

95124 #458

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 1st day of July, 1991, by and between Kentucky Federal Savings and Loan Association, Covington, Kentucky ("Kentucky Federal") 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 Kentucky Federal, its officers, directors, employees, agents and service corporations. It is understood and agreed that this Agreement is a "written agreement" entered into with the Office of Thrift Supervision within the meaning of 12 U.S.C.A. § 1818(b)(1) and (i)(2) (West 1989).

NOW THEREFORE, IT IS AGREED between the parties hereto as follows:

1. Kentucky Federal shall continue at all times to employ a full-time, experienced employee to be designated as a collections specialist. Such employee's duties and responsibilities shall primarily involve delinquent loan collection and other efforts to reduce the level of delinquent loans.

2. Within 60 days from the date of this Agreement, the Board of Directors of Kentucky Federal shall adopt and management shall implement a formal Plan to reduce the level of classified assets. Such Plan shall include a time schedule for reduction of classified assets. Such Plan and schedule shall be acceptable to the Assistant Director of OTS-Cincinnati District Office. Kentucky Federal shall submit to the Assistant Director, on a quarterly basis, a report of compliance with the Plan and schedule.

3. Within 60 days from the date of this Agreement, the Board of Directors of Kentucky Federal shall adopt policies and management shall implement procedures addressing collection efforts on all delinquent loans. Such policies and procedures shall be acceptable to the Assistant Director.

4. Within 60 days from the date of this Agreement, the Board of Directors of Kentucky Federal shall adopt policies and management shall implement procedures to insure that all checks issued by Kentucky Redbird Service Corporation, or any other service corporation, be countersigned by a duly designated officer of Kentucky Federal, with supporting documentation presented at the time of such signature.

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 Chapter V of Title 12 of the Code of Federal Regulations, Home Owners' Loan Act ("HOLA"), Federal Deposit Insurance Act ("FDIA") or OTS Memoranda, as amended, and all such technical words or terms used in this Agreement, and undefined by the statutes, rules and regulations contained in such Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda, shall have meanings that accord with the best custom and usage in the savings and loan industry. 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.

This Agreement shall remain in effect until terminated by the OTS, acting through its Deputy Regional Director. Any decision to amend or modify the Agreement is left to the discretion of the OTS Deputy Regional Director.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officer or designated agent. A certified copy of the resolution of the Board of Directors of Kentucky Federal authorizing the execution of this Agreement is attached hereto and made a part hereof.

KENTUCKY FEDERAL SAVINGS AND
LOAN ASSOCIATION

By: / S /
Its: President

OFFICE OF ~~THRIFT~~ SUPERVISION

By: / S /
Deputy Regional Director
Cincinnati District Office