

UNITED STATES OF AMERICA Before the OFFICE OF THRIFT SUPERVISION	STATE OF OHIO Before the DIVISION OF FINANCIAL INSTITUTIONS
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In the Matter of)

THE CLIFTON HEIGHTS SAVINGS)
 AND LOAN COMPANY)
 Cincinnati, Ohio (OTS No. 01648))

Re: OTS Order No. NE-07-04

Date: May 9, 2007

STIPULATION AND CONSENT TO ISSUANCE OF AN ORDER TO CEASE AND DESIST

This Stipulation and Consent to Issuance of an Order to Cease and Desist ("Stipulation") is submitted by THE CLIFTON HEIGHTS SAVINGS AND LOAN COMPANY, Cincinnati, Ohio ("Clifton Heights" or "Association", OTS No. 01648), to: (i) the Office of Thrift Supervision ("OTS"),¹ and (ii) the Ohio Division of Financial Institutions ("ODFI"). This Stipulation concerns the accompanying Order to Cease and Desist (the "Order").

WHEREAS, the OTS and the ODFI (collectively the "Regulatory Agencies"), based upon information derived from the exercise of their regulatory responsibilities, have informed the Association that they are of the opinion that grounds exist to initiate administrative cease-and-desist proceedings against the Association pursuant to federal and state law;² and

WHEREAS, the Association desires to cooperate with the Regulatory Agencies and to avoid the time and expense of such administrative proceedings; and

WHEREAS, the Association, while admitting that the Regulatory Agencies have jurisdiction with respect to this matter (as addressed in Section 1 below), neither admits nor denies (i) the existence of the above-mentioned grounds, or (ii) the Findings of Fact (in Section 2 below).

NOW, THEREFORE, the Association hereby stipulates and agrees to the following terms:

1. Jurisdiction.

(a) Clifton Heights, a state-chartered savings and loan company, is a "savings association" within the meaning of 12 U.S.C. § 1813(b), and 12 U.S.C. § 1462(4). Accordingly, Clifton Heights is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

¹ The OTS is acting through its Northeast Regional Director ("Regional Director").

² See section 8(b) of the Federal Deposit Insurance Act, 12 U.S.C. § 1818(b), and section 1155.02 of the Ohio Revised Code. Unless otherwise indicated, all statutory and regulatory references in this Stipulation are to those statutes and regulations as amended.

(b) Pursuant to 12 U.S.C. § 1813(q), the OTS is the "appropriate Federal banking agency" with jurisdiction to maintain administrative enforcement proceedings against Associations.

(c) Pursuant to Chapters 121, 1151, 1153, 1155, 1157, and 1181 of the Ohio Revised Code, the ODFI examines, regulates, and supervises Clifton Heights.

(d) Clifton Heights, therefore, is subject to the authority of the Regulatory Agencies to initiate and maintain administrative cease-and-desist proceedings against it pursuant to 12 U.S.C. § 1818(b) and section 1155.02 of the Ohio Revised Code.

2. Findings of Fact.

The Regulatory Agencies find that the Association has engaged in violations of 12 C.F.R. § 560.93 by making loans to "one borrower" whose aggregate amounts have exceeded the federal lending limit applicable to the Association.

3. Consent.

(a) The Association hereby consents to the issuance of the Order by the Regulatory Agencies.

(b) The Association agrees to comply with the terms of the Order upon its issuance. The Association further stipulates and agrees that the Order complies with all requirements of law, as applicable.

4. Finality.

The Association acknowledges that: (i) the OTS is issuing the Order under the authority of 12 U.S.C. § 1818(b), and the ODFI is issuing the Order under the authority of section 1155.02 of the Ohio Revised Code. Upon the issuance of the Order by the Regulatory Agencies, the Order shall be a final order, effective and fully enforceable by the Regulatory Agencies under the provisions of applicable law. *See, e.g.*, 12 U.S.C. § 1818(i).

5. Waivers.

The Association hereby waives the following:

- (i) The right to be served with a written notice of charges and notice of opportunity for hearing;
- (ii) The right to an administrative hearing on the charges concerning the basis for issuance of the Order;
- (iii) The right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h) and/or § 1155.02 and Chapter 119 of the Ohio Revised Code, or otherwise, to challenge the validity of the Order; and
- (iv) Any and all claims against the Regulatory Agencies, including their employees and agents, and any other governmental entity for the award of fees, costs, or expenses

related to this enforcement matter and/or the Order, whether arising under federal statutes (*e.g.*, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412), Ohio statutes, common law, or otherwise.

6. Other Government Actions Not Affected.

The Association 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, or liability of the Association that may arise pursuant to this action or otherwise, and that may be or have been brought by any other government entity other than the Regulatory Agencies.

7. Relation to Other Regulatory Actions.

The Association remains obligated to take all corrective actions specified in the Report of Examination for the examination started on November 27, 2006 ("Report of Examination"). However, to the extent there are any conflicts between deadlines specified in the Report of Examination and deadlines specified in the Order, the deadlines in the Order shall prevail and be applicable.

8. Miscellaneous.

(a) The laws of the United States of America and of the State of Ohio, as applicable, shall govern the construction and validity of this Stipulation and of the Order.

(b) The Board of Directors of the Association has duly authorized the Association to execute this Stipulation and Consent to the issuance of the Order by the Regulatory Agencies. The Association is submitting herewith a certified copy of said duly adopted board resolutions.

(c) All references to the OTS in this Stipulation and in the Order shall also mean any of the OTS' predecessors, successors, and assigns.

(d) The section and paragraph headings in this Stipulation and in the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Order.

(e) The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

(f) This Stipulation, which is incorporated into the Order, shall remain in effect until the Order is terminated in accordance with the terms of the Order. The terms of this Stipulation may not be modified, except by a written document signed by the Association and by the Regulatory Agencies, acting through their authorized representatives.

WHEREFORE, the Association executes this Stipulation, intending to be legally bound hereby.

**THE CLIFTON HEIGHTS SAVINGS
AND LOAN COMPANY**

151
Name: John A. Schuler
Title: President

Date: April 24, 2007

Accepted by:
OFFICE OF THRIFT SUPERVISION

151
Robert C. Albanese
Regional Director

Date: 5/9, 2007

Accepted by:
**OHIO DIVISION OF FINANCIAL
INSTITUTIONS**

151
John B. Reardon
Superintendent of Financial Institutions

151
Michael O. Roark
Deputy Superintendent for Savings and
Loan Associations and Savings Banks

Date: 4/27, 2007

UNITED STATES OF AMERICA Before the OFFICE OF THRIFT SUPERVISION	STATE OF OHIO Before the DIVISION OF FINANCIAL INSTITUTIONS
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_____)
 In the Matter of)
)
 THE CLIFTON HEIGHTS SAVINGS)
 AND LOAN COMPANY,)
 Cincinnati, Ohio (OTS No. 01648))
 _____)

OTS Order No. NE-07-04
 Date: May 9, 2007

ORDER TO CEASE AND DESIST

WHEREAS, The Clifton Heights Savings and Loan Company, Cincinnati, Ohio (“Clifton Heights” or the “Association,” OTS No. 1648) has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (“Stipulation”); and

WHEREAS, the Association, by its execution of 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 (“FDI Act”), 12 U.S.C. § 1818(b), and Section 1155.02 of the Ohio Revised Code; and

WHEREAS, the Office of Thrift Supervision (“OTS”) is acting by and through its undersigned Regional Director, and the Ohio Division of Financial Institutions (“ODFI”) is acting by and through its undersigned Superintendent of Financial Institutions and Deputy Superintendent for Savings and Loan Associations and Savings Banks:

NOW, THEREFORE, IT IS ORDERED, pursuant to the FDI Act and the Ohio Revised Code, as follows:

1. Compliance With Laws and Regulations.

The Association and its directors, officers, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or the aiding and abetting of any violation of 12 C.F.R. § 560.93 (Lending Limitations).

2. Effective Lending Limitations Program Required.

(a) Within thirty (30) days after the Effective Date of this Order, the Association and its Board of Directors (“Board”) shall develop and submit to the OTS and the ODFI for comment such policies, procedures, and reporting systems as are necessary to ensure that the Association

complies with the lending limitations set forth in 12 C.F.R. § 560.93 (“Policies”). The Policies shall, at a minimum: (i) fully address the lending limitations-related deficiencies reported in the ODFI Report of Examination for the examination started on November 27, 2006; (ii) require the Association to develop, update, and use on an ongoing basis, a comprehensive loans-to-one-borrower report designed to facilitate the Association’s compliance with 12 C.F.R. § 560.93, and (iii) require the Board to approve each loan or extension of credit¹ to any borrower² that, by itself or together with any other loan(s) or extension(s) of credit to that borrower, exceed(s) \$250,000. All actions of the Board required by this Paragraph No. 2(a) shall be recorded in the Board’s minutes.

(b) The Board shall revise the Policies in accordance with the OTS and the ODFI comments and within fifteen (15) days of receipt of comments from the OTS and the ODFI, adopt and implement the Policies.

3. Board Compliance Committee.

(a) By May 15, 2007, the Board shall appoint a committee (the “Regulatory Compliance Committee”) comprised of three or more directors, all of whom shall be Independent of Management,³ to monitor and coordinate the Association’s compliance with the provisions of this Order. Until such Regulatory Compliance Committee has been established and constituted, the full Board shall serve as the Regulatory Compliance Committee and perform the duties of such committee.

(b) Within 30 days after the end of each calendar quarter, starting with the quarter ending June 30, 2007, the Regulatory Compliance Committee shall submit a written progress report to the Board detailing the actions taken to comply with each provision of this Order and the results of those actions.

(c) Within 45 days after the end of each calendar quarter, starting with the quarter ending June 30, 2007, the Board shall submit to the OTS and to the ODFI: (i) a copy of the Regulatory

¹ For this purpose, “loan and extension of credit” shall have the definition set forth in 12 C.F.R. § 32.2(k).

² For this purpose, “borrower” shall mean a person who is named as a borrower or debtor in a loan or extension of credit, or any other person, including a drawer, endorser, or guarantor, who is deemed to be a borrower under the “direct benefit” or the “common enterprise” tests set forth in 12 C.F.R. § 32.5. See 12 C.F.R. § 32.2(a).

³ As used in this Order, the phrase “Independent of Management” means that the person: (i) is not an officer, employee or consultant of the Association, (ii) is not, either by blood or marriage, related to any existing Association director, officer or their attorneys or consultants, (iii) does not currently have a business or professional relationship with any existing Association director, officer or their attorneys or consultants and (iv) to the extent not inconsistent with the foregoing, meets the criteria set forth at 12 C.F.R. Part 363 and Appendix A thereto.

Compliance Committee's quarterly progress report required by the foregoing subparagraph, with any additional comments made by the Board, and (ii) a written certification that each director has reviewed the report.

(d) Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this Order.

4. Submissions to OTS and to the ODFI.

(a) Except as otherwise specifically provided in this Order, when the Association is required by this Order to submit documents to the OTS and the ODFI, it shall submit them as follows:

<u>The original to:</u> James G. Price, Assistant Director Office of Thrift Supervision 1 South Wacker Drive, Suite 2000 Chicago, Illinois 60606	<u>A copy to:</u> Michael O. Roark Deputy Superintendent for Savings and Loan Associations and Savings Banks Ohio Division of Financial Institutions 77 South High Street Columbus, Ohio 43215-6120
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(b) During the term of this Order, except with the prior written non-objection of the OTS' Regional Director (or his designee) and of the ODFI's above-referenced Superintendent and Deputy Superintendent, the Association shall not rescind any Policies that are required by this Order.

5. Definitions.

All technical words or terms used in this Order 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, the Home Owners' Loan Act ("HOLA"), the FDI Act, OTS Memoranda, the Ohio Revised Code, the Ohio Administrative Code, or other published guidance of the OTS or the ODFI. Any such technical words or terms used in this Order and undefined in said Code of Federal Regulations, the HOLA, the FDI Act, OTS Memoranda, the Ohio Revised Code, the Ohio Administrative Code, or other published guidance of the OTS or the ODFI, shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

6. Successor Statutes, Regulations, Guidance, Amendments.

Reference in this Order to provisions of statutes, regulations, Memoranda, and other published regulatory guidance shall be deemed to include all amendments to such provisions and all successor provisions as they become applicable.

7. No Violations Authorized; OTS and ODFI Not Restricted.

Nothing in this Order or the Stipulation shall be construed as: (a) allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject, or (b) restricting or estopping the OTS or the ODFI from taking any action(s) that either of them believes are appropriate in fulfilling the responsibilities placed upon them by law including, without limitation, any type of supervisory, enforcement, or other action that either or both of them determines to be appropriate, arising out of matters described in the most recent Report of Examination relating to the Association, or based on other matters.

8. Time Limits; Effect of Headings; Separability Clause; Stipulation Incorporated.

(a) Time limitations for compliance with the terms of this Order run from the Effective Date, unless otherwise noted.

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

(c) In case any provision in this Order is determined 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 and the ODFI in their discretion determine otherwise.

(d) The Stipulation is made a part hereof and is incorporated herein by this reference.

9. Effective Date; Duration.

This Order shall become effective on the date it is issued, *i.e.*, the Effective Date as shown on the first page hereof. This Order may not be modified or suspended except by a written notice of such action signed by the OTS and by the ODFI (acting by and through their duly authorized representatives). This Order shall remain in effect until it is terminated by action of the OTS and

the ODFI.

OFFICE OF THRIFT SUPERVISION

By: / S /
Robert C. Albanese
Regional Director, Northeast Region

OHIO DIVISION OF FINANCIAL
INSTITUTIONS

By: / S /
John B. Reardon
Superintendent of Financial Institutions

By: / S /
Michael O. Roark
Deputy Superintendent for Savings and
Loan Associations and Savings Banks