UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
LANSING, MICHIGAN

Written Agreement by and among OSB COMMUNITY BANK Brooklyn, Michigan FEDERAL RESERVE BANK OF CHICAGO Chicago, Illinois and MICHIGAN DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES Lansing, Michigan	Docket No. 15-022-WA/RB-SM

WHEREAS, in recognition of their common goal to maintain the financial soundness of OSB Community Bank, Brooklyn, Michigan (the "Bank"), a state-chartered bank that is a member of the Federal Reserve System, the Bank, the Federal Reserve Bank of Chicago (the "Reserve Bank"), and the Michigan Department of Insurance and Financial Services ("DIFS") have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, on July 28, 2015, the Bank's board of directors, at a duly constituted meeting, adopted a resolution authorizing and directing Karena A. Mills to consent to this Agreement on behalf of the Bank, and consenting to compliance with each and every provision of this Agreement by the Bank.

NOW, THEREFORE, the Bank, the Reserve Bank, and DIFS agree as follows:

Board Oversight

1. Within 60 days of this Agreement, the board of directors of the Bank shall submit a written plan to the Reserve Bank and DIFS to strengthen board oversight of the management and operations of the Bank. The plan shall, at a minimum, address, consider, and include:

(a) the actions that the board of directors will take to improve the Bank's condition and maintain effective control over, and supervision of, the Bank's major operations and activities, including, but not limited to, credit risk management, lending and credit administration, asset quality, capital, and earnings;

(b) the responsibility of the board of directors to monitor management's adherence to approved policies and procedures, and applicable laws and regulations and to monitor exceptions to approved policies and procedures;

(c) steps to improve the information and reports that will be regularly reviewed by the full board of directors and its committees in their oversight of the operations and management of the Bank, including information on the Bank's credit risk management, lending and credit administration, adversely classified assets, allowance for loan and lease losses ("ALLL"), capital, and earnings; and

(d) improvements to the Bank's management information systems to ensure that senior management and the full board of directors obtain timely and accurate information regarding the condition of the Bank's loan portfolio.

Management Review

2. Within 60 days of this Agreement, the board of directors of the Bank shall complete an assessment of the Bank's management and staffing needs (the "Management Review"). The primary purpose of the review shall be to aid in the development of a suitable management structure commensurate with the size and complexity of the Bank that is adequately staffed by qualified personnel. The Management Review shall, at a minimum, address, consider, and include:

(a) the identification of the type and number of senior executive officers needed to manage and supervise properly the affairs of the Bank;

(b) an evaluation of each senior officer's present and anticipated duties;

(c) an evaluation of reporting lines within the management structure; and

(d) the identification of present and future management and staffing needs for each area of the Bank, particularly in the areas of lending, credit risk management, credit administration, and problem asset resolution.

3. Within 30 days of completion of the Management Review, the board of directors shall submit a written management plan to the Reserve Bank and DIFS that includes the findings and conclusions of the Management Review and describes the specific actions that the board of directors will take to strengthen Bank's management and to hire, as necessary, additional or replacement personnel.

Credit Risk Management

4. Within 60 days of this Agreement, the Bank shall submit a written plan to strengthen credit risk management practices acceptable to the Reserve Bank and DIFS. The plan shall, at a minimum, address, consider, and include:

(a) procedures to ensure the timely and accurate identification and quantification of credit risk within the loan portfolio;

(b) strategies to minimize credit losses and reduce the level of problem assets;

(c) the responsibility of the board of directors to establish appropriate risk tolerance guidelines and risk limits; and

(d) periodic review and revision of risk exposure limits to address changes in market conditions.

Lending and Credit Administration

5. Within 60 days of this Agreement, the Bank shall submit a written lending and credit administration program acceptable to the Reserve Bank and DIFS that shall, at a minimum, address, consider, and include:

(a) loan underwriting procedures that include and provide for, at a minimum, documented analysis of: (i) the borrower's repayment sources, global cash flow, and overall debt service ability; (ii) current financial information; and (iii) the value of any collateral;

(b) procedures to ensure that appraisals conform to accepted appraisal standards, as defined in the Uniform Standards of Professional Appraisal Practice, and comply with the requirements of Subpart G of Regulation Y of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. Part 225, Subpart G) made applicable to state member banks by section 208.50 of Regulation H of the Board of Governors (12 C.F.R. § 208.50), and the Interagency Appraisal and Evaluation Guidelines, dated December 2, 2010 (SR 10-16); and

(c) standards and appropriate documentation supporting the movement of loans from non-accrual to accrual status.

Loan Grading

6. Within 60 days of this Agreement, the Bank shall submit a written program for the effective grading of the Bank's loan portfolio acceptable to the Reserve Bank and DIFS. The program shall provide for policies, procedures, and processes for the timely and ongoing grading of loans. The program shall, at a minimum, address, consider, and include:

(a) standards and criteria for assessing the credit quality of loans, including a discussion of the factors used to assign appropriate risk grades to loans;

(b) procedures to evaluate the grading of all loans assigned less than a pass grade at least quarterly; and

(c) a mechanism for reporting to senior management and the board of directors, at least monthly, that at a minimum: summarizes the Bank's loan grades; describes trends in asset quality; identifies the loans that are nonperforming, adversely graded, or identified as needing special attention; describes the status of those loans; and describes the actions taken, or to be taken, for strengthening of the quality of the loans..

Asset Improvement

7. The Bank shall not, directly or indirectly, extend, renew, or restructure any credit to or for the benefit of any borrower, including any related interest of the borrower, whose loans or other extensions of credit are criticized in the report of the joint examination conducted by the Reserve Bank and DIFS that commenced on December 1, 2014 (the "Report of Examination") or in any subsequent report of examination, without the prior approval of a majority of the full board of directors or a designated committee thereof. The board of directors or its committee shall document in writing the reasons for the extension of credit, renewal, or restructuring, specifically certifying that: (i) the Bank's risk management policies and practices for loan

workout activity are acceptable; (ii) the extension of credit is necessary to improve and protect the Bank's interest in the ultimate collection of the credit already granted and maximize its potential for collection; (iii) the extension of credit reflects prudent underwriting based on reasonable repayment terms and is adequately secured; and all necessary loan documentation has been properly and accurately prepared and filed; (iv) the Bank has performed a comprehensive credit analysis indicating that the borrower has the willingness and ability to repay the debt as supported by an adequate workout plan, as necessary; and (v) the board of directors or its designated committee reasonably believes that the extension of credit will not impair the Bank's interest in obtaining repayment of the already outstanding credit and that the extension of credit or renewal will be repaid according to its terms. The written certification shall be made a part of the minutes of the meetings of the board of directors or its committee, as appropriate, and a copy of the signed certification, together with the credit analysis and related information that was used in the determination, shall be retained by the Bank in the borrower's credit file for subsequent supervisory review.

8. (a) Within 60 days of this Agreement, the Bank shall submit a written plan acceptable to the Reserve Bank and DIFS designed to improve the Bank's position through repayment, amortization, liquidation, additional collateral, or other means on each loan, relationship, or other asset in excess of $200,000, including other real estate owned ("OREO"), that (i) is past due as to principal or interest more than 90 days as of the date of this Agreement; (ii) is on the Bank's problem loan list; or (iii) was adversely classified in the Report of Examination.

(b) Within 30 days of the date that any additional loan, relationship, or other asset in excess of $200,000, including OREO, becomes past due as to principal or interest for more than 90 days, is on the Bank's problem loan list, or is adversely classified in any subsequent report of examination of the Bank, the Bank shall submit a written plan acceptable to the Reserve Bank and DIFS to improve the Bank's position on such loan or asset.

(c) Within 30 days after the end of each calendar quarter thereafter, the Bank shall submit a written progress report to the Reserve Bank and DIFS to update each asset improvement plan, which shall include, at a minimum, the carrying value of the loan or other asset and changes in the nature and value of supporting collateral, along with a copy of the Bank's current problem loan list, a list of all loan renewals and extensions without full collection of interest in the last quarter, and past due/non-accrual report.

Allowance for Loan and Lease Losses

9. (a) The Bank shall, within 30 days from the receipt of any federal or state report of examination, charge off all assets classified "loss" unless otherwise approved in writing by the Reserve Bank and DIFS.

(b) Within 60 days of this Agreement, the Bank shall review and revise its ALLL methodology consistent with relevant supervisory guidance, including the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated July 2, 2001 (SR 01-17 (Sup)) and December 13, 2006 (SR 06-17), and the findings and recommendations regarding the ALLL set forth in the Report of Examination, and submit a description of the revised methodology to the Reserve Bank and DIFS. The revised ALLL methodology shall be designed to maintain an adequate ALLL and shall address, consider, and include, at a minimum, the reliability of the Bank's loan grading system, the volume of criticized loans, concentrations of credit, the current level of past due and nonperforming loans, past loan loss experience, evaluation of probable losses in the Bank's loan portfolio, including adversely classified loans, and the impact of market conditions on loan and collateral valuations and collectibility.

(c) Within 60 days of this Agreement, the Bank shall submit a written program for the maintenance of an adequate ALLL acceptable to the Reserve Bank and DIFS. The program shall include policies and procedures to ensure adherence to the revised ALLL methodology and provide for periodic reviews and updates to the ALLL methodology, as appropriate. The program shall also provide for a review of the ALLL by the board of directors on at least a quarterly calendar basis. Any deficiency found in the ALLL shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions. The board of directors shall maintain written documentation of its review, including the factors considered and conclusions reached by the Bank in determining the adequacy of the ALLL. During the term of this Agreement, the Bank shall submit to the Reserve Bank and DIFS, within 30 days after the end of each calendar quarter, a written report regarding the board of directors' quarterly review of the ALLL and a description of any changes to the methodology used in determining the amount of ALLL for that quarter.

Capital Plan

10. Within 60 days of this Agreement, the Bank shall submit a written plan to maintain sufficient capital at the Bank acceptable to the Reserve Bank and DIFS. The plan shall, at a minimum, address, consider, and include the Bank's current and future capital requirements, including:

(a) compliance with the applicable requirements of Regulation Q of the Board of Governors, Capital Adequacy of Board-Regulated Entities: Capital Ratio Requirements and Buffers (12 C.F.R. § 217); and

(b) the volume of adversely classified assets; the adequacy of the loan loss reserve; any planned asset growth; the anticipated level of retained earnings; anticipated and contingent liquidity needs; and the source and timing of additional funds to fulfill the Bank's future capital requirements and loss reserve needs.

11. (a) The Bank shall notify the Reserve Bank and DIFS, in writing, no more than 30 days after the end of any calendar quarter in which any of the Bank's capital ratios (total risk-based, Tier 1 risk-based, common equity Tier 1, or leverage) fall below the approved capital plan's minimum ratios. Together with the notification, the Bank shall submit a written plan acceptable to the Federal Reserve and DIFS that details the steps the Bank will take to increase the Bank's capital ratios to or above the approved capital plan's minimums.

(b) During the term of this Agreement, the Bank shall not enter into any agreement to sell or purchase any loan or other asset that, in the aggregate, would exceed 5 percent of the Bank's total assets at the end of the prior quarter without the prior written approval of the Reserve Bank and DIFS.

(c) All requests for prior written approval shall be received at least 30 days prior to the proposed sale of purchase. All requests shall contain, at a minimum, a description of the terms of the proposed sale or purchase, the identity of the proposed purchaser or seller; current and projected information on the Bank's capital, asset quality, earnings, and ALLL needs; and the identification of the sources of funds for any proposed purchase or sale.

12. (a) Pursuant to the Michigan Banking Code of 1999 (MCL 487.11101 et seq.), if the Bank increases capital by the sale of new securities, the Board shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held or controlled by its members in favor of said 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. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such material, the materials used in the sale of the securities shall be submitted to DIFS.

(b) Pursuant to the Michigan Banking Code of 1999 (MCL 487.11101 et seq.), in complying with the provisions of paragraph 12, subpart a, the Bank shall provide any subscriber and/or purchaser of Bank securities written notice of any known or anticipated development or other changes that 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 the paragraph shall be furnished in 10 calendar days of the date of any material development of change was known or anticipated, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's original offering materials.

Strategic Plan and Budget

13. (a) Within 60 days of this Agreement, the Bank shall submit a written strategic plan to the Reserve Bank and DIFS to improve the Bank's earnings and overall condition. The plan, at a minimum, shall provide for or describe:

(i) a realistic and comprehensive budget for the remainder of 2015, including income statement and balance sheet projections;

(ii) a description of the operating assumptions that form the basis for, and adequately support, major projected income, expense, and balance sheet components; and

(iii) goals and strategies for improving the Bank's core earnings and reducing overhead expenses.

(b) A strategic plan and budget for each calendar year subsequent to 2015 shall be submitted to the Reserve Bank and DIFS at least 30 days prior to the beginning of that calendar year.

Dividends

14. (a) The Bank shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Division of Banking Supervision and Regulation of the Board of Governors, and DIFS.

(b) Any request to declare or pay dividends must be consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323). All requests for prior approval shall be received by the Reserve Bank and DIFS at least 30 days prior to the proposed dividend declaration date and shall contain, at a minimum, current and projected information on earnings, capital, asset quality, and loan loss reserve needs of the Bank.

Compliance with Laws and Regulations

15. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, the Bank shall obtain the Reserve Bank and DIFS's non-objection and shall comply with the notice provisions of section 32 of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*).

(b) The Bank shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Compliance with the Agreement

16. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors of the Bank shall submit to the Reserve Bank and DIFS written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof.

Approval and Implementation of Plans and Programs

17. (a) The Bank shall submit written plans and programs that are acceptable to the Reserve Bank and DIFS within the applicable time periods set forth in paragraphs 4, 5, 6, 8, 9(c), 10, and 11 of this Agreement. Each plan or program shall contain a timeline for full implementation of the plan or program with specific deadlines for the completion of each component of the plan or program.

(b) Within 10 days of approval by the Reserve Bank and DIFS, the Bank shall adopt the approved plans and programs. Upon adoption, the Bank shall promptly implement the approved plans and programs and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans and programs shall not be amended or rescinded without the prior written approval of the Reserve Bank and DIFS.

Communications

18. All communications regarding this Agreement shall be sent to:

(a) Mr. Stephen Wheatley
Assistant Vice President
Federal Reserve Bank of Chicago
230 S. LaSalle Street
Chicago, Illinois 60604

(b) Mr. Bryan C. Spratt
Assistant Director, Office of Banking
Michigan Department of Insurance and Financial Services
P.O. Box 30220
Lansing, Michigan 48909

(c) Ms. Karena A. Mills
President and Chief Executive Officer
OSB Community Bank
417 South Main Street
Brooklyn, Michigan 49230

Miscellaneous

19. Notwithstanding any provision of this Agreement, the Reserve Bank and DIFS may, in their sole discretion, grant written extensions of time to the Bank to comply with any provision of this Agreement.

20. The provisions of this Agreement shall be binding upon the Bank and their institution-affiliated parties as defined in section 3(u) of the FDI Act (12 U.S.C. § 1813(u)), in their capacities as such, and their successors and assigns.

21. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and DIFS.

22. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, DIFS, or any other federal or state agency from taking any other action affecting the Bank or any of their current or former institution-affiliated parties and their successors and assigns.

23. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 30th of July, 2015.

OSB COMMUNITY BANK

By: /s/ Karena A. Mills
Karena A. Mills
President and Chief Executive Officer

FEDERAL RESERVE BANK OF CHICAGO

By: /s/ Patrick M. Wilder
Patrick M. Wilder
Assistant Vice President

MICHIGAN DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

By: /s/ Karen K. Lawson
Karen K. Lawson
Director, Office of Banking