



Community Investors Bancorp, Inc.

P.O. Box 766 • Bucyrus, Ohio • Phone: (419) 562-7055

February 23, 2009

Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave. N.W. Suite 1064
Washington, D.C. 20220

Dear Mr. Barofsky;

Please accept this letter as our response to your request to provide a narrative outlining our use of the TARP funds and to address executive compensation requirements associated with that funding.

First, let me describe our financial institution to you. Community Investors Bancorp, Inc is a one-bank holding company for First Federal Community Bank and has approximately \$140 million in total assets. We are a one hundred and twenty year old thrift located in Bucyrus, a community in North Central Ohio. Bucyrus is a community of thirteen thousand people and is the county seat of Crawford County. We are the leader in mortgage lending in our market with specific emphasis on one to four family lending. We provide commercial, small business, consumer and agri-business loans as well. Crawford County is currently experiencing an unemployment rate of nearly 12% which ranks us in the top five counties in Ohio. Many of our manufacturing businesses are directly related to the auto industry. One of the major employers, a pleasure boat manufacturer, in our community recently closed their facility and moved it to North Carolina resulting in a loss of nearly two hundred and fifty jobs.

On December 23, 2008, CIBI received \$2.6 million from the U.S. Treasury as a result of the approval of our application to participate in the TARP/CPP program. In late December, through our subsidiary, First Federal Community Bank, we signed a new \$2 million commitment with the Federal Home Loan Bank of Cincinnati through their Mortgage Purchase Program to originate and sell long term fixed rate mortgages at the current market rates. This would also include a number of mortgage loans that would be refinanced at lower rates thus resulting in a lower monthly payment to improve the cash flow of that household. Since December 23, 2008, we have underwritten loans totaling \$2.1 million at fixed rates between 4.5% to 5.0%.

Community Investors Bancorp, Inc. / continued

February 23, 2009

First Federal Community Bank also set aside \$2.5 million in a program we called “keeper” mortgage loans. The term “keeper” means that we would keep those long term (up to thirty years) fixed rate mortgages “in house” or for our own portfolio. This new program is a way that we can accommodate those customers who would like to fix their monthly payment but would not typically qualify for a fixed rate due to a credit score that may be just slightly below the standard underwriting guidelines or their debt-to-income ratio may be somewhat higher but they have an excellent payment history. These are **not** sub prime loans. Since December 23, 2008, we have extended \$320,000.00 in “keeper” fixed rate loans plus and additional \$270,000.00 in adjustable rate mortgages.

We are also focusing on those current borrowers who have experienced payment difficulties due to job loss, business slowdowns, etc. We have utilized monthly payment extensions of one to three months to accommodate those situations in the short term. For those borrowers who require a more lengthy accommodation, we are using loan modifications such as interest only for up to six months, amortization schedule adjustments or in some situations a complete refinance of the mortgage. These are strategies that are meant to deal more effectively with those customers adversely impacted by the current economy, allowing them to keep their home or small business until such time as economic conditions improve. If, as a last resort, with foreclosure imminent, we may ask our mortgage loan customer to give us a “deed-in-lieu” of foreclosure if there are no other intervening liens or judgments. If that is not an option we will ultimately proceed with foreclosure only after we have exhausted all other options. If the customer is residing in the home of business property, it is in the best interest of both the bank and the individuals to continue to occupy the property. Houses and other business property deteriorate / depreciate quickly if left vacant. In many cases though, it has been our experience that most seriously delinquent customers “walk away” and abandon the property.

In addition, we have been building our allowance for loan loss reserves as a reflection of the difficult economy and the expectation of delinquencies and foreclosures. Charge offs will likely rise over the next six to twelve months and it is our intent to continue to increase our reserves until such time as the current economic climate is more clearly defined and understood.

Ultimately, capital is king. We have adequate liquidity to fund loans. We will find that it is going to be difficult to create additional lending opportunities in our local market. With so much unemployment, people in our community will be reluctant to borrow money. Many are in a survival mode. They will try to meet current obligations and not create more debt. We will do everything we can to use the proceeds from TARP to generate new lending but may not have the applicants.

Community Investors Bancorp, Inc. / continued

February 23, 2009

Finally, concerning the executive incentive compensation associated with the funding. Our Compensation Committee of the Board of Directors has approved resolutions that require this committee to review the incentive compensation for the senior executive officers so that these officers do not take unnecessary risks that threaten the value of the company.

[REDACTED]

b(4)

I have enclosed a copy of the advertisement that was placed in the local newspaper on Dec. 31, 2008 following the receipt of the TARP funds. We believed it to be prudent to be pro active in advising our community of why we are participating in the TARP/CPP program. We did not want the perception to be that we were being "bailed out". I also appeared on a local radio talk show program on January to discuss the Treasury's program and the reason for our participation.

If you have any questions or require further information, please do not hesitate to contact me at your earliest convenience at (b) (6) or by e-mail at


(b) (6) I trust this response meets with your requirements.

Sincerely,



Phillip W. Gerber
President/CEO

I, Phillip W. Gerber, President and CEO of Community Investors Bancorp, Inc. do hereby certify that all statements, representations and supporting information as written above is accurate.


Phillip W. Gerber