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SUPERVISORY AGREEMENT

10-31-90  
(Date)

This Supervisory Agreement ("Agreement") is made and is effective this 22 day of October, 1990, by and between North Akron Savings Association, Akron, Ohio ("North Akron") and the Office of Thrift Supervision ("OTS"), an agency of the United States of America, Department of the Treasury.

WHEREAS, the OTS is of the opinion that North Akron has violated certain laws and regulations and has engaged in certain unsafe and unsound practices in conducting the business of the institution, and that such violations and practices provide grounds for the initiation of cease and desist proceedings against North Akron by the OTS; and

WHEREAS, although North Akron neither admits nor denies that it has violated any laws or regulations or has engaged in any unsafe or unsound practice, in the interest of regulatory compliance and cooperation, North Akron is willing to enter into this Agreement to avoid the initiation of such cease and desist proceedings; and

WHEREAS, the OTS is willing to forbear from the initiation of cease and desist proceedings on the subjects covered by this Agreement for so long as North Akron is in compliance with the provisions of the Agreement that pertain to such subjects:

NOW, THEREFORE, in consideration of the OTS' forbearance from initiation of cease and desist proceedings against North Akron, it is agreed as follows:

1. North Akron and its directors, officers, employees, agents, and service corporations shall cease and desist from any violation of, or the aiding and abetting of violations of any laws or OTS regulations including, but not limited to:
  - a. Violations of 12 CFR sec. 563.160(c)(2), including, but not limited to, failure to classify assets;
  - b. Violations of 12 CFR sec. 563.172(a) including failure to appraise real estate owned;
  - c. Violations of 12 CFR sec. 563.171(c), including failure to develop adequate written appraisal policies and failure to develop guidelines for hiring appraisers;
  - d. Violations of 12 CFR sec. 563.176, including, but not limited to, failure to develop a policy for management of interest rate risk exposure;
  - e. Violations of 12 CFR sec. 563.233(c), including, but not limited to, failure to implement Statement of Financial Accounting Standards No. 91;
  - f. Violations of 12 CFR sec. 563.170(c), including, but not limited to, failure to document the borrowers' ability to repay the debt, failure to obtain appraisals on real estate securing loans, and failure to obtain inspection reports on vouchers regarding the completion of a percentage of construction on development or construction loans, prior to disbursing loan proceedings;
  - g. Violations of 12 CFR sec. 204.3, including, but not limited to, failure to report deposits subject to the reserve requirements under that regulation.

2. North Akron shall develop a comprehensive business plan to cover growth strategies and investment strategies. That business plan shall be submitted to the OTS District Supervisor within ninety (90) days following the date upon which a new chief executive officer is hired by North Akron. North Akron shall submit an interim business plan acceptable to the OTS District Supervisor within thirty (30) days from the date of this order.

3. North Akron agrees that both Mr. Paul Long and Mr. Cort Hungerford shall retire from employment at North Akron no later than June 30, 1991. North Akron shall recruit and hire a new chief executive officer, acceptable to the District Supervisor, on or before March 31, 1991. After the new executive officer is employed, Mr. Long and Mr. Hungerford shall report to him/her until the date of the retirement of each, and both Mr. Long and Mr. Hungerford shall strive to cooperate with and assist him/her with the implementation of this Agreement and the operation of North Akron in a safe and sound manner.

On November 30th, and every thirty days thereafter, North Akron shall submit to the OTS District Supervisor the list of candidates being considered for the positions of chief executive officer.

The new chief executive officer shall be nominated by the board to serve on the board of directors upon joining North Akron. Proxies held by any members of the board of directors shall be voted for such new chief executive officer.

4. North Akron shall develop and implement a loan underwriting policy, in a form satisfactory to the OTS District Supervisor within thirty (30) days of the date of this Agreement. Such policy shall include, but not be limited to, specific guidelines with respect to debt to income analysis of borrowers and verification of income and employment of borrowers.

5. North Akron shall fill the vacancy on the board of directors by appointing an independent director and shall take necessary steps to maintain at least seven (7) directors.

This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of North Akron. It is understood that this Agreement is a "written agreement," the terms and provisions of which shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

This Agreement shall remain in effect until terminated by the OTS, acting through its District Director. The District Director will consider written requests for termination of the Agreement, if, in his opinion, North Akron has satisfactorily complied with the terms of this Agreement for a period of two years from the date of this Agreement. Any decision to amend or modify the Agreement is left to the discretion of the OTS District Supervisor.

All technical words or terms used in this Agreement, for which meanings are not specified or otherwise provided shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, Home Owners' Loan Act of 1933, the Federal Deposit Insurance Act and OTS memoranda and any such technical words or terms used in this Order, and undefined by said sources shall have meanings that accord with the best custom and usage in the savings and loan industry.

OFFICE OF THRIFT SUPERVISION

NORTH AKRON SAVINGS & LOAN ASSOCIATION

By: LS/

Lawrence B. Muldoon  
District Director  
Cincinnati Division

By: LS/

President

CERTIFIED COPY OF  
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of North Akron Savings Association, Akron, 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 October 26, 1990, 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

**WHEREAS, the officers and directors of North Akron Savings Association, Akron, Ohio ("North Akron") have been advised that the Office of Thrift Supervision ("OTS") believe North Akron to have violated laws or regulations to which the institution is subject and to have engaged in unsafe and unsound practices in conducting the business of the institution, and that such violations and practices provide grounds for the initiation of cease and desist proceedings against North Akron; and**

**WHEREAS, although North Akron has neither admitted nor denied that it has violated any laws or regulations or has engaged in any unsafe or unsound practices, in the interest of regulatory compliance and cooperation, North Akron is willing to enter into this Agreement to avoid the initiation of cease and desist proceedings; and**

**WHEREAS, said officers and directors have been informed that the Office of Thrift Supervision will forbear from the initiation of cease and desist proceedings on the subjects covered by the attached Supervisory Agreement if said agreement is executed by the institution and if its terms are thereafter carried out by the institution; and**

**WHEREAS, the Directors of North Akron have read and considered the proposed agreement attached to the minutes of the meeting of the Board of Directors held on October 26, 1990 and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter into and ratify the proposed Agreement:**

**NOW, THEREFORE, BE IT RESOLVED, that the proposed agreement, a copy of which is attached hereto, be and is hereby approved and ratified by the Board of Directors of North Akron. The authority of the President of the institution to sign and execute this agreement on behalf of the institution is hereby approved and ratified. The officers and employees of North Akron are directed and authorized to take all necessary steps to implement immediately the terms of the Supervisory Agreement.**

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of North Akron this 29th day of October, 1990.

*/s/*  
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Secretary

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