

95238

SUPERVISORY AGREEMENT

This Agreement ("Agreement") is made and is effective this 21st day of November, 1991 ("Effective Date"), by and between Cherry Grove Savings Bank, (OTS No. 2016), Cincinnati, Ohio ("Cherry Grove"), 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 Cherry Grove 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 unsafe and/or unsound practices as set forth in the institution's Report of Examination dated July 15, 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"), while neither admitting nor denying that it has engaged in such unsafe and unsound practices, is willing to enter into this Agreement to avoid the initiation of such cease and desist proceedings;

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ENFORCEMENT

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

Unsafe and Unsound Practices

1. Cherry Grove shall correct existing violations cited in the Report of Examination dated July 15, 1991.
2. Within 90 days from the date of this Agreement, the Board of Directors of Cherry Grove shall review the compensation (including committee fees and retainers) paid to all officers, directors, and employees of Cherry Grove and adjust such compensation to insure that it is not in excess of that which is reasonable and commensurate with duties and responsibilities. A written summary of such review shall be sent to the Assistant Director of the Cincinnati Office of OTS upon completion.
3. Any audit reports prepared by Cherry Grove's outside auditors must be reviewed by the entire Board, or alternatively, by an Audit Committee of the Board consisting of a majority of outside directors. Such review shall be reflected in the minutes of the appropriate Board or Audit Committee meeting.
4. Within 90 days from the date of this Agreement, Cherry Grove shall submit a comprehensive Business Plan for approval to the Assistant Director. Such Plan shall, at a minimum, include an amended asset classification policy, provide for written procedures to be implemented for the valuation, disposition, and/or development of real estate owned.
5. Within 90 days from the date of this Agreement, Cherry Grove shall increase the number of directors on the Board to seven. New directors must be submitted for approval to the Assistant Director.

6. Within 15 days from the date of this Agreement, Cherry Grove shall establish specific and general valuation allowances sufficient to address the concerns documented in the July 15, 1991 Report of Examination. Such valuation allowances shall be maintained until the deficiencies necessitating such allowances are corrected to the satisfaction of the Assistant Director.

7. Within 90 days from the date of this Agreement, Cherry Grove shall submit for approval to the Assistant Director an appraisal of the Mt. Holly Road project. Such appraisal shall support the property's fair market value as a development project.

8. Within 60 days from the date of this Agreement, Cherry Grove's Board shall adopt policies and management shall implement procedures to insure (1) that financial reports and records are prepared in accordance with instructions, regulations, and generally accepted accounting principles; (2) that applications for future capital distributions are submitted to the Assistant Director for approval; and (3) that Cherry Grove determine its lien position on collateral for all mortgage loans so as to comply with Section 563.170(c)(1)(ix) of the Regulations.

9. (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 Cherry Grove. In exercising 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 Cherry Grove, nothing in this Agreement shall in any way inhibit, stop, bar, or otherwise prevent the OTS from doing so.

(c) 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 Cherry Grove.

(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, Cincinnati, 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.

(i) 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 Cherry Grove, by its board of directors, have executed this Agreement on
the date first above written.

THE OFFICE OF THRIFT SUPERVISION
Cincinnati, Ohio

By: JS/
Jerry M. Benham
Deputy Regional Director

CHERRY GROVE SAVINGS Bank
Cincinnati, Ohio

By: JS/
Director

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of Cherry Grove Savings Bank, Cincinnati, 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 12, 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 Cherry Grove Savings Bank, Cincinnati, Ohio. The officers and employees of Cherry Grove Savings Bank 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 Cherry Grove Savings Bank, this 21st day of November, 1991.

IS/
Secretary