

## OFFICE OF THRIFT SUPERVISION

### Approval of Application for Capital Distribution

**Order No.:** 2010-62  
**Date:** October 26, 2010  
**Re:** OTS No. 00597

Cheviot Savings Bank, Cheviot, Ohio (Association), an Ohio-chartered stock savings association, has applied (Application) to the Office of Thrift Supervision (OTS) under 12 C.F.R. § 563.143 in connection with a capital distribution.

The Association is a wholly owned indirect subsidiary of Cheviot Mutual Holding Company (Mutual Holding Company), and a wholly owned direct subsidiary of Cheviot Financial Corporation (Mid-Tier). The Association seeks approval for a capital distribution of \$3.475 million to the Mid-Tier, which the Association believes would reduce the aggregate Ohio franchise tax liability of the Association and its holding companies.

OTS's regulations provide that a capital distribution filing may be denied if, generally, the proposed capital distribution would: (i) cause the institution to become undercapitalized; (ii) raise safety and soundness concerns; or (iii) violate any statute, regulation, agreement with OTS or condition of approval.<sup>1</sup>

The Association has requested approval of the capital distribution under applicable statutes and regulations. The capital distribution does not violate any prohibition contained in agreement with OTS or condition of approval. The Association's capital levels are consistent with approval.

Because the Association is in a mutual holding company structure, however, the Association and its holding companies are subject to certain constraints in raising capital to support the Association should the need arise. Accordingly, in order to ensure that the capital distribution does not present safety and soundness concerns, OTS is imposing conditions 1, 2 and 3 to help ensure that funds distributed in connection with the capital distribution will remain available to provide capital support for the Association if needed, and that the Mutual Holding Company and the Mid-Tier will serve as a source of support for the Association. OTS concludes that the Association's capital distribution is consistent with approval, subject to the imposition of conditions 1, 2 and 3.

### Conclusion


Based on the foregoing analysis, the Application is hereby approved, pursuant to delegated authority, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee (Regional Director):

---

<sup>1</sup> 12 C.F.R. § 563.146 (2010).

1. The Mutual Holding Company and the Mid-Tier, without prior written approval of the Regional Director, must not use the funds received from the capital distribution except: (a) to invest in (i) a deposit account at the Association, or (ii) U.S. Treasury and agency securities; (b) to pay (i) regulatory fees and assessments, (ii) its portion of any tax liabilities under the Tax Sharing Agreement, or (iii) the Association under a management services agreement; or (c) as a capital infusion into Association;
2. Upon OTS's written request, the Mutual Holding Company and the Mid-Tier must promptly infuse funds received in the capital distribution into the Association to the extent requested by OTS; and
3. The Mutual Holding Company and the Mid-Tier must serve as a source of support for the Association as long as they control the Association.

By order of the Acting Director of the Office of Thrift Supervision, or his designee, effective October 26, 2010.

  
\_\_\_\_\_  
Grovetta N. Gardineer  
Managing Director,  
Corporate & International Activities