Unified Financial Services, Inc., Indianapolis, Indiana (the "Holding Company"), has applied for approval of the Office of Thrift Supervision (the "OTS") pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3 for permission to organize and acquire Unified Banking Company, Lexington, Kentucky (the "Savings Bank") (collectively, "the Applications").

The OTS has considered the Applications under the factors set forth in 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 543.3, 552.2-1, and 574.7 and other applicable statutes and regulations. The OTS also has considered the Applications under the Community Reinvestment Act (the "CRA"), 12 U.S.C. § 2901 et seq., and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the OTS has considered an analysis prepared by the OTS Central Regional Office ("Regional Office"), a legal opinion by the Business Transactions Division, and a summary by the Office of Examination and Supervision (collectively the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS has determined that the Applications satisfy all applicable statutory and regulatory criteria, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee ("Regional Director"). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Savings Bank and the Holding Company must receive all required regulatory and shareholder approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Office;

2. The proposed transaction must be consummated no later than 120 calendar days after the date of this Order or within such additional period as the Regional Director may grant;

3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Savings Bank and the Holding Company must certify to the Regional Director, in writing, that no material adverse events or material adverse changes have occurred with respect to the financial condition or operations of the Savings Bank and the Holding Company, respectively, since the date of the financial statements submitted with the Applications;
4. The Savings Bank must advise the Regional Office in writing within five calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction and of the Savings Bank's insurance of accounts and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications and this Order;

5. The Savings Bank must operate within the parameters of its business plan. The Holding Company and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Holding Company), and in particular, those pertaining to the cross-marketing or changes in delivery systems, for the prior, written non-objection of the Regional Director. The request for change must be submitted a minimum of 60 calendar days before the proposed change is implemented;

6. The Savings Bank must submit to the Regional Office quarterly variance reports on the business plan for the first three years of its operations;

7. At least 40 percent of the Savings Bank's board of directors must consist of individuals who are not officers or employees of the Holding Company or affiliates thereof and at least one member of the Savings Bank’s board of directors must be an individual who is not an officer, director or employee of the Holding Company or any affiliate and who is not an officer or employee of the Savings Bank. At least 50 percent of the Savings Bank’s audit and investment committee must consist of directors who are not officers or employees of the Savings Bank, the Holding Company or any affiliates;

8. The proposed appointment of any permanent executive officers or directors of the Savings Bank, within the first year of its operations, is subject to the prior review and non-objection of the Regional Director;

9. The appointment of any proposed management official or director who has not yet cleared the required background investigations is subject to the review and non-objection of the Regional Director, or his designee;

10. The Savings Bank must submit independent audit reports to the Regional Office for its first three fiscal years. These reports must be in compliance with the audit rules set forth in 12 C.F.R. § 562.4;

11. Any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, must be provided to the Regional Director at least 30 calendar days prior to execution and must receive his written non-objection prior to implementation;
12. The Holding Company, its affiliates and the Savings Bank must comply with the anti-tying restrictions of 12 U.S.C. §§ 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must disclose any proposed bundling arrangements and must be submitted for the review and non-objection of the Regional Director prior to the opening of the Savings Bank for business;

13. Any affiliate of the Applicant that engages in securities brokerage activities ("Broker Dealer affiliate") must be operated as a separate legal entity from the Savings Bank so that: (a) their respective accounts and records are not intermingled; (b) each observes the procedural formalities of separate legal titles; (c) each is held out to the public as a separate enterprise; and (d) neither dominates another to the extent that one is treated as a mere department of the other;

14. A majority of the Savings Bank’s board of directors must not be comprised of individuals who are directors or employees of any Broker Dealer affiliate;

15. The Savings Bank and any Broker Dealer affiliate are prohibited from sharing common officers unless prior written approval is obtained from the Regional Director, which must be based on criteria such as regulatory compliance, experience, character, integrity and the ability to perform both duties;

16. The Savings Bank and the Broker Dealer affiliate must take measures necessary to ensure that their officers and directors adhere to the principles set forth in OTS regulations on conflicts of interest, 12 C.F.R. § 563.200; corporate opportunity, 12 C.F.R. § 563.201; and any other additional or successor statements of policy or regulations addressing these subjects. The officers and directors of the Savings Bank and the Broker Dealer affiliate are prohibited from using their influence to: (a) take advantage of a business opportunity for the Broker Dealer affiliate's benefit when the opportunity is of present or potential advantage to the Savings Bank; or (b) place the Broker Dealer affiliate in a position that leads to, or could create the appearance of a potential conflict of interest;

17. The Savings Bank, the Applicant and the Broker Dealer affiliate are subject to the provisions of 12 C.F.R. § 563.76, Offers and Sales of Securities at an Office of Savings Association, and related policy established in OTS Thrift Bulletins 23-2, InterAgency Statement on Retail Sales of Nondeposit Investment Products (the "InterAgency Statement"), and 23a, Limited Exceptions to Prohibitions on Sales of Savings Institution's Securities, and any additional or successor statements of policy or regulations addressing these subjects. The Savings Bank and the Applicant shall ensure compliance by any Broker Dealer affiliate with, at a minimum, the General Guidelines in Disclosures and Advertising set forth in the InterAgency Statement whenever the Broker Dealer affiliate or their representatives market, or offer for sale, deposit products of the Savings Bank;
18. Before beginning operations, the Savings Bank must submit to the Regional Director, for his approval, the name and qualifications of a Compliance Officer responsible for the development, implementation, and management of the Savings Bank's compliance program, including federal Fair Lending and consumer protection laws and regulations;

19. At least 30 days before beginning operations, the Savings Bank must submit to the Regional Director, for his approval, a plan that addresses:

   a) compliance management policies and procedures for the implementation and management of the Savings Bank's compliance program, including federal Fair Lending laws, all consumer protection laws and regulations, the Bank Secrecy Act and, the Community Reinvestment Act; and

   b) a schedule for the review and testing for adherence to the Savings Bank's compliance program;

20. Within 30 days before implementing a website capable of initiating transfers between accounts, accepting applications for loans or deposits, or, providing any other transaction-capable activity, the Savings Bank will notify the Regional Director of its intended program, provide copies of all proposed web pages and submit for review, its systems of controls intended to comply with consumer compliance regulations pursuant to 12 C.F.R. Section 555.310; and

21. At least 30 days prior to opening for business, the Savings Bank must submit written evidence, acceptable to the Regional Director, that its data systems, programs, software and business applications will operate properly on and after January 1, 2000. The submission must include a copy of the business resumption contingency plan and evidence of successful Year 2000 testing.

   Any time period set forth herein may be extended for up to 120 calendar days, for good cause, by the Regional Director

   By order of the Director of the Office of Thrift Supervision, or her designee, effective Oct. 8, 1999

   /Signature/

Richard M. Riccobono
Deputy Director