

#0548

UNITED STATES OF AMERICA
before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)
)
Gateway Federal Savings Bank)
Cincinnati, Ohio)

Resolution No.: CIN 91- 24
Dated: July 29, 1991

STIPULATION AND CONSENT TO ISSUANCE OF
ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS") by and through its Deputy Regional Director for the Cincinnati Office of OTS and Gateway Federal Savings Bank, Cincinnati, Ohio ("Gateway"), stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative Cease and Desist proceeding against Gateway pursuant to the Federal Deposit Insurance Act, § 8(b), 12 U.S.C.A. § 1818(b) (West 1989). Gateway desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, without admitting that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease and desist litigation against Gateway with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

- Supervisory File
- Corporate File
- Holding Co. File #
- OTS - Dockets
- Examinations
- Membership File
- State Dept.
- FDIC - Chicago, IL
- FDIC - Memphis, TN Wash., D.C.
- K. Conrad (2)
- Circulating File
- Bishop, Parrish, Pittman
- Summers, Morris, Krenning
- 7-29-91

(Date)

2. Jurisdiction.

(a) Gateway is a "savings association" and an "insured depository institution" as defined by 12 U.S.C.A. §§ 1462 and 1813 (West 1989 and Supp. 1990).

(b) The OTS is the "appropriate Federal Banking agency" to maintain a cease and desist proceeding against such savings association, pursuant to 12 U.S.C.A. § 1818(b) (West 1989), therefore, Gateway is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it.

3. Consent. Gateway consents to the issuance by the OTS of the Order. It further agrees to comply with the terms of the Order upon its issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under 12 U.S.C.A. § 1818(b) (West 1989). Upon its issuance by the Cincinnati Office, OTS, it shall be a final Order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C.A. § 1818(i) (West 1989).

5. Waivers. Gateway waives its right to a notice of charges and the administrative hearing provided by 12 U.S.C.A. § 1818(b) (West 1989), and further waives its right to seek judicial review of the Order, including any such right provided by 12 U.S.C.A. § 1818(h) (West 1989), or otherwise to challenge the validity of the Order.

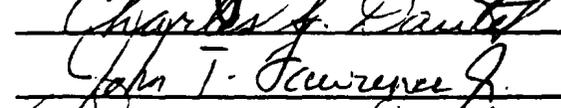
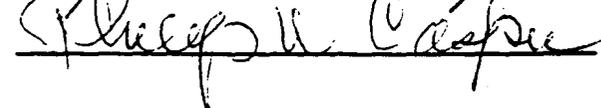
WHEREFORE, in consideration of the foregoing, the OTS, by and through its Deputy Regional Director for the Cincinnati Office, OTS, and Gateway by a majority of its directors, execute this Stipulation and Consent to Issuance of Order to Cease and Desist.

OFFICE OF THRIFT SUPERVISION

Gateway Federal Savings Bank
Cincinnati, Ohio
by a majority of its directors


Jerry M. Benham
Deputy Regional Director
Cincinnati Office



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ORDER TO CEASE AND DESIST

WHEREAS, Gateway Federal Savings Bank, Cincinnati, Ohio ("Gateway"), through its directors, has executed a Stipulation and Consent to Issuance of Order to Cease and Desist ("Stipulation") that is accepted and approved by the Office of Thrift Supervision ("OTS") acting through its Regional Director for the Central Regional and is incorporated herein by reference; and

WHEREAS, Gateway, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act, 12 U.S.C.A. § 1818(b) (West 1989).

NOW THEREFORE, IT IS ORDERED that Gateway and its directors, officers, employees, agents, subsidiaries and service corporations shall cease and desist from violations of its loans to one borrower limitations set forth in 12 C.F.R. § 563.93 (1991), transactions with affiliated persons restricted by Section 22(h) of the Federal Reserve Act, 12 U.S.C.A. § 375b (West 1989), 12 C.F.R. § 563.41 and .43 (1991) and imprudent lending practices, including but not limited to inadequate underwriting.

IT IS FURTHER ORDERED as follows:

1. Gateway shall maintain adequate records to demonstrate compliance with its loans to one borrower limitations as set forth in 12 C.F.R. 563.93 (1991).

2. Gateway shall not grant, extend, or renew any loan to borrowers that currently exceeds the loans to one borrower limitation set forth in 12 C.F.R. 563.93 (1991), without prior written approval of the Deputy Regional Director of the Cincinnati Office or his designee ("Deputy Regional Director").

3. Gateway shall, within 60 days from the issuance of this Order, develop a detailed plan to reduce the indebtedness of borrowers that currently exceed the loans to one borrower limitations set forth in 12 C.F.R. 563.93 (1991).

4. Gateway shall, within 30 days of the issuance of this Order, review its policies and procedures governing loan underwriting and shall revise and enhance its loan underwriting policies and procedures, governing all types of loans engaged in by Gateway. Said policies and procedures shall be submitted to the Deputy Regional Director, for approval, and shall include the following:

- (a) an aggregate limitation for commercial loans and commercial real estate loans; and
- (b) aggregate limitations for borrowers involved in single family, multi-family or commercial construction or development projects.

The board of directors shall review the loan underwriting policies and procedures annually and update as necessary.

5. Gateway shall, within 30 days from the issuance of this Order, adopt policies and implement procedures for enhanced internal asset review and classification, which the board of directors shall review at least annually and update as necessary. Said policies and procedures shall be submitted to the Deputy Regional Director for approval and shall include the following:

- (a) clear provision for identification of problem or potential problem assets;
- (b) establishment of an independent asset review committee, consisting of a majority of outside directors and/or officers not involved in the troubled lending or investment decisions; and
- (c) requirement that the asset review committee maintain adequate records and documentation of its activities.

6. Gateway shall, within 30 days of the issuance of this Order, prepare and implement an asset plan for each criticized or classified asset with an unpaid balance larger than \$250,000. For each asset, the plan shall provide sufficient detail to allow the reader to fully understand the asset and its known potential problems, including detail as to the optimum way to protect the institution from loss and adequate supporting rationale for the procedures to be followed. The board of directors shall review and update this asset plan at least quarterly and shall submit a report of its review and any update to the Deputy Regional Director immediately thereafter.

7. Gateway shall, within 60 days of the issuance of this Order, increase its general valuation allowances by an amount sufficient to bring

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(Date)