

SUPERVISORY AGREEMENT

95216

This Agreement ("Agreement") is made and is effective this 18<sup>th</sup> day of NOVEMBER, 1991 ("Effective Date"), by and between The Caldwell Savings and Loan Company, (OTS #0646) Caldwell, Ohio ("Caldwell"), for itself and the Office of Thrift Supervision ("OTS"). This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the institution. 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. Sections 1818(b)(1) and (i)(2).

WHEREAS, the OTS is of the opinion that Caldwell has engaged in unsafe or unsound practices in conducting the business of the institution, thereby providing grounds for the initiation of cease and desist proceedings against the institution by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the institution of cease and desist proceedings against the institution for its unsafe and/or unsound practices as set forth in the institution's Report of Examination dated June 17, 1991 for so long as the institution is in compliance with the provision of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, the institution by its Board of Directors ("Board"), is willing to enter into this Agreement to avoid the initiation of such cease and desist proceedings;

NOW, THEREFORE, in consideration of the above-stated forbearance by OTS from the initiation of cease and desist proceedings against Caldwell, it is agreed between the parties hereto as follows:

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OFFICE OF  
ENFORCEMENT

Unsafe and Unsound Practices

1. Within 60 days from the date of this Agreement, Caldwell shall submit for approval to the Assistant Director of the Cincinnati District of the OTS, amendments to its Collections Policies. Such amendments shall allow management to institute foreclosure proceedings for all loans restructured after July 1, 1991 which are in excess of 90 days delinquent. Such amendments shall also: (a) provide for expeditious contact with the borrower upon any loan becoming delinquent; (b) provide for a systematic and progressively stronger follow-up procedure to be used in contacting delinquent borrowers; (c) provide for notifying delinquent borrowers of actions to be taken on their delinquent loans; and (d) provide for Caldwell to retain copies of all notices sent to delinquent borrowers in their loan file. Caldwell shall not deviate from the Collections Policy without the prior written approval of the Assistant Director.

2. Within 30 days from the date of this Agreement, Caldwell shall submit for approval to the Assistant Director a written plan which sets timeframes for the restructuring of delinquent loans. Caldwell shall also amend its Business Plan to reflect such plan for restructuring loans. Such revised Business Plan shall be submitted to the Assistant Director for approval within 90 days from the date of this Agreement.

3. Within 60 days from the date of this Agreement, Caldwell's Board shall submit for approval to the Assistant Director revised lending and appraisal policies. Such policies shall include specific guidelines for land loans and shall establish criteria for safe and sound operating procedures.

4. Within 30 days from the date of this Agreement, Caldwell shall submit for approval to the Assistant Director revisions to its policy for establishing general valuation allowances. Such policy shall consider the level of delinquent loans, recent losses and historic losses in determining the adequacy of the level of such valuation allowances.

5. Within 30 days from the date of this Agreement, Caldwell's Board shall adopt a policy addressing loans to affiliated persons. Such policy shall make reference to the relevant statutes and regulations addressing such loans, including, but not necessarily limited to, 12 C.F.R. § 563.43 and Section 22(h) of the Federal Reserve Act (12 U.S.C. § 375b).

#### Closings

6. (a) Although the Board is by this Agreement required to submit certain proposed actions and programs for the review or approval of the Deputy Regional Director or his/her designee, the Board has the ultimate responsibility for proper and sound management of Caldwell. In and fulfilling its fiduciary duties, the Board may consider the reports of management, counsel, and other agents and consultants of the Board. Nothing contained herein shall require the Board or any member or agent thereof to take any action or omit to take any action inconsistent with his or her fiduciary duties.

(b) It is expressly and clearly understood that if, at any time, the OTS deems it appropriate in fulfilling the lawful responsibilities placed upon it by the several laws of the United States of America to undertake any lawful action affecting Caldwell, nothing in this Agreement shall in any way inhibit, stop, bar, or otherwise prevent the OTS from doing so.

Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time limitations may be extended by the Deputy Regional Director or his/her designee for good cause upon written application by the Board.

(d) All technical words or terms used in this Agreement, for which meanings are not specified or otherwise provided by the provision of this Agreement, shall, insofar as applicable, have meanings as defined in the rules and regulations adopted by the OTS (including, without limitation, Chapter V of Title 12 Code of Federal Regulation). Any such technical words or terms used in this Agreement and undefined in said rules and regulations shall have meanings that accord with the best custom and usage in the thrift industry.

(e) 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.

(f) It is understood that the execution of this Agreement shall not be construed as an approval of any application or notices that are contemplated by Caldwell.

(g) Any report or other document required by this Agreement to be submitted to the OTS shall be filed with the Office of Thrift Supervision, 525 Vine Street, Suite 700, Cinti., Ohio 45202, Attn: Assistant Director. All reports and other documents shall be deemed filed when received by the OTS.

(h) In the event any provision of this Agreement shall be declared invalid, illegal, or unenforceable; the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

The section headings used in this Agreement are for convenience of reference only and are not to affect the construction of or be taken into consideration in the interpretation of this Agreement.

(j) This Agreement shall remain in effect until terminated, modified, or suspended by the OTS, acting through the Regional Director or his designee.

IN WITNESS WHEREOF, the OTS, acting through its Deputy Regional Director, and Caldwell, by its board of directors, have executed this Agreement on the date first above written.

THE OFFICE OF THRIFT SUPERVISION  
Cincinnati, Ohio

JS  
Jerry H. Benham  
Deputy Regional Director

CALDWELL SAVINGS AND LOAN COMPANY  
Caldwell, Ohio

By: JS  
Director

COPY OF  
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified <sup>ASSISTANT</sup> Secretary of The Caldwell Savings and Loan Company, Caldwell, Ohio, hereby certify that the following is a true copy of a resolution duly adopted by its Board of Directors at a meeting duly called and held on November 18, 1991, that at said meeting a quorum was present and voting throughout, and that said resolution has not been rescinded or modified and is now in full force and effect:

RESOLUTION

THEREFORE, BE IT RESOLVED, that the proposed Agreement, a copy of which is attached hereto, be and is hereby approved by the Board of Directors of The Caldwell Savings and Loan Company, Caldwell, Ohio. The officers and employees of The Caldwell Savings and Loan Company are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of The Caldwell Savings and Loan Company this 18<sup>th</sup> day of November, 1991.

18/  
ASSISTANT Secretary