

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

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| In the Matter of))) UNIVERSAL SAVINGS BANC HOLDINGS, INC.) Milwaukee, Wisconsin) OTS Docket No. H-3900) | Order No.: MWR-07-5 Date: June 15, 2007 |
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**STIPULATION AND CONSENT TO THE ISSUANCE OF AN
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF**

WHEREAS, this Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation), which references the accompanying and above-referenced Order to Cease and Desist (Order) is submitted by **Universal Savings Banc Holdings, Inc., Milwaukee, Wisconsin** (Holding Company), OTS Docket No. H-3900, which wholly owns Universal Savings Bank, F.A., Milwaukee, Wisconsin (OTS No. 08399) (Universal), to the Office of Thrift Supervision (OTS), which is acting through its Midwest Regional Director (Regional Director);

WHEREAS, OTS, based upon information derived from the exercise of its regulatory responsibilities, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against the Holding Company pursuant to 12 U.S.C. § 1818(b);¹

WHEREAS, the Holding Company desires to continue to cooperate with OTS and to avoid the time and expense of such administrative proceeding; and,

WHEREAS, the Holding Company (i) without any adjudication on the merits, (ii) without admitting or denying that such grounds exist, or (iii) without admitting or denying, the Findings of Fact or opinions and conclusions of OTS, except as to Jurisdiction, Paragraph 1, below, which is admitted, hereby stipulates and agrees to the following:

1. **Jurisdiction**

- A. The Holding Company is a “savings and loan holding company” within the meaning of 12 U.S.C. § 1813(w)(3), and 12 U.S.C. § 1467a. Accordingly, it is a “depository institution holding company” as that term is defined in 12 U.S.C. § 1813(w)(1).

¹ All references to the United States Code (U.S.C.) are as amended unless otherwise indicated.
Universal Savings Banc Holdings, Inc.
Cease & Desist Stipulation

- B. Pursuant to 12 U.S.C. § 1818(b)(9), the “appropriate Federal Banking agency” may initiate cease and desist proceedings against a savings and loan holding company in the same manner and to the same extent as savings associations for regulatory violations and unsafe and unsound acts or practices.
- C. Pursuant to 12 U.S.C. § 1813(q), the Director of OTS is the “appropriate Federal banking agency” to maintain an administrative cease and desist proceeding against such savings and loan holding companies. Therefore, the Holding Company is subject to the jurisdiction of OTS to initiate and maintain a cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b). The Senior Deputy Director of OTS, pursuant to delegated authority from the Director of OTS, has delegated to OTS Midwest Regional Director (Regional Director) the authority to issue cease and desist orders where a holding company has consented to the issuance of the orders.

2. **OTS Findings of Fact**

OTS finds that the Holding Company has engaged in unsafe and unsound practices by failing to adopt and maintain adequate financial management policies and practices.

3. **Consent**

- A. The Holding Company consents to the issuance by OTS of the accompanying Order.
- B. The Holding Company further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. **Finality**

The Order is issued under 12 U.S.C. § 1818(b). Upon its issuance by OTS, by and through its Regional Director, it shall be a final order, effective and fully enforceable by OTS under the provisions of 12 U.S.C. § 1818(i).

5. **Waivers**

The Holding Company waives the following:

- A. The right to be served with a written notice of OTS’s charges against it as provided by 12 U.S.C. § 1818(b);
- B. The right to an administrative hearing of OTS’s charges against it as provided by 12 U.S.C. § 1818(b);
- C. The right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h) and (i), or otherwise to challenge the validity of the Order;

- D. Any and all claims against OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412; and
- E. The right to assert this proceeding, its consent to the issuance of the Order, the issuance of the Order, the payment of any monies, or the provision of any other financial relief as contemplated by the Order as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

6. **Other Governmental Actions Not Affected**

- A. The Holding Company acknowledges and agrees that its consent to the issuance of the Order is for the purpose of resolving this OTS enforcement matter only, as set forth in Paragraph 2, OTS Findings of Fact, hereof.
- B. The Holding Company acknowledges and agrees that its consent to the issuance of the Order does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, liability of the Holding Company or other administrative, civil or criminal proceeding that may arise pursuant to this action or otherwise or that may be or have been brought by another governmental entity against the Holding Company. Further, the issuance of this Order does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against or other proceeding, civil or criminal, that may be or has been brought by OTS or any other governmental entity against any institution-affiliated party of the Holding Company.

7. **Miscellaneous**

- A. The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America.
- B. In case any provision of the Stipulation or Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.
- C. All references to OTS or the Holding Company in this Stipulation and the Order shall also mean any of OTS's or Holding Company's predecessors, successors, and assigns, assuming OTS (or its successor) has jurisdiction over the Bank's successor or assign.
- D. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the construction hereof of the Stipulation or the Order.

- E. The terms of this Stipulation and the Order represent the final written agreement of the parties, as of the Effective Date, with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters.
- F. This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by OTS, acting through its Director, Deputy Director, Regional Director or other authorized representative.
- G. This Stipulation may be executed in counterparts by the directors after approval of its execution at a duly called board meeting.
- H. This Stipulation and the Order are and shall become effective on the Effective Date, as shown in the caption hereof.

8. **Signature of Directors**

Each Director of the Holding Company's Board of Directors signing this Stipulation attests that he/she voted in favor of a resolution authorizing the execution of the Stipulation. A copy of the resolution of the Board of Directors of the Holding Company, authorizing execution of this Stipulation shall be delivered to OTS, along with the executed original of this Stipulation.

WHEREFORE, Universal Savings Banc Holdings, Inc., Milwaukee, Wisconsin, by its directors, execute this Stipulation and Consent to the issuance of an Order to Cease and Desist for Affirmative Relief, intending to be legally bound hereby.

Accepted by:

OFFICE OF THRIFT SUPERVISION

By:

_____/s/_____
 Frederick R. Casteel
 Midwest Regional Director

Effective Date: _____ June 15, 2007 _____

UNIVERSAL SAVINGS BANC HOLDINGS, INC., MILWAUKEE, WISCONSIN
 Accepted by its directors:

_____/s/_____
 David C. Beck, Chairman of the Board
 and Director

_____/s/_____
 Charles W. Kearns, Director

2. **Resolution**

- A. The Holding Company shall not take any steps to hinder the Bank's efforts in preparing and implementing a voluntary dissolution plan as required by OTS, in accordance with any timeframe acceptable to OTS.
- B. The Holding Company cannot enter into any consent, agreement, or undertaking with respect to its corporate existence or operations without the prior written notice of non-objection of OTS.
- C. Without the prior written notice of non-objection of OTS, the Board shall not enter into a letter of intent or a binding agreement for either (1) an acquisition of USBHI by another depository institution holding company or other qualified entity; (2) a merger of the Bank into another depository institution; or (3) the acquisition of the Bank by, or the sale of substantially all of the Bank's assets and liabilities to another depository institution, a depository institution holding company, or other qualified entity.

3. **Restrictions on New Transactions**

- A. USBHI shall not enter into any new line of business or services without the prior written notice of non-objection of OTS.
- B. USBHI and its non-thrift subsidiaries may not issue or commit to issue any preferred stock without prior written notice of non-objection of OTS.
- C. USBHI shall not enter into any contractual obligation that would require an outlay of cash or any form of payment for a period greater than **60 calendar days**, except for obligations incurred in the ordinary course of business that do not exceed \$20,000, without the prior written notice of non-objection of OTS.

4. **Dividends**

- A. USBHI shall not direct any dividend payments by, or accept any dividend payments from Universal without the prior written notice of non-objection of OTS.
- B. USBHI shall not pay dividends on preferred or common stock without the prior written notice of non-objection of OTS.

5. **Transactions Involving Insured Subsidiary**

- A. The Board shall cause USBHI to take all necessary actions, consistent with the Bank's separate corporate existence, to facilitate the Bank's compliance with all applicable laws, regulations, OTS policies, and any outstanding enforcement action with OTS.
- B. USBHI shall not direct any payments by, or accept any payments from Universal for any business or other expenses attributed to the activities, products, or operation of USBHI or its non-thrift subsidiaries.

- C. By the **last day of the succeeding month** beginning with the month ending **May 31, 2007**, USBHI shall submit to OTS a monthly report listing each payment received from, and paid to the Bank. Such report will specify the dates, purpose, and amount of each disbursement and the source of funds.

6. **Corporate Governance**

- A. The Holding Company shall comply with 12 C.F.R. § 563.560, in each case regarding the employment or designation of senior executive officers, the appointment or replacement of any director, or a change in responsibilities of a senior executive officer.
- B. USBHI shall not increase compensation to directors or senior executive officers without the written notice of non-objection of OTS.
- C. The Holding Company shall not make any “golden parachute” payments (as that term is defined in 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359), except as permitted by 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359.
- D. By **July 16, 2007**, the Board of the Holding Company shall review the composition of its board, with the advice of qualified legal counsel, and determine whether USBHI is operating in accordance with its charter and bylaws and applicable state laws, and provide a report to OTS.

7. **Limitation on Debt**

- A. The Holding Company and its consolidated non-thrift subsidiaries shall obtain the prior written notice of non-objection of OTS at least **30 calendar days** prior to issuing, renewing, or rolling over any debt; increasing any current lines of credit; guaranteeing the debt of any entity; or entering into a commitment for debt, except as provided in the November 1, 2006 letter from OTS. The term “debt” includes hybrid capital instruments such as subordinated debt or trust-preferred securities. For purposes of this **Paragraph 7**, the term “debt” does not include liabilities incurred in the normal course of business to acquire goods and services and that are normally recorded as accounts payable.
- B. By **last day of the succeeding month** beginning with the month ending **May 31, 2007**, the Board shall submit to OTS: (1) a report addressing compliance with debt covenants, and (2) a detailed cash flow report that sets forth cash inflows and outflows on a short-term and long-term basis.

8. **Reports**

By the **23rd day** of the succeeding month, beginning with the month ending **May 31, 2007**, the Holding Company shall submit a report to OTS setting forth the following in the same or similar format to the financial reports submitted to OTS for the month of April 2007: (a) consolidated balance sheet; (b) consolidated month-to-date income statement; (c) consolidated fiscal year-to-date income statements; and (d) shareholders' equity.

BOARD OF DIRECTORS

9. Directors and Board Responsibility

- A. Notwithstanding the requirements of this Order that the Board submit various matters to the Regional Director for the purpose of receiving approval, notice of non-objection, or notice of acceptability, such regulatory oversight does not derogate or supplant each individual member's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of the Holding Company at all times, including compliance with the determinations of the Regional Director or his or her designee as required by this Order.
- B. The Board further shall oversee the safe and sound operation of the Holding Company at all times and shall take all reasonable and prudent actions necessary to satisfy this responsibility.

10. Compliance with Order

- A. The Board and officers of the Holding Company shall take immediate action to cause the Holding Company to comply with the terms of this Order and shall take all actions necessary or appropriate thereafter to cause the Holding Company to continue to carry out the provisions of this Order.
- B. By the **last day of the succeeding month** beginning with the month ending **June 30, 2007**, the Holding Company shall adopt a board resolution (Compliance Resolution), formally resolving that, following a diligent inquiry of relevant information (including reports of management), to the best of its knowledge and belief, during the immediately preceding **calendar month**, the Holding Company has complied with each provision of this Order currently in effect, except as otherwise stated. The Compliance Resolution shall specify in detail how, if at all, full compliance was found not to exist; and identify all notices of exemption or non-objection issued by the Regional Director or his or her designee that were outstanding as of the date of its adoption.
- C. The minutes of the meeting of the Board shall set forth the following information with respect to the adoption of each Compliance Resolution: (i) the identity of each director voting in favor of its adoption; and (ii) the identity of each director voting in opposition to its adoption or abstaining from voting thereon, setting forth each director's reasoning for opposing or abstaining.
- D. The Holding Company shall provide to OTS a certified true copy of each Compliance Resolution as adopted by the Board within **10 calendar days** after the Board meeting at which the Compliance Resolution was adopted. The Board, by virtue of the Holding Company's submission of a certified true copy of each such Compliance Resolution to OTS, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except as provided below. In the event that one or more Directors do not agree with the representations set forth in a Compliance Resolution, such disagreement shall be noted in the Board minutes.

Nothing contained herein shall diminish the responsibility of the entire Board to ensure the Holding Company's compliance with the provisions of this Order.

- E. The Board shall promptly respond to any request from OTS for documents that OTS requests to demonstrate compliance with this Order.

MISCELLANEOUS

11. Definitions

- A. All technical words or terms used in this Order and Stipulation for which meanings are not specified or otherwise provided by the provisions of this Order shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, Home Owners' Loan Act (HOLA), Federal Deposit Insurance Act (FDIA), or OTS Publications. Any such technical words or terms used in this Order and undefined in Code of Federal Regulations, HOLA, FDIA, or OTS Publications shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.
- B. For purposes of this Order, nothing shall be deemed "acceptable" to OTS or the Regional Director unless the Regional Director or the assigned Regional Deputy Director or Assistant Director has stated in writing that it is acceptable or has stated in writing that there is no objection to it.
- C. The term "qualified entity" is defined to include an individual, a group of individuals, a partnership, a corporation, or any other form of business organization that may, under applicable statutes and regulations, merge with or acquire USBHI or the Bank.

12. Successor Statutes, Regulations, Guidance, Amendments

Reference in this Order to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date of this Order and references to successor provisions as they become applicable.

13. Effective Date

This Order is and shall become effective on the Effective Date, as shown in the caption hereof.

14. Notices

- A. Except as otherwise provided herein, any request, demand, authorization, directive, notice, consent, waiver or other document provided or permitted by the Order to be made upon, given or furnished to, delivered to, or filed with:
 - 1. OTS, by USBHI, shall be addressed to the Assistant Director, Office of Thrift Supervision, Department of the Treasury, 225 East John Carpenter Freeway, Suite 500, Irving, Texas 75062-2327 or telecopied to (972) 277-9553; and

2. USBHI, by OTS, in each case shall be addressed to the Chief Executive Officer or the Board of USBHI at 754 North 4th Street, Milwaukee, Wisconsin 53203-2102 or telecopied to (414) 220-8840.

B. Such delivery shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid, sent via overnight delivery service, physically delivered, or means of electronic transmission. If there is a dispute about the date on which a written notice had been received by a party to this Order, then, in the event such notice was sent by United States mail, there shall be a presumption that the notice was received two (2) business days after the date of the postmark on the envelope in which the notice was enclosed.

15. **Time Limits and Suspension or Termination of Requirements**

Time limitations for compliance with the terms of this Order run from the Effective Date, unless otherwise noted. The Regional Director, or the assigned Regional Deputy Director or Assistant Director, may extend any time limits set forth in this Order by specifically granting that extension in writing. The Regional Director may suspend or terminate the requirement of the Order through a written notice that expressly provides for such suspension or termination.

16. **Effect of Headings**

The section and paragraph headings herein are for convenience only and shall not affect construction hereof.

17. **OTS Review of Actions Requested**

The Regional Director, or the assigned OTS Regional Deputy Director or Assistant Director, may provide a written notice of non-objection, acceptability, or objection, or request additional information with respect to any submission to OTS required by this Order.

18. **Integration Clause**

This Order represents the final written agreement of the parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter. However, as noted herein, all plans required by this Order shall, upon modification consistent with the direction of the Regional Director if such direction is given, become part of this Order and any deviation from these plans shall be deemed a violation of this Order.

19. **Separability Clause**

In case any provision in this Order is ruled to be invalid, illegal, or unenforceable by the decision of any court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his/her sole discretion determines otherwise.

