



Federal Deposit Insurance Corporation  
550 17th Street NW, Washington, D.C. 20429-9990

Division of Supervision and Consumer Protection

April 25, 2008

**VIA FACSIMILE AND BY CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Board of Directors  
Morris Building & Loan  
211 E. Jefferson  
Morris, Illinois 60450

Dear Members of the Board:

The notice of intent to convert from mutual-to-stock form filed on behalf of Morris Building & Loan, SB, Morris, Illinois, has been reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.163 and 333.4. Based on the information provided and representations made, the FDIC poses no objection to the proposed conversion transaction.

Please notify the Chicago Regional Office of the official date when the transaction is consummated.

Sincerely,

***/s/***

Christopher J. Spoth  
Senior Deputy Director

cc: Gary A. Lax, Esq.  
Luse Gorman Pomerenk & Schick, P.C.  
5335 Wisconsin Avenue, N.W., Suite 400  
Washington, D.C. 20015-2035

## **FEDERAL DEPOSIT INSURANCE CORPORATION**

Morris Building & Loan, SB  
Morris, Illinois

Application for Consent to Merge  
to facilitate a conversion from a  
Mutual Savings Bank to a Stock Savings Bank

### **ORDER AND BASIS FOR CORPORATION APPROVAL**

Pursuant to Section 18(c) and other provisions of the Federal Deposit Insurance Act (FDI Act), an application has been filed on behalf of Morris Building & Loan, SB, Morris, Illinois (Mutual Institution), currently an Illinois-chartered mutual savings bank and Deposit Insurance Fund (DIF) member with total resources of \$33,869,000 and total deposits of \$22,702,000 as of December 31, 2007, for the FDIC's consent to merge with Harvard Savings MHC Interim Bank, Harvard, Illinois (Interim Bank), a proposed new Illinois-chartered stock savings bank.

The transaction is the result of Mutual Institution's plan of conversion, solely to facilitate such undertaking for concurrent merger transaction with Harvard Savings Bank, an Illinois-chartered stock savings bank and wholly-owned financial subsidiary of MHC, provides for:

- Harvard Savings MHC Interim Bank (Interim Bank) will organize as federally-chartered interim stock savings bank as a wholly-owned subsidiary of Harvard Savings MHC (MHC), a mutual holding company;
- Morris Building & Loan, SB (Mutual Institution) will exchange its charter for an Illinois-stock savings bank charter to become the Stock Bank;
- Stock Bank will merge with and into the Interim Bank with the Stock Bank surviving as the resulting institution
- All initially issued stock of the Stock bank will be transferred to the MHC in exchange for membership interests in the MHC; and,
- The MHC will contribute the capital stock of the Stock Bank to the holding company, and the Stock bank will become a wholly-owned subsidiary of the Harvard Savings Financial Corporation.

At the conclusion of the merger and reorganization, the deposits of Morris Building & Loan SB will continue to be insured under the DIF. Morris Building & Loan SB will operate the same banking business, with the same management, and at the same locations currently served by Mutual Institution.

Notice of the proposed transaction, in a form approved by the FDIC, has been published pursuant to the FDI Act. A review of available information, including the Community Reinvestment Act (CRA) Statement of the proponent, disclosed no inconsistencies with the purposes of the CRA. The proposed transaction will not alter the competitive structure of banking in the market served by Mutual Institution.

Having found favorably on all statutory factors, it is the FDIC's judgment that the application should be and is hereby approved, subject to the following conditions, some of which are continuing in nature:

1. That the proposed conversion shall be approved by a vote of at least a majority of Morris Building & Loan, SB's depositors and, as reasonably determined by Morris Building & Loan, SB's directors or trustees, other stakeholders of the bank who are entitled to vote on the conversion, unless Illinois state law requires a higher percentage, in which case the higher percentage shall be used;
2. That unless prior notice is provided to and non-objection is received from the FDIC, no shares of the stock of Morris Building & Loan, SB shall be sold, transferred or otherwise disposed of, to any persons (including any Employee Stock Ownership Plan) other than Harvard Savings Bank, MHC, and thereafter, Harvard Illinois Financial Corporation, as contributed by Harvard Savings Bank, MHC.
3. That prior to a sale, transfer or other disposition of any shares of Harvard Illinois Financial Corporation, by Harvard Savings Bank, MHC to any person (including any Employee Stock Ownership Plan), or a conversion of Harvard Savings Bank, MHC to stock form, Morris Building & Loan, SB will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with state and federal banking and/or securities regulators in connection with any such sale, transfer, disposition or conversion.
4. That should any shares of stock of Morris Building & Loan, SB or Harvard Illinois Financial Corporation, be issued to persons other than the Harvard Savings Bank, MHC, any dividends waived by Harvard Savings Bank, MHC must be retained by Harvard Illinois Financial Corporation or Morris Building & Loan, SB and segregated, earmarked, or otherwise identified on its books and records; such amounts must be taken into account in any valuation of the institution and factored into the calculation used in establishing a fair and reasonable basis for exchanging shares in any subsequent conversion of Harvard Savings Bank, MHC to stock form; such amounts shall not be available for payment to or the value thereof transferred to minority shareholders, by any means including through dividend payments or at liquidation.
5. That in conjunction with the proposed conversion, Morris Building & Loan, SB shall provide written evidence to the FDIC that the Office of Thrift Supervision has approved the formation of Harvard Illinois Financial Corporation and Harvard Savings Bank, MHC. In addition, Morris Building & Loan, SB shall provide written evidence to the FDIC that the Illinois Department of Financial Professional

Regulation has approved the notice of conversion from a mutual- to a stock-form of ownership.

6. That any changes in proposed management, including the board of directors or proposed ownership (ten per cent or more of the stock and new acquisitions of or subscriptions to ten per cent or more of the stock), will render the approval of these proposed conversion transactions null and void unless such proposal is approved by the Regional Director of the FDIC's Chicago Regional Office prior to consummation of these proposed conversion transactions.
7. That the transaction shall not be consummated later than six months after the date of this Order, unless such period is extended for good cause by the FDIC; and
8. That until the proposed transaction is consummated, the FDIC shall have the right to alter, suspend, or withdraw its approval should any interim development be deemed to warrant such action.

Pursuant to delegated authority.

Dated at Washington, D.C., this 28th day of March, 2008

By: \_\_\_\_\_ */s/*

Christopher J. Spoth  
Senior Deputy Director  
Division of Supervision and Consumer Protection