FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

and

STATE OF OHIO

DIVISION OF FINANCIAL INSTITUTIONS

In the Matter of GEAUGA SAVINGS BANK NEWBURY, OHIO (Insured State Nonmember Bank)	)	ORDER TO CEASE AND DESIST FDIC-08-241b

Geauga Savings Bank, Newbury, Ohio ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING from the Federal Deposit Insurance Corporation ("FDIC") detailing the unsafe or unsound banking practices and violations of law, rule, or regulation alleged to have been committed by the Bank, and of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and under section 1163.03 of the Ohio Revised Code, Ohio Rev. Code Ann. § 1163.03 (Anderson), regarding cease and desist orders issued by the Division of Financial Institutions for the State of Ohio ("Division"), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with representatives of FDIC and the Division, dated January 6, 2009, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of law, rule, or regulation, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and Division.

The FDIC and Division considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws, rules, or regulations. The FDIC and Division, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and any successors and assigns thereof, cease and desist from the following unsafe or unsound banking practices and violations of law, rule, or regulation:

A. Operating with an inadequate level of capital protection for the kind and quality of assets held.

B. Violating law, rule or regulation, and contravention with Interagency Statements of Policy including but not limited to:

- Section 304.3(a) of the FDIC Rules and Regulations (FDIC Rules"), 12 C.F.R. § 304.3(a), regarding filing of Reports of Condition and Income;

- Section 323 of the FDIC Rules, 12 C.F.R. § 323, and section 1161.38(F) of the Ohio Revised Code, regarding appraisals;
- Section 326.4 of the FDIC Rules, 12 C.F.R. § 326.4, regarding annual security reports;
- Section 363.4(a) of the FDIC Rules, 12 C.F.R. § 363.4(a), and section 1163.09(D) of the Ohio Revised Code, regarding filing an annual report with the FDIC and the audit report with the Division, respectively;
- Section 1161.18 of the Ohio Revised Code, regarding board of directors meeting minutes.
- Section 1701.64(A) of the Ohio Revised Code, regarding the election of a corporate secretary; and
- The interagency policy statements on subprime lending, Allowance for Loan and Lease Losses, investment securities, and interest rate risk.

C. Engaging in hazardous lending and lax collection practices, including, but not limited to:

- Extending credit with inadequate diversification of risk;
- Restructuring troubled debt outside of prudent refinance practices or tracking mechanisms.
- The failure to obtain adequate collateral;

- The failure to establish and monitor collateral margins of secured borrowers;
- The failure to obtain proper loan documentation;
- The failure to establish and enforce adequate loan repayment programs; and
- The failure to obtain current and complete financial information.

D. Operating with an excessive level of adversely classified loans and delinquent loans.

E. Operating with an inadequate allowance for loans and lease losses and calculation methodology for the volume, kind, and quality of loans and leases held.

F. Operating with inadequate net interest margins.

G. Engaging in speculative or hazardous investment practices and operating with an inadequate investment policy.

H. Operating with inadequate internal routines and controls.

I. Operating with an inadequate audit program.

J. Operating with an inadequate asset/liability policy.

K. Operating with inadequate liquidity in light of the Bank’s asset and liability mix.

L. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

M. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

CAPITAL

1. (a) As of the effective date of this ORDER, the Bank shall have and maintain its level of Tier 1 capital as a percentage of its total assets ("capital ratio") at a minimum of 8.0%. As of March 31, 2009, the Bank shall have and maintain its capital ratio at a minimum of 8.5%. As of June 30, 2009, the Bank shall have and maintain its capital ratio at a minimum of 9.0%. For purposes of this ORDER, Tier 1 capital and total assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(b) Any such increase in Tier 1 capital may be accomplished by the following:

(ii) The sale of common stock and noncumulative perpetual preferred stock constituting Tier 1 capital under Part 325; or

(iii) The elimination of all or part of the assets classified "Loss" as of March 31, 2008, without loss or liability to the Bank, provided any such collection on a partially charged-off asset shall first be applied to that portion of the asset which was not charged off pursuant to this ORDER; or

(iv) The collection in cash of assets previously charged off; or

(v) The direct contribution of cash by the directors and/or the shareholders of the Bank; or

(vi) Any other means acceptable to the Regional Director of the Chicago Regional Office of the FDIC ("Regional Director") and the Division; or

(vii) Any combination of the above means.

(c) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of new securities, the board of directors of the Bank shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held by or controlled by them in favor of the plan. Should the implementation of the plan involve public distribution of Bank securities, including a distribution limited only to the Bank's existing shareholders, the Bank shall prepare detailed offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such materials, the materials used in the sale of the securities shall be submitted to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 and to Ohio Department of Commerce, Division of Financial Institutions, State of Ohio, 77 South High Street, 21st Floor, Columbus, Ohio 43215-6120, for their review. Any changes requested to be made in the materials by the FDIC or the Division shall be made prior to their dissemination.

(d) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or purchaser of Bank securities written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 calendar days of the date any material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber of the Bank's original offering materials.

(e) The capital ratio analysis required by this paragraph shall not negate the responsibility of the Bank and its board of directors for maintaining throughout the year an adequate allowance for loan and lease losses and an adequate level of capital protection for the kind, quality and degree of market depreciation of assets held by the Bank.

DIVIDEND RESTRICTION

2. As of the effective date of this ORDER, the Bank shall pay no cash dividends without the prior written consent of the Regional Director and the Division.

ALLOWANCE FOR LOAN AND LEASE LOSSES

3. Prior to submission or publication of all Reports of Condition and Income required by the FDIC after the effective date of this ORDER, the board of directors of the Bank shall review the adequacy of the Bank's allowance for loan and lease losses ("ALLL"), provide for an adequate ALLL, and accurately report the same. The minutes of the board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL recommended, if any, and the basis for determination of the amount of ALLL provided. In making these determinations, the board of directors shall consider the FFIEC Instructions for the Reports of Condition and

Income and any analysis of the Bank's ALLL provided by the FDIC or the Division. ALLL entries required by this paragraph shall be made prior to any Tier 1 capital determinations required by this ORDER.

MANAGEMENT

4. (a) Within 90 days from the effective date of this ORDER, the Bank shall retain and maintain qualified management. At a minimum, such management shall include: (i) a new chief executive officer with proven ability in managing a bank of comparable size and experience in upgrading a low quality loan portfolio; (ii) a new chief financial officer with the necessary amount of training and experience to correct the deficiencies noted in the Joint Report; (iii) a new chief lending officer; and (iv) a new chief credit risk officer with proven ability and experience in upgrading a low quality loan portfolio. As used in this paragraph, "retain" shall mean retain under contract, subject only to regulatory approval under Subpart F of the FDIC Rules and Regulations, 12 C.F.R. §§ 303.101-303.104, and Paragraph 4(c) of this ORDER.

(b) The qualifications of management shall be assessed on its ability to:

(i) Comply with the requirements of this ORDER;

(ii) Operate the Bank in a safe and sound manner;

(iii) Comply with applicable laws, rules, and regulations; and

(iv) Restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, and liquidity.

(c) Prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer, the Bank shall comply with the requirements of section 32 and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. §§ 303.100-303.104. Further, the Bank shall request and obtain the Division’s written approval prior to the addition of any individual to the board of directors and the employment of any individual as a senior executive officer.

CORRECTION OF VIOLATIONS

5. (a) Within 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law, rule, and regulation listed in the Joint Report.

(b) Within 60 days from the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws, rules, and regulations.

LOAN POLICY

6. (a) Within 90 days from the effective date of this

ORDER, and annually thereafter, the board of directors of the Bank shall review the Bank's loan policy and procedures for adequacy and, based upon this review, shall make, implement, and adhere to all appropriate revisions to the policy necessary to strengthen lending procedures and abate additional loan deterioration. The revised written loan policy shall be submitted to the Regional Director and Division for review and comment upon its completion.

(b) The initial revisions to the Bank's loan policy required by this paragraph, at a minimum, shall include provisions:

(i) Establishing review and monitoring procedures for compliance with the FDIC's regulation on appraisals, 12 C.F.R. Part 323;

(ii) Establishing review and monitoring procedures to ensure that all lending personnel are adhering to established lending procedures and that the directorate is receiving timely and fully documented reports on loan activity, including any deviations from established policy;

(iii) Requiring that all extensions of credit originated or renewed by the Bank be supported by current credit information and collateral documentation, including lien searches and the perfection of security interests; have a clearly defined and stated purpose; and have a predetermined and realistic repayment source and schedule. Credit information and collateral documentation shall include current financial information, profit and loss statements or copies of tax returns, and cash flow projections, and shall be maintained throughout the term of the loan;

(iv) Requiring the Bank's board of directors to review and monitor the status of repayment and collection of overdue and maturing loans, as well as all loans classified "Substandard" in the Joint Report of Examination of the Bank dated May 27, 2008 ("Joint Report");

(v) Requiring the establishment and maintenance of a loan grading system and internal loan watch list;

(vi) Requiring a written plan to lessen the risk position in each line of credit identified as a problem credit on the Bank’s internal loan watch list;

(vii) Prohibiting troubled debt restructurings, including but not limited to, the capitalization of interest or loan-related expenses unless the board of directors approves a detailed justification documented in the board minutes of why said deviation is in the best interest of the Bank;

(viii) Requiring a nonaccrual policy in accordance with the Federal Financial Institutions Examination Council’s Instructions for the Consolidated Reports of Condition and Income;

(ix) Requiring accurate reporting of past due loans to the loan committee on at least a monthly basis;

(x) Addressing concentrations of credit and diversification of risk, including goals for portfolio mix, establishment of limits within loan and other asset categories, and development of a tracking and monitoring system for the economic and financial condition of specific geographic locations, industries, and groups of borrowers;

(xi) Incorporating collateral valuation requirements, including: (A) maximum loan-to-collateral-value limitations; (B) a requirement that the valuation be completed prior to a commitment to lend funds; (C) a requirement for periodic updating of valuations; and (D) a requirement that the source of valuations be documented in Bank records;

(xii) Establishing standards for initiating collection efforts;

(xiii) Establishing guidelines for timely recognition of loss through charge-off;

(xiv) Prohibiting the extension of a maturity date, advancement of additional credit or renewal of a loan to a borrower whose obligations to the Bank were classified "Substandard" "Doubtful," or "Loss," whether in whole or in part, in the Joint Report, or by the FDIC or DFI in a subsequent Report of Examination, without the full collection in cash of accrued and unpaid interest, unless the loans are well secured and/or are adequately supported by current and complete financial information, and the renewal or extension has first been approved in writing by a majority of the Bank's board of directors; and

(xv) Requiring that collateral appraisals be completed prior to the making of secured extensions of credit, and that periodic collateral valuations be performed for all secured loans listed on the Bank's internal watch list, criticized in any internal or outside audit report of the Bank, or criticized in any regulatory report of examination of the Bank.

(c) Within 30 days of receipt of any comments from the Regional Director and the Division, and after revising the written plan to address any concerns noted by the Regional Director and the Division, the Bank shall adopt, implement, and adhere to the revised written plan.

PROHIBITION OF ADDITIONAL LOANS TO CLASSIFIED BORROWERS

7. (a) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated

in any manner to the Bank on any extensions of credit (including any portion thereof) that has been charged off the books of the Bank or classified “Loss” so long as such credit remains uncollected.

(b) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified “Substandard” and is uncollected unless the Bank’s board of directors has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension of credit is in the best interest of the Bank. A copy of the statement shall be placed in the appropriate loan file and shall be incorporated in the minutes of the applicable board of directors’ meeting.

LOSS CHARGE-OFF

8. As of the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified “Loss” in the Joint Report that have not been previously collected or charged off. Any such charged-off asset shall not be rebooked without the prior written consent of the Regional Director and the Division. Elimination or reduction of these assets with the proceeds of other Bank extensions of credit is not considered collection for the purpose of this paragraph.

REDUCTION OF DELINQUENCIES AND CLASSIFIED ASSETS

9. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate, adopt, and implement a written plan to reduce the Bank’s risk position in each asset in excess of $300,000 which is delinquent or is classified “Substandard” or “Doubtful” in the Joint Report. The written plan shall be acceptable to the Regional Director and the Division as determined at subsequent examinations.

(b) The plan shall include, but not be limited to, provisions which:

(i) Review the financial position of each such borrower, including source of repayment, repayment ability, and alternative repayment sources; and

(ii) Evaluate the available collateral for each such credit, including possible actions to improve the Bank’s collateral position.

(iii) Prohibit an extension of credit for the payment of interest, unless the Board provides, in writing, a detailed explanation of why the extension is in the best interest of the Bank;

(iv) Prohibit the extension of loan maturities without the full collection of accrued and unpaid interest unless the Board provides, in writing, a detailed explanation of why the extension is in the best interest of the Bank;

(v) Delineate areas of responsibility for loan officers;

(vi) Establish acceptable guidelines for the collection of delinquent credits;

(vii) Establish dollar levels to which the Bank shall reduce delinquencies and “Substandard” assets within 6 and 12 months from the effective date of this ORDER; and

(viii) Provide for the submission of monthly written progress reports to the Bank’s board of directors for review and notation in minutes of the meetings of the board of directors.

(c) As used in this ORDER, “reduce” means to collect payments or repossess and sell collateral and apply proceeds to the loan. Reduction through the use of renewals or extensions of maturity dates is not an acceptable means to “reduce” the volume of delinquent loans.

REDUCTION OF CONCENTRATIONS

10. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Division for review and comment a written plan to reduce each of the loan concentrations of credit identified in the Joint Report to not more than 225 percent of the Bank’s total Tier 1 capital. Such plan shall prohibit any additional advances that would increase the concentrations or create new concentrations and shall include, but not be limited to:

(i) Dollar levels to which the Bank shall reduce each concentration within 12 and 18 months from the effective date of this ORDER; and

(ii) Provisions for the submission of monthly written progress reports to the Bank’s board of directors for review and notation in minutes of the meetings of the board of directors.

(b) Within 30 days of receipt of any comments from the Regional Director and the Division, and after revising the written plan to address any concerns noted by the Regional Director and the Division, the Bank shall adopt, implement, and adhere to the written plan.

SPECIAL MENTION/TECHNICAL EXCEPTIONS

11. (a) Within 120 days from the effective date of this ORDER, the Bank shall correct all deficiencies in the loans listed for "Special Mention" in the Joint Report.

(b) Within 120 days from the effective date of this ORDER, the Bank shall correct the technical exceptions listed in the Joint Report.

LOAN/DEPOSIT RATIO

12. Within 180 days from the effective date of this ORDER, the Bank shall reduce, in a manner consistent with sound banking practices, the level of its total loans to not more than 110 percent of its total deposits and within 360 days from the effective date of this ORDER, to not more than 100 percent of total deposits, unless the Regional Director and the Division consent to maintaining a higher ratio. "Total loans" and "total deposits" shall be defined as in the Federal Financial Institutions Examination Council's Instructions for the Consolidated Reports of Condition and Income.

ASSET/LIABILITY MANAGEMENT

13. (a) As of the effective date of this ORDER and on each business day that the Bank is open for business while this ORDER is in effect or until deemed unnecessary by the Regional Director and Division, the Bank shall electronically submit to the Regional Director and the Division a liquidity status report

in a format approved by the Regional Director and the Division. Additionally, the Bank shall electronically submit a liquidity plan which shall identify sources of liquid assets to meet the Bank's anticipated and unanticipated liquidity needs over the next day, the next week, the next 30 days, and the next 90 days.

(b) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Division for review and comment a written policy addressing liquidity, rate sensitivity, and investments which corrects the deficiencies of the Joint Report. The initial plan shall include, at a minimum, provisions:

(i) Establishing a range for its net non-core funding ratio as computed in the Uniform Bank Performance Report which is acceptable to the Regional Director and the Division;

(ii) Identifying the source and use of borrowed and/or volatile funds;

(iii) Preparing a Sources and Uses of Funds schedule. The schedule shall be prepared weekly and cover sources and uses of funds for the next three month period.

(iv) Establishing appropriate lines of credit at correspondent banks, including the Federal Reserve Bank of Cleveland, that would allow the Bank to borrow funds to meet depositor demands if the Bank's other provisions for liquidity proved to be inadequate;

(v) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short- and long-term liquidity objectives;

(vi) Establishing a minimum liquidity ratio and defining how the ratio is to be calculated;

(vii) Establishing contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs;

(viii) Addressing the proper use of borrowings (i.e., seasonal credit needs, match funding mortgage loans, etc.) and providing for the type, source, and terms of each borrowing to be commensurate with the proposed use of funds borrowed; and

(ix) Establishing procedures for managing the Bank’s sensitivity to interest rate risk which comply with the Joint Agency Statement of Policy on Interest Rate Risk (June 26, 1996), and the Joint Supervisory Statement on Investment Securities and End-user Derivative Activities (April 23, 1998).

(c) Within 30 days of receipt of any comments from the Regional Director and the Division, and after revising the written policy to address any concerns noted by the Regional Director and the Division, the Bank shall adopt, implement, and adhere to the written policy.

(d) Annually thereafter during the life of this ORDER, the Bank shall review the policy for adequacy and, based upon such review, shall make appropriate revisions to the policy that are necessary to maintain adequate provisions to meet the Bank’s liquidity needs.

AUDITS

14. (a) Within 60 days from the effective date of this ORDER, the Bank’s board of directors shall develop and submit to the Regional Director and the Division a comprehensive written audit program. At a minimum, the audit program shall provide that:

(i) Management will make written monthly reports of progress in addressing audit findings directly to the Bank's board of directors, which findings and any action taken as a result of the findings shall be recorded in the minutes of the meetings of the board; and

(ii) The Bank's board or audit committee provide the Regional Director and Division with a copy of all external audit reports within 10 days of the receipt of such reports by the Bank's board or audit committee.

(b) Within 30 days of receipt of any comments from the Regional Director and the Division, and after revising the audit program to address any concerns noted by the Regional Director and the Division, the Bank shall adopt, implement, and adhere to the audit program.

BUDGET AND PROFIT PLAN

15. (a) Within 60 days from the effective date of this ORDER, and annually thereafter, the Bank shall develop and submit to the Regional Director and the Division for review and comment a written profit plan and a realistic, comprehensive budget for all categories of income and expense for the current and following calendar years. The plans required by this

paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall earnings and net interest income, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) Within 30 days of receipt of any comments from the Regional Director and the Division, and after revising the plan and budget to address any concerns noted by the Regional Director and the Division, the Bank shall adopt, implement, and adhere to the plan and budget.

(c) Within 30 days from the end of each calendar quarter following completion of the profit plans and budgets required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plan and budget for that year, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meeting at which such evaluation is undertaken.

STRATEGIC PLAN

16. (a) Within 90 days from the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Division for review and comment a realistic, comprehensive strategic plan. The plan required by this

paragraph shall contain an assessment of the Bank’s current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components or sale of the bank as appropriate. The written strategic plan shall address, at a minimum:

(i) Strategies for pricing policies and asset/liability management; and

(ii) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings.

(iii) Any plans that involve seeking a merger partner.

(b) Within 30 days of receipt of any comments from the Regional Director and the Division, and after revising the strategic plan to address any concerns noted by the Regional Director and the Division, the Bank shall adopt, implement, and adhere to the strategic plan.

(c) Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank’s board of directors shall evaluate the Bank’s actual performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the board of directors' meeting at which such evaluation is undertaken.

DISCLOSURE TO SHAREHOLDERS

17. Following the effective date of this ORDER, the Bank shall send to its shareholders a copy or description of this ORDER: (1) in conjunction with the Bank's next shareholder communication; and (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe this ORDER in all material respects. The description and any accompanying communication, notice or statement shall be sent to the FDIC Registration and Disclosure Section 550 17th Street, N.W., Washington, D.C. 20429 and to the Division of Financial Institutions, Ohio Department of Commerce, 77 South High Street, Columbus, Ohio 43215-6120, for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC and the Division shall be made prior to dissemination of the description, communication, notice or statement.

COMPLIANCE WITH ORDER

18. Within 30 days from the effective date of this ORDER, the Bank shall establish a compliance committee comprised of at least three directors who are not officers of the Bank, except that one member of the committee may be the chairman of the board of directors. The committee shall monitor compliance with

this ORDER and, within 30 days from the effective date of this ORDER and every 30 days thereafter, shall submit to the board of directors for consideration at its regularly scheduled meeting a written report detailing the Bank’s compliance with this ORDER. The compliance report shall be incorporated into the minutes of the board of directors’ meeting. Establishment of this committee does not in any way diminish the responsibility of the entire board of directors to ensure compliance with the provisions of this ORDER.

PROGRESS REPORTS

19. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Division written progress reports signed by each member of the Bank’s board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and the Division have, in writing, released the Bank from making further reports.

The effective date of this ORDER shall be 10 calendar days after its issuance by the FDIC and the Division.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC and the Division.

Pursuant to delegated authority.

Dated: January 12, 2009.

____
M. Anthony Lowe
Regional Director
Chicago Regional Office
Federal Deposit Insurance Corporation

____
John B. Reardon
Superintendent of Financial Institutions
State of Ohio

____
Kenneth N. Koher
Deputy Superintendent
For Savings and Loan Associations
and Savings Bank
State of Ohio