 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 Association 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 Association. Such restriction, if material, must be disclosed in the public financial statements of the Savings Association 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 Association 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 Association (and the Savings Association'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 Association.

By Order of the Director of the Office of Thrift Supervision, or
his designee, effective February 3, 1997



John F. Downey
Executive Director, Supervision