

SUPERVISORY AGREEMENT

OTS DOCKET # 7125
95031

This Supervisory Agreement ("Agreement") is made and is effective this 20th day of May 1992 ("Effective Date"), by and between Theodore F. Burdsall, Sr. ("Burdsall"), Chairman of the Board of Directors, Chief Executive Officer, and Legal Counsel of Mercantile Savings Bank, Cincinnati, Ohio ("Mercantile") (OTS No. 7125) 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 Burdsall. 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 based on the results of the Report of Examination dated July 15, 1991, that grounds exist for the initiation of proceedings against Burdsall by the OTS pursuant to 12 U.S.C. Section 1818(b); and

WHEREAS, the OTS is willing to forbear at this time from the initiation of proceedings pursuant to 12 U.S.C. Section 1818(b) on the matters covered by this Agreement, for so long as Burdsall is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, Burdsall, while neither admitting nor denying that grounds for proceedings pursuant to 12 U.S.C. Section 1818(b) exist, is willing to enter into this Agreement to avoid the initiation of such proceedings;

NOW, THEREFORE, in consideration of the above-stated forbearance by OTS, it is agreed between the parties hereto as follows:

RETIREMENT/RESIGNATION

1. Within 90 days from the Effective Date of this Agreement, Burdsall shall retire from his positions as Chairman of the Board of Directors, Chief Executive Officer and Legal Counsel of Mercantile and resign his position as a Director of Mercantile. Burdsall further agrees that the \$5,000 per month retirement payment described in paragraph 8(a) of the Supervisory Agreement entered into by Mercantile on or about the Effective Date of this Agreement is the only retirement payment that he is entitled to from Mercantile.

REPAYMENT

2. Burdsall shall repay Mercantile excessive compensation received by him in 1990 and 1991, in the amount of \$72,143, consisting of \$750 in Directors' fees for unattended meetings, \$11,393 in personal legal expenses for estate planning and other personal expenses, and \$60,000 for legal retainer fees. One-third of such payment (\$24,047) shall be paid upon the date of Burdsall's retirement; one-third shall be paid within six months of the date of his retirement; and one-third shall be paid within one year of the date of his retirement.

RELEASE

3. The OTS agrees that the execution of this Agreement and payment of the amounts described in paragraph 2 above settles all claims the OTS may have against Theodore F. Burdsall, Sr. for receipt of excessive compensation cited in the July 15, 1991 Report of Examination, and further agrees not to institute any additional enforcement action against Burdsall for the receipt of such compensation.

4.(a) 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 Mercantile, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the OTS from doing so.

(b) 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 Burdsall.

(c) 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 the rules and regulations adopted by the OTS (including, without limitation, Chapter V of Title 12 Code of Federal Regulations). 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.

(d) 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.

(e) 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 Mercantile or Burdsall.

(f) 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.

(g) 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.

(h) 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 Regional Director, and Theodore F. Burdsall, Sr. have executed this Agreement on the date first above written.

THE OFFICE OF THRIFT SUPERVISION

BY:

Theodore F. Burdsall, Sr.

BY:

Regional Director