

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK AND HOLDING COMPANY ACQUISITION

Order No.: 99-77

Date: November 19, 1999

Cornerstone Capital Group, Inc., Troy, Michigan (the "Holding Company"), has applied to the Office of Thrift Supervision (the "OTS"), pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e) and 12 C.F.R. §§ 552.2-1 and 574.3, to organize and acquire Cornerstone Federal Bank, Troy, Michigan (the "Savings Bank"), a federal stock savings bank. The Savings Bank will be a member of the Savings Association Insurance Fund.

The OTS has considered the Applications under the factors set forth in 12 U.S.C. §§ 1464(e) and 1467a(e) and 12 C.F.R. §§ 543.3, 552.2-1 and 574.7, and other applicable statutes and regulations. The OTS also has considered the Applications under the Community Reinvestment Act (the "CRA"), 12 U.S.C. § 2901 et seq., and the OTS regulations thereunder at 12 C.F.R. Part 563e. The OTS has considered analyses prepared by the Office of Examination and Supervision and the Central Regional Office ("Regional Office"), and a legal opinion from the Business Transactions Division (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy the applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee ("Regional Director"). Accordingly, the Applications are hereby approved, subject to the following conditions:

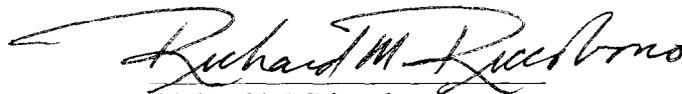
1. The proposed transaction must be consummated within one hundred twenty (120) calendar days from the date of this Order;
2. The Savings Bank and the Holding Company must receive all required regulatory approvals prior to the establishment of the Savings Bank with copies of all such approvals provided to the Regional Director;
3. Within five days following the completion of its private offering and at least fifteen days prior to the Savings Bank opening for business, the Holding Company must provide to the Regional Director a list of the stockholders of the Holding Company, including names, addresses, number of shares, and percentage of total shares, and the total amount sold in the offering. Any individuals presumed to be acting in concert pursuant to 12 C.F.R. Section 574.4 shall also be listed and all relationships disclosed;
4. At least 30 days prior to execution the Savings Bank must submit any contracts or agreements pertaining to transactions with affiliates to, and receive the written non-objection of, the Regional Director;

5. Prior to appointing the remaining senior officers not disclosed in the Applications, the Applicant and Savings Bank must provide background information to, and receive the written non-objection of, the Regional Director;
6. On the business day prior to opening for business, the Holding Company must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Holding Company or the Savings Bank, respectively, as disclosed in the Applications, including but not limited to directors, major shareholders, or the business plan; and that no additional information having an adverse bearing on any feature of the Applications has been brought to the attention of the Savings Bank, the Holding Company or the OTS;
7. No later than five days from the date the Savings Bank opens for business, it must file with the Regional Office a certification by legal counsel stating the effective date of the Savings Bank's insurance of accounts and its opening, and that the completion of the establishment of the Savings Bank was consummated in accordance with all applicable laws and regulations, the Application and this Order;
8. No later than five days from the date the Savings Bank opens for business, the chief financial officer must provide to the Regional Director a reconciliation of capital for both the Savings Bank and the Holding Company;
9. At least 30 days prior to granting any commercial real estate mortgage loans or consumer loans, the Savings Bank must establish loan underwriting policies and procedures for the applicable lending activity and submit them to the Regional Director for his review and non-objection;
10. At least 30 days prior to beginning operations, the Savings Bank must establish the savings Bank's final loan underwriting standards and submit them to the Regional Director for his review and non-objection;
11. At least 30 calendar days before beginning operations, the Savings Bank must submit to the Regional Director, for OTS approval, a plan that provides for:
 - a. nondiscriminatory loan underwriting policies for each type of loan product to be offered;
 - b. a compliance program with policies and procedures addressing all laws and regulations contained in the OTS Regulatory Handbook for Compliance Activities, providing for:
 - i. functional reporting of the Compliance Officer directly to the Board of Directors;
 - ii. a compliance review schedule and audit program addressing consumer protection and fair lending regulations and laws;
 - iii. written reports by the Compliance Officer to the Board of Directors no less than quarterly;

- iv. periodic training of the Compliance Officer and personnel charged with compliance responsibilities;
 - v. the collection and maintenance of consumer loan data, pursuant to 12 C.F.R. Section 563e.42(c)(1).
13. The Savings Bank must operate within the parameters of its business plan and submit quarterly variance reports to its business plan for its first three years of operations to the Regional Director. The Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Holding Company) for the prior, written non-objection of the Regional Director. The request for change must be submitted a minimum of 30 calendar days before the proposed change is implemented;
14. The Savings Bank must submit independent audit reports to the Regional Director for its first three fiscal years. These reports must comply with the audit rules set forth in 12 C.F.R. § 562.4; and,
15. At least 30 days prior to opening for business, the Savings Bank must submit written evidence, acceptable to the Regional Director, that its data systems, programs, software and business applications will operate properly on and after January 1, 2000. The submission must include a copy of the business resumption contingency plan and evidence of successful Year 2000 testing.

Any time period set forth herein may be extended for up to 120 days, for good cause, by the Regional Director.

By order of the Director of the Office of Thrift Supervision, or her designee, effective November 19, 1999.



Richard M. Riccobono
Deputy Director
Office of Thrift Supervision