

## SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 7th day of June, 1999 (the "Effective Date"), by and between Bramble Federal Savings and Loan Association ("Bramble" or the "Association") OTS Docket No. 00313, a federally chartered mutual savings association, having its main office located at 5915 Bramble Avenue, Cincinnati, Ohio 45227, and the Office of Thrift Supervision ("OTS"), an office within the United States Department of the Treasury, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C. 20552, acting through its Central Regional Director or his designee ("Regional Director"). It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of 12 U.S.C. §§ 1818(b)(1) and (i)(2).<sup>1</sup>

**WHEREAS**, the OTS is the primary federal regulator of Bramble; and

**WHEREAS**, based on the Report of Compliance Examination dated February 9, 1998 ("Compliance ROE"), the OTS is of the opinion that Bramble has engaged in acts and practices that: (i) have resulted in violations of certain of the laws or regulations to which Bramble is subject, and/or (ii) are considered to be unsafe and unsound; and

**WHEREAS**, the OTS is of the opinion that grounds exist for the initiation of administrative proceedings against Bramble; and

**WHEREAS**, the OTS is of the view that it is appropriate to take measures intended to ensure that Bramble will: (i) comply with all applicable laws and regulations, and (ii) engage in safe and sound practices; and

**WHEREAS**, Bramble, acting through its Board of Directors (the "Board"), wishes to cooperate with the OTS and to evidence the intent to: (i) comply with all applicable laws and regulations, and (ii) engage in safe and sound practices.

**NOW THEREFORE**, in consideration of the above premises and the mutual undertakings set forth herein, the parties hereto agree as follows:

### COMPLIANCE MANAGEMENT

- (1) Within sixty (60) days of the Effective Date, Bramble shall develop and the Board shall adopt a written compliance program (the "Compliance Program") designed to ensure that the Association is operating in compliance with nondiscrimination and consumer protection laws and regulations. Guidelines for such a review process are outlined, in part, in the OTS Compliance Activities Regulatory Handbook and the OTS manual, Compliance: A Self-Assessment Guide. The Compliance Program shall be submitted to the OTS upon its

<sup>1</sup> All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

adoption, and shall include, but not necessarily be limited to, the following:

- a) The preparation of a policies and procedures manual covering nondiscrimination and consumer protection laws and regulations for use by Bramble personnel. Particular emphasis shall be placed on the Association's compliance with the Equal Credit Opportunity Act, the Fair Housing Act, the Flood Disaster Protection Act, the Truth-in-Lending Act, the Community Reinvestment Act ("CRA"), OTS Nondiscrimination Regulations and regulations affecting new product offerings;
- b) Provisions for the adequate training of new, and the periodic retraining of existing, personnel as to their duties and responsibilities under nondiscrimination and consumer protection laws and regulations;
- c) Ongoing procedures, including periodic internal or external compliance audits, to monitor the effectiveness of the Association's compliance with nondiscrimination and consumer protection laws and regulations. Such compliance audits shall include transactional sampling of institution records;
- d) Procedures to ensure that exceptions noted in the compliance audits and through the Compliance Program are immediately addressed and corrected by appropriate Association personnel;
- e) Mechanisms for effective Board oversight; and
- f) Procedures for updating the Compliance Program and correcting deficiencies that arise.

- (2) Once the Compliance Program has been adopted by the Board, the Association shall adhere to it in all material respects.

### **APPRAISAL POLICIES AND PROCEDURES**

- (3) Within thirty (30) days of the Effective Date, Bramble shall engage the services of an independent certified appraiser(s) to provide written appraisals for each parcel of real property that represents the primary collateral behind any new extension of credit issued by the Association.
- (4) Bramble will not employ and/or accept any real estate appraisal report which includes references or inferences to the racial characteristic(s) of a neighborhood(s).
- (5) Bramble will not engage in loan underwriting practices that discount the value of improved real property based on the age or location of the property, consistent with 12 C.F.R. §§ 528.2 and 528.9.
- (6) As of the Effective Date, Bramble shall provide each Association loan applicant with a written disclosure of his/her right to receive a copy of his/her appraisal report consistent with 12 C.F.R. § 202.5a(a).

(7) As of the Effective Date, the Board shall not:

- a) Approve any loan application, to be secured by real property, without first having obtained a fully supported independent appraisal; and
- b) Deny a loan or counteroffer a lower amount of a loan for reasons related to the proposed real estate security, without first having obtained a fully supported independent appraisal, a copy of which will be provided to the loan applicant.

### RECORD RETENTION

(8) As of the Effective Date, Bramble shall preserve all credit application records, which are defined under 12 C.F.R. § 202.12(b), currently in its possession, for the duration of this Agreement or pursuant to the regulatory requirements set forth under 12 C.F.R § 202.12(b), whichever is longer.

### RETROSPECTIVE CORRECTIVE ACTION

(9) Within ninety (90) days of the Effective Date, Bramble, under the direction of the Board, shall inform the public of its current nondiscriminatory lending practices. Methods to inform the public shall include, but not be limited to, advertising in local newspapers and the issuance of correspondence to real estate brokers and community groups that served a significant or majority of the African-American population within Bramble's CRA assessment area, as of February 9, 1998.

(10) Within ninety (90) days of the Effective Date, Bramble, under the direction of the Board, shall conduct and complete a review of all loan applications it received from February 9, 1996, through the Effective Date, for the purpose identifying loan applicants who were denied credit, or offered terms and/or conditions less favorable than those offered at the time of application and whose loan application file(s) contains at least one of the following characteristics:

- a) Loan documentation which reflects consideration, or makes references to, the racial characteristic of the applicant, except as required for government monitoring purposes, pursuant to 12 C.F.R. § 202.13;
- b) An appraisal report, valuation or other loan related document which refers to the racial composition of the area adjacent to the property intended to secure the loan;
- c) An appraisal report or valuation which applied unexplained, undocumented or unsupported discounts to the property valuation; or
- d) No appraisal report or written valuation for proposed collateral located in a neighborhood with minority composition of at least 25 percent.

(11) Within one hundred-twenty (120) days of the Effective Date, Bramble, under the direction of the Board, shall solicit new loan applications from each person identified pursuant to paragraph (10) of this Agreement ("Affected Person"). The loan solicitations shall contain, at a minimum,

the following:

- a) An offer to refund fees paid by the Affected Person in connection with the submission or processing of the original loan application;
  - b) Disclosure of the new credit terms available to the Affected Person;
  - c) Disclosure that the interest rate available will be the lesser of those currently being offered by the Association or the interest rate available at the time of the original loan application;
  - d) Disclosure that the Association will not charge the Affected Person any fees for submitting or processing the new application;
  - e) A clear description of the conditions under which the Association may collect fees if the new application is approved;
  - f) Disclosure that any fees charged in connection with an approved application will be no more than the lesser of those currently being charged by the Association or those fees charged at the time of the original application; and
  - g) Each Affected Person shall have at least 60 days to accept the Association's loan or new application solicitation.
- (12) In evaluating a reapplication of an Affected Person, Bramble shall use the creditworthiness standards in effect at the time of the original application, absent any discriminatory elements, or those currently in effect, whichever are more favorable to the Affected Person.
- (13) In the event that an Affected Person submits a new application which is approved by Bramble, but the applicant has obtained, from another lender, alternative credit in lieu of the credit denied on a prohibited basis, the Association shall:
- a) Refund to the Affected Person any prepayment, release-of-lien, or other similar fees and costs required by the alternative creditor;
  - b) Reimburse the Affected Person, at the consummation of the transaction being used to repay the alternative credit, for the greater of the two sets of closing costs including points or similar fees; and
  - c) Refund to the Affected Person, fees paid in connection with the submission and processing of the application for the alternative transaction that is to be repaid, in addition to the refund of the fees from the original denied application.
- (14) For any Affected Person whose application was rejected, the Association shall notify any third party it previously informed of such rejection to correct the Affected Person's credit history by deleting the previously reported rejection.
- (15) Bramble shall provide a written notification to the OTS once it has complied with all of the Retrospective Corrective Actions required under paragraphs (9) through (14) of this Agreement.

## GENERAL

### (16) Violations of Law

The Board shall immediately take all steps necessary to correct each violation of law, rule or regulation cited in the Compliance ROE. As each violation is corrected, the Board shall notify the OTS of the date and manner in which each correction has been effected.

### (17) Director Responsibility

Notwithstanding the requirements of this Agreement that the Board submit various matters to the OTS for consideration, non-objection or notice of acceptability, such regulatory oversight does not derogate or supplant each individual director's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of Bramble at all times, including compliance with the determinations of the OTS as required by this Agreement.

### (18) Compliance with Agreement

- A. The Board and officers of Bramble shall take immediate action to cause the Association to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause Bramble to continue to carry out the provisions of this Agreement.
- B. The Board, on a quarterly basis, shall adopt a board resolution (the "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 quarter, Bramble has complied with each provision of this Agreement currently in effect, except as otherwise stated.

The Compliance Resolution shall: (i) specify in detail how, if at all, full compliance was found not to exist, and (ii) identify all notices of exemption or non-objection issued by the Regional Director that were outstanding as of the date of its adoption.

- C. The minutes of the meetings 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 such director's reasoning for opposing or abstaining.
- D. The Board shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Agreement.

## MISCELLANEOUS

### (19) Definitions

All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of this Agreement 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 Agreement and undefined in said 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.

### (20) Successor Statutes, Regulations, Guidance, Amendments

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

### (21) Notices

A. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Agreement to be made upon, given or furnished to, delivered to, or filed with:

(i) the OTS, by Bramble, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to Mr. Christopher A. Lombardo, Assistant Director, Office of Thrift Supervision, Department of the Treasury, 200 West Madison Street, Suite 1300, Chicago, Illinois 60606, or telecopied to (312) 917-5002 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

(ii) the Association, by the OTS, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to Mr. George J. Postler, President, Bramble at 5915 Bramble Avenue, Cincinnati, Ohio 45227, or telecopied to (513) 271-0756, and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

B. Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service or telecopy, and upon delivery, if by physical delivery. If there is a dispute about the date on which a written notice has been received by a party to this Agreement, then, in the event such notice was sent by the United States mail, there shall be a presumption that the notice was received two Business Days after the date of the postmark on the envelope in which the notice was enclosed.

(22) Duration, Termination or Suspension of Agreement

- A. This Agreement shall become effective upon its execution by the OTS, through its authorized representative whose signature appears below. The Agreement shall remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director, Regional Director or other authorized representative.
- B. The Regional Director, in his sole discretion, may, by written notice, suspend any or all of the provisions of this Agreement.

(23) Time Limits

Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

(24) Effect of Headings

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

(25) Separability Clause

In case any provision in this Agreement 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 sole discretion determines otherwise.

(26) No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS Not Restricted

Nothing in this Agreement shall be construed as: (i) allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject, or (ii) restricting or estopping the OTS from taking such action(s) that it believes is appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action that the OTS determines to be appropriate.

(27) Successors in Interest/Benefit

The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the parties hereto, the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

(28) Integration Clause

This Agreement 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 the subject matter.

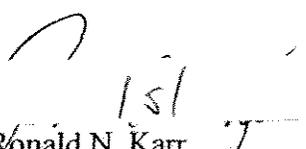
(29) Enforceability of Agreement

Bramble represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Association. Bramble acknowledges that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. §1818.

**IN WITNESS WHEREOF**, the OTS, acting by and through the Regional Director, and Bramble hereby execute this Agreement as of the Effective Date.

**OFFICE OF THRIFT SUPERVISION**

By:

  
Ronald N. Karr  
Central Regional Director

