

## OFFICE OF THRIFT SUPERVISION

### ORDER APPROVING ORGANIZATION AND ACQUISITION OF A FEDERAL SAVINGS BANK

**Order No.: 9831**

**Date: March 30, 1998**

Wayne Savings Bankshares, M.H.C., Wooster, Ohio, Wayne Savings Bancshares, Inc., Wooster, Ohio and Wayne Savings Community Bank, Wooster, Ohio (together, the "Applicants"), have applied to the Office of Thrift Supervision ("**OTS**"), to organize and acquire Village Savings Bank, F.S.B., North **Canton**, Ohio (the "Savings Bank"), a federal stock savings bank, pursuant to 12 U.S.C. §§ 1464(e) and **1467a(e)**, and 12 C.F.R. §§ 543.3, 552.2-1 and 574.3. The Savings Bank will be a member of the Savings Association Insurance Fund.

The OTS has considered the holding company, permission to organize and operating subsidiary applications under the standards set forth in 12 U.S.C. §§ 1464(e) and **1467a(e)**, and 12 C.F.R. §§ 543.3, 552.2-1(b) and 574.7, and under the Community Reinvestment Act, 12 U.S.C. § 2901 et seq., and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the OTS has also considered the digest by the OTS Central Regional Office ("**Regional Office**"), a legal opinion by the Business Transactions Division, and an analysis by Corporate Activities ("collectively the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS has determined that the holding company and permission to organize applications satisfy all applicable statutory and regulatory criteria, provided that the conditions set forth below are satisfied. Accordingly, the holding company and permission to organize applications are hereby approved, subject to the following conditions:

- (1) The Applicants and the Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Office;
- (2) On the business day prior to the date of consummation of the proposed transaction, the Chief Financial Officers of the Applicants and the Savings Bank shall certify in writing to the Central Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Applicants and the Savings Bank, respectively, as disclosed in the applications, including but not limited to directors, shareholders, or the business plan; and provided further, that no additional information having an adverse bearing on any feature of the applications has been brought to the attention of the Applicants, the Savings Bank or the OTS since the date of the financial statements submitted with the applications;

- (3) The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order or within such additional period as the Central Regional Director, or his designee, may grant;
- (4) The Applicants and the Savings Bank must advise the Regional Office in writing within 10 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction and of the Savings Bank's insurance of accounts and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the applications and this Order;
- (5) The Savings Bank shall submit independent audit reports to the Regional Office for its first three fiscal years. These reports shall be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
- (6) The Applicants and the Savings Bank shall be operated as separate legal entities so that: (1) their respective accounts and records are not intermingled; (2) each observes the procedural formalities of separate legal entities; (3) each is held out to the public as a separate enterprise; and (4) neither dominates the other to the extent that one is treated as a mere department of the other:
- (7) If any solicitations are communicated to the Community Bank's depositors to close their deposit accounts in the Community Bank and/or to open deposit accounts in the Savings Bank, the depositors of the Community Bank must be provided disclosure (in a form approved by the OTS Regional Director) of the potential loss of (i) their priority stock subscription rights under the applicable mutual-to-stock conversion regulations in the event of a second-step stock conversion of the mutual holding company, or (ii) any proceeds that would be available to depositors in the event of a voluntary dissolution of the Community Bank in accordance with regulations of the OTS. Solicitation includes all manner of communications to the Community Bank's accountholders intended to inform the Community Bank's accountholders of the Savings Bank and its products and to entice the movement of deposits to the Savings Bank, including, inter alia, mailings and other transmittals of brochures and account and interest rate information, and conversations by employees of the Community Bank or the Savings Bank with the Community Bank's accountholders;
- (8) All dividend payments by the Applicants and the Savings Bank must receive prior written OTS approval. Payments to management officials that the OTS deems abusive may be viewed as unsafe and unsound practices and prohibited;
- (9) All distributions in connection with a voluntary dissolution by the Applicants must receive prior written OTS approval. Payments to management officials that the OTS deems abusive may be viewed as unsafe and unsound practices and prohibited;

- (10) Written approval of the OTS must be obtained before any issuance of, stock by the Savings Bank, and before any disposition of stock of the Savings Bank by the Community Bank; and
- (11) The Community Bank and the Savings Bank shall be subject to the following provisions of the OTS Mutual Holding Company Regulations as if the Community Bank were a mutual holding company and the Savings Bank were a savings association subsidiary of a mutual holding company: 12 C.F.R. §§ 575.7, 575.8, **575.10(a)(1)** - (a)(5), 575.10(b)(l), 575.10(b)(3) **-(4)**, and 575.1 l(b) - (e).
- (12) The Savings Banks Year 2000 Project Management Program must adhere to the Year 2000 guidance issued by the OTS and/or the Federal Financial Institutions Examination Council ("FFIEC") including the May 5, 1997 **FFIEC** Year 2000 *Project Management Awareness* statement, the December 17, 1997 **FFIEC** *Safety and Soundness Guidelines Concerning the Year 2000 Business Risk*, the March 17, 1998 **FFIEC** *Guidance Concerning Institution Due Diligence in Connection with Service Provider and Software Vendor Year 2000 Readiness*, the March 17, 1998 **FFIEC** *Guidance Concerning the year 2000 Impact on Customers* and any subsequent OTS or FFIEC Year 2000 guidance.

By order of the Director of the Office of Thrift Supervision, or her designee,  
effective 3/30/98.

  
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John E. Ryan  
Acting Executive Director, Supervision