

SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made and is effective this 13th day of December, 2007 (the Effective Date), by and among The Home Building and Loan Company, Greenfield, Ohio (Home or the Association) OTS Docket No. 08107, a federally insured state-chartered savings association, the Office of Thrift Supervision (OTS), a bureau of the United States Department of the Treasury, acting through its Central Regional Director or his designee (Regional Director) and the Ohio Department of Commerce - Division of Financial Institutions (Division).

WHEREAS, the OTS is the primary Federal regulator of Home pursuant to the Home Owners' Loan Act (HOLA), 12 U.S.C. §§ 1461 *et seq.*, and is Home's appropriate Federal banking agency for purposes of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. §§ 1811 *et seq.*;¹

WHEREAS, Home is doing business under authority granted by the Division and is subject to regulation by the Division pursuant to Chapters 1151. to 1157. and Chapter 1181. of the Ohio Revised Code;

WHEREAS, based upon the findings contained within the Association's June 11, 2007 Report of Examination (ROE), the OTS and the Division are of the opinion that Home has engaged in acts and practices that: (i) have resulted in violations of certain laws or regulations to which Home is subject; and (ii) are considered to be unsafe and unsound;

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of administrative proceedings against Home pursuant to 12 U.S.C. §§ 1464(d) and 1818(b);

WHEREAS, the Division is of the opinion that grounds exist for the initiation of administrative proceedings against Home pursuant to Section 1155.02 of the Ohio Revised Code;

WHEREAS, the OTS and the Division are of the view that it is appropriate to take measures intended to ensure that Home will: (i) comply with all applicable laws and regulations; and (ii) engage in safe and sound practices;

WHEREAS, Home wishes to cooperate with the OTS and the Division and to evidence its intent to: (i) comply with all applicable laws and regulations; and (ii) engage in safe and sound practices; and

¹ All references to the United States Code (U.S.C.), the Code of Federal Regulations (C.F.R.), the Ohio Revised Code and the Ohio Administrative Code are as amended, unless otherwise indicated.

WHEREAS, Home, acting through its Board of Directors (Board) enters into this Agreement, without admitting or denying that such grounds exist to initiate an administrative proceeding.

NOW THEREFORE, in consideration of the above premises and the mutual undertakings set forth herein, the parties hereto agree as follows:

Compliance with Laws and Regulations

1. Home and its directors, officers, employees, and agents shall take all necessary and appropriate actions to comply with the following laws and regulations:
 - a. 12 C.F.R. § 560.172 (Re-evaluation of real estate owned);
 - b. 12 C.F.R. § 564.5 (Appraiser independence); and
 - c. 12 C.F.R. § 572.3 (Requirement to purchase flood insurance where available).

Asset Quality

2. As of the Effective Date, Home shall not make, renew or modify any loan, with the exception of owner-occupied one-to-four family loans, until such time as Home's current loan underwriting policies and procedures are modified, as required below and under the Asset Quality section comments contained within the Matters Requiring Board Attention section of the ROE.

Within 60 days of the Effective Date, Home shall submit to the OTS and the Division for review and comment amended loan underwriting policies and procedures incorporating the changes required in the ROE and in addition, at a minimum, to provide for the following:

- a. Written confirmation of the employment and income of each borrower and guarantor prior to granting a loan. Any material differences identified by Home concerning employment and/or income stated within an application and through the Association's independent confirmation process, must be fully documented within the loan file and differences reconciled to the satisfaction of the Board;
- b. Review of credit reports for borrowers and guarantors by a Board designated employee(s). The review of credit reports shall fully identify, document and reconcile any material differences existing between the borrower's/guarantor's credit report and information contained within the corresponding loan application submitted by the borrower/guarantor, as well as provide an evaluation of any outstanding negative items contained within any credit report furnished to the Association;

- c. For any one-to-four unit investment property loan applications, in addition to ensuring compliance with items in subparagraphs a. and b. of this Paragraph, Home must have in its possession, prior to approving any such one-to-four unit investment property loan application, as applicable, confirmed copies of rent rolls, occupancy reports, operating income statements and tax returns for at least the last three years;
 - d. In the contract terms of any one-to-four unit investment property loan, Home shall require the borrowers to provide to the Association on an annual basis, updated copies of rent rolls, occupancy reports, operating income statements and tax returns and provide for a default rate of interest that shall be implemented, should the borrower fail to provide annual document submissions as required by this subparagraph d.;
 - e. Require flood zone determinations be obtained on all applicable loans before closing, and prohibit making, increasing, extending, or renewing any loan secured by property determined by the Federal Emergency Management Agency to have special flood hazards, unless Home is in complete compliance with the provisions set forth under 12 C.F.R. § 572.3; and
 - f. For any loan approval contemplated by Home, which is an exception to the Association's lending policies, such loan application must be presented to the Association's full Board, with any discussions fully documented within the minutes of such Board meeting, including identification of the compensating factors considered, as well as the specific identification of votes for and against approving such proposed loan.
3. Within 60 days of the Effective date and annually thereafter, for any existing one-to-four unit investment property loan contained within Home's portfolio as of the Effective Date, Home shall take all reasonable steps to obtain copies of the most recent rent rolls, occupancy reports, operating income statements and tax returns.
4. Within 30 days of the Effective Date and thereafter, Home shall verify and document that real estate taxes on loans delinquent 60 days or more are current.
5. A. Within 60 days of the Effective Date, the Board shall develop a written program designed to improve and strengthen loan collection efforts. The written program shall include specific plans to:
- i. Reduce the number of delinquent loans within Home's portfolio;
and
 - ii. Improve recovery of charged-off assets.

- B. Within five (5) business days of completion, a copy of the written program required under Paragraph 5.A. shall be forwarded to the OTS and the Division for review and comment. Upon the receipt of comments from the OTS and the Division, Home shall, modify the written program, and then implement and thereafter maintain the written program as modified and required in this Paragraph 5.
6. By the end of the calendar quarter in which this agreement becomes effective, and every three years thereafter, Home shall obtain independent estimates of value for the real estate securing all loans and land contracts financing real estate sold by Home that have been on the books less than five years; and Home shall charge-off as loss, in the current accounting period, any excess of recorded investment over fair value.
7. Within 60 days of the Effective Date, Home shall submit to the OTS and the Division policies and procedures designed to ensure that REO is managed in accordance with regulatory requirements and guidance. At a minimum, the Association's REO policies and procedures shall include the following elements:
- a. Identification of management and staff responsible for oversight of REO properties;
 - b. A requirement that Home obtain an independent appraisal on any loan that becomes delinquent 180 days or more, to determine fair market value;
 - c. A requirement that a new, independent appraisal of REO property be obtained at the time a property becomes REO and at such times thereafter as dictated by prudent management policy, to determine fair market value and to ensure compliance with 12 C.F.R. § 560.172;
 - d. Utilization of the new appraised value, as required in subsection c. of this Paragraph, for determining the proper reporting of the value of the asset (i.e., fair value as determined by the new appraised value, less costs associated to sell the REO);
 - e. Require that the property tax payment status be incorporated by the Association in its "loss" analysis of any REO property;
 - f. Account for land contracts financing the resale of REO as REO on Thrift Financial Report line SC415;
 - g. Regular review of the REO portfolio and require the classification as "loss" and charge-off any amount in excess of the recorded investment in a loan over the fair value (i.e., new appraised value, less costs associated with the sale of the REO property) in the current accounting period;
 - h. Recognize as current expenses all holding costs and expenditures incurred in the disposition of foreclosed properties;
 - i. Assess the level of the allowance for loan and lease losses (ALLL) after charge-offs utilizing the guidance contained in OTS CEO Letter

No. 250, dated December 13, 2006 (Interagency Policy Statement on the ALLL); and

- j. The establishment of specific parameters for a "sell" and "hold" decision on REO property, including identification of acceptable property conditions and/or characteristics for available for sale properties and maximum rehabilitation expenditure guidelines and giving consideration to the limitation in Ohio Revised Code §1151.27(C) on the time the Association may hold REO .
8. As of the Effective Date, Home shall not make, renew or modify any loan until such time as the Board takes all steps necessary and appropriate to ensure complete compliance with the provisions of 12 C.F.R. § 564.5, concerning appraiser independence. The policies and procedures required by Paragraph 2 shall provide, in part, that no director or officer of Home will participate in any vote or approval involving any asset which he or she performed an appraisal and otherwise be consistent with the provisions set forth at 12 C.F.R. § 564.5(a).
 9. Within 60 days of the Effective Date, Home shall submit to the OTS and the Division policies and procedures to ensure standardized loans in process (LIP) advances and appraisal completion affidavits. At a minimum, the policies and procedures contemplated in this Paragraph shall provide that no construction and/or rehabilitation loan proceeds shall be disbursed by the Association or committed for disbursement unless:
 - a. There is a written report, prepared by a qualified individual designated by Home, specifying the remaining interest reserves, if any, available to the borrower to pay its interest obligations to the Association, the availability of permanent, take-out financing, and actual/projected sales or lease activity for the project;
 - b. A qualified individual designated by Home has inspected the project and provided the Association with a written and signed inspection report containing sufficient information to substantiate the particular draw, including, at a minimum, an indication of the percentage of completion of the project, a comparison of the construction actually performed to the plans submitted to support the loan, and evidence that positive determinations have been made that monies disbursed are, in fact, being used to pay bills related to the construction project;
 - c. The borrower and a qualified individual designated by Home for inspecting the project have authorized the disbursement in writing; and
 - d. Home has within its possession documentation showing the date, amount, purpose, and recipient of every disbursement of the proceeds of such loan and whether such disbursements are made

directly by the Association or through escrows, or other persons or concerns.

10. Within 60 days of the Effective Date, Home shall establish, implement and maintain a portfolio limitation as a percentage of core capital plus ALLL, for the one-to-four unit non-owner occupied loan portfolio. Once the Board establishes and implements the portfolio limitation required pursuant to this Paragraph, the Board shall forward documentation in support of its limitation to the Regional Director and the Division within ten (10) calendar days of such determination.

Management

11. Within 30 days of the Effective Date, the Board shall require that management prepare and submit a written report concerning the corrective actions management has taken or proposes the board take in response to concerns and deficiencies identified within third-party reviews of the Association's operations, including independent audit reviews. The Association shall maintain copies of all such reports as part of its books and records. Thereafter, within 60 days of receipt of each third-party review of Home's operations, the Board shall require that management prepare, submit and maintain copies of a written report of the corrective actions management has taken or proposes the board take in response to concerns and deficiencies identified within all such third-party reviews.
12. Within 90 days of the Effective Date, the Board shall develop, implement and maintain a comprehensive written plan of management succession which, at a minimum, shall include the following elements:
 - a. Defining the duties and responsibilities of key management positions, in particular the duties and responsibilities of the Association's Executive Managing Officer;
 - b. Identification of essential training and development of management, with consideration for the development of future senior managers;
 - c. Development of a process to facilitate a smooth transition of an appointment of a new Executive Managing Officer or President in the future; and
 - d. Addressing a hierarchy of leadership for interim control during an emergency or loss of key personnel.

Liquidity

13. Within 60 days of the Effective Date, the Board shall ensure that management of the Association conducts a review of its Asset Liability Policy and Liquidity Management Policy and shall define the term "liquid asset" in each of these policies. In addition, the Board shall make certain

that the policies identified within this Paragraph are consistent as to defined liquidity levels.

Compliance with Agreement

14. A. All policies, procedures, corrective actions, plans, programs, agreements, reviews and systems required by this Agreement (collectively referred to as Plans and Policies) shall conform to all applicable statutes, and regulations, as well as OTS and Division policy and guidance. The Board shall revise Plans and Policies as required by the OTS or the Division within 30 calendar days of written direction from the OTS or the Division. The Plans and Policies shall be incorporated into this Agreement, and any deviation from such Plans and Policies shall be a violation of this Agreement.
- B. The Board and officers of the Association shall take immediate action to cause Home to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Association to carry out the provisions of this Agreement.
- C. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of Home at all times, including compliance with the OTS's and the Division's determinations as required by this Agreement.
- D. By the last day of the succeeding month, beginning with the month ending December, 2007, the Board shall submit to the OTS and Division the Board's originally executed certification that, following a diligent inquiry of relevant information (including a report from the Association's management regarding Home's compliance with each provision of this Agreement), to the best of its knowledge and belief, during the immediately preceding month, the Association has complied with each provision of this Agreement currently in effect, except as otherwise stated. The certification shall: (1) specify in detail how, if at all, full compliance was found not to exist; and (2) identify all notices of exemption or non-objection issued by OTS and the Division that were outstanding as of the date of its adoption. In the event that one or more directors do not agree with the representations set forth in the certification, such a disagreement shall be noted in the certification.

Definitions

15. 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, the HOLA, the FDIA, the provisions of the Ohio Revised Code and the Ohio Administrative Code governing savings and loan associations, or published OTS or Division guidance. Any

such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, FDIA, Ohio Revised Code, the Ohio Administrative Code, or OTS or Division Publications shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

Successor Statutes, Regulations, Guidance, Amendments

16. Reference in this Agreement to provisions of federal and state statutes, regulations, and OTS and Division Publications shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

Notices

17. A. Except as otherwise provided herein, any request, demand, authorization, directions, notice, consent, waiver, or other document provided or permitted by this Agreement to be made upon, given or furnished to, delivered to, or filed with:
- (i) The OTS, by Home, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Regional Director, Office of Thrift Supervision, Department of the Treasury, One South Wacker Drive, Suite 2000, Chicago, Illinois 60606 or telecopied to (312) 917-5001, and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address;
 - (ii) The Division, by Home, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Deputy Superintendent for Savings and Loan Associations and Savings Banks, Ohio Department of Commerce – Division of Financial Institutions, 77 South High Street, 21st Floor, Columbus, Ohio 43215-6120 or telecopied to (614) 752-9029, and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address; and
 - (iii) Home, by the OTS or the Division, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid, or sent via overnight delivery service or physically delivered in each case addressed to the Board of Directors of The

Home Building and Loan Company, 355 Jefferson Street, Greenfield, Ohio 45123 or telecopied to (937) 981-5130, and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

B. Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service or telecopy, and upon delivery, if by physical delivery. If there is a dispute about the date on which a written notice has been received by a party to this Agreement, then, in the event such notice was sent by the United States mail, there shall be a presumption that the notice was received two business days after the date of the postmark on the envelope in which the notice was enclosed.

Effect of Headings

18. The section and paragraph headings herein are for convenience only and shall not affect the construction hereof.

Separability Clause

19. In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director and the Division, each in their sole discretion, determine otherwise.

No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS and Division Not Restricted

20. Nothing in this Agreement shall be construed as: (i) allowing Home to violate any law, rule, regulation, or policy statement to which it is subject, or (ii) restricting or estopping the OTS or the Division from taking any action(s), including without limitation, any type of supervisory, enforcement or resolution action that the OTS and/or the Division determines to be appropriate in fulfilling the responsibilities placed upon it by law.

Time Limits

21. Time limits for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted. The Regional Director and the Division, may, in their sole discretion, extend any of such time limitations.

Duration, Termination or Suspension of Agreement

22. A. This Agreement shall become effective upon its execution by: (i) the OTS through its authorized representative whose signature appears below; and (ii) the Division through its authorized representative whose signature appears below. The Agreement shall remain in effect until terminated, modified, or suspended, in writing, by: (i) the OTS, acting through its Director, Regional Director, or other authorized representative; and (ii) the Division.

B. The Regional Director and the Deputy Superintendent, in their sole discretion, may, by written notice, suspend any or all of the provisions of this Agreement.

Successors in Interest/Benefit

23. 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. Nothing in this Agreement, expressed or implied, shall give to any person or entity, other than the parties hereto and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Integration Clause

24. This Agreement represents the final written agreement of the parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date of this Agreement, with respect to the subject matter.

Enforceability of Agreement

25. The Association represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of Home. The Association acknowledges that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. § 1818 and a "supervisory agreement" within the meaning of Section 1155.02 of the Ohio Revised Code.

Counterparts

26. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

THE HOME BUILDING AND LOAN COMPANY

By: /s/
Floyd W. Bartley,
Director

By: /s/
Dane E. Iseman,
Director

By: /s/
Stephen D. Lewis,
Director

By: /s/
Sandra T. McNeil,
Director

By: /s/
George S. Pearce,
Director

By: /s/
Peter D. Quance,
Director