

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

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In the Matter of)	CONSENT ORDER
)	
FIRST AMERICAN INTERNATIONAL)	
BANK)	FDIC-10-646b
BROOKLYN, NEW YORK)	
)	
(INSURED STATE NONMEMBER BANK))	
_____)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for First American International Bank, Brooklyn, New York, (“Bank”), under section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER (“CONSENT AGREEMENT”), dated December 14, 2010, that is accepted by the FDIC. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices and violations of law or regulation relating to weaknesses in management, asset quality, earnings, and capital, to the issuance of this CONSENT ORDER (“ORDER”) by the FDIC.

Having determined that the requirements for issuance of an order under section 8(b) of the Act, 12 U.S.C. § 1818(b) have been satisfied, the FDIC hereby orders that:

BOARD PARTICIPATION

1. (a) The Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of

the Bank's activities, including but not limited to internal audit, the reduction of adversely classified assets, loan administration, credit analysis, the establishment of an adequate allowance for loan and lease losses, and the mitigation of risks associated with loan concentrations, including non-owner occupied commercial real estate loans and development and construction loans.

(b) This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged off, and recovered loans; internal loan watch list; investment activity; liquidity levels and funds management; adoption or modification of operating policies; individual committee reports; audit reports; internal control reviews including management's responses; reconciliation of general ledger accounts; and compliance with this ORDER. Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(c) The Bank shall notify the Regional Director in writing of any additions, resignations, or terminations of any members of the Board or any of its "senior executive officers" (as that term is defined in section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. § 303.101(b)) within 30 days of the event. Any notification required by this subparagraph shall include a description of the background(s) and experience of any proposed replacement personnel and must be received at least 60 days prior to the individual(s) assuming the new position(s). The Bank shall also establish procedures to ensure compliance with section 32 of the Act, 12 U.S.C. § 1831i, and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. Part 303.

MANAGEMENT

2. (a) The Bank shall have and retain qualified management, and the Board shall provide the necessary written authority to management to implement the provisions of this ORDER.

(b) The qualifications of management shall be assessed on its ability to:

(i) comply with the requirements of this ORDER;

(ii) operate the Bank in a safe and sound manner;

(iii) comply with applicable laws, rules, and regulations; and

(iv) restore all aspects of the Bank to a safe and sound condition, including management effectiveness, asset quality, capital adequacy, and earnings.

(c) Within 90 days from the effective date of this ORDER, the Bank shall remove lending authority from the chief financial officer and hire a chief lending officer with an appropriate level of lending, collection, and loan supervision experience for the type and quality of the Bank's loan portfolio.

(d) The Bank shall retain a bank consultant who is acceptable to the Regional Director and who will develop a written analysis and assessment of the Bank's management needs ("Management Report") for the purpose of providing qualified management for the Bank. Within 60 days from the effective date of this ORDER, the Bank shall provide the Regional Director with a copy of the proposed engagement letter or contract with the consultant for non-objection or comment before it is executed. Within 15 days from receipt of non-objection or

comment from the Regional Director, the Bank shall retain the consultant and incorporate and adopt all comments in the contract or engagement letter.

(e) The contract or engagement letter shall include, at a minimum:

(i) a description of the work to be performed under the contract or engagement letter, the fee for each significant element of the engagement, and the aggregate fee;

(ii) the responsibilities of the firm or individual;

(iii) identification of the professional standards covering the work to be performed;

(iv) identification of the specific procedures to be used when carrying out the work to be performed;

(v) the qualifications of the employee(s) who are to perform the work;

(vi) the time frame for completion of the work;

(vii) any restrictions on the use of the reported findings;

(viii) a provision for unrestricted examiner access to work papers; and

(ix) a certification that the firm and/or individual(s) is/are not affiliated in any manner with the Bank.

(f) The Management Report shall be developed within 90 days from the effective date of this ORDER and shall include, at a minimum:

(i) identification of both the type and number of officer positions needed to properly manage and supervise the affairs of the Bank;

(ii) identification and establishment of such Bank committees as are needed to provide guidance and oversight to active management;

(iii) evaluation of all senior executive officers to determine whether these individuals possess the ability, experience and other qualifications required to perform present and anticipated duties, including adherence to the Bank's established policies and practices, and restoration and maintenance of the Bank in a safe and sound condition;

(iv) evaluation of all Board members to determine whether these individuals possess the ability, experience and other qualifications to address the lending deficiencies identified in the FDIC's Report of Examination, dated May 10, 2010 (as of December 31, 2009)("Report of Examination"); and

(v) a plan to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications to fill those officer or staff member positions identified in the Management Report.

(g) Within 30 days from receipt of the Management Report, the Bank shall formulate a written plan ("Management Plan") that, at a minimum:

(i) contains a recitation of the recommendations included in the Management Report, a plan of action to respond to each recommendation contained in the Management Report, and a time frame for completing each action;

(ii) includes provisions to implement necessary training and development for all employees;

(iii) establishes procedures to periodically review and update the Management Plan, as well as periodically review and assess the performance of each officer and appropriate staff members; and

(iv) contains a current management succession plan.

(h) The Management Plan shall be submitted to the Regional Director for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director, and after incorporation and adoption of all comments, the Board shall approve the Management Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Management Plan.

ALLOWANCE FOR LOAN AND LEASE LOSSES

3. Within 30 days from the effective date of this ORDER, the Bank shall achieve and maintain an appropriate allowance for loan and lease losses (“ALLL”) and submit to the Regional Director an analysis supporting the appropriateness of the ALLL. Thereafter, the Bank shall submit updated analyses supporting the appropriateness of the ALLL to the Regional Director at such times as the Bank files the progress reports required by this ORDER or sooner upon the written request of the Regional Director. In the event that the Regional Director determines that the Bank's ALLL is inadequate, the Bank shall increase its ALLL and amend its Consolidated Report of Condition and Income (“Call Report”) accordingly.

ASSET QUALITY

4. (a) Within 30 days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" by the FDIC in the Report of Examination that have not been previously collected or charged off. Elimination or reduction of such assets with the proceeds of other Bank extensions of credit shall not be considered "collection" for purposes of this paragraph. Thereafter, within 30 days after the receipt of any report of examination of the Bank from the FDIC or the New York State Banking Department, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" in any report of examination that have not been previously collected or charged off.

(b) Within 90 days from the effective date of this ORDER, the Bank shall formulate and submit for review as described in subparagraph (d), a written plan ("Classified Asset Plan") to reduce the Bank's risk position in each asset in excess of \$500,000 which is classified "Substandard" in the Report of Examination and prevent further deterioration in asset quality. For purposes of this provision, "reduce" means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by the Regional Director. The Classified Assets Plan shall include, but not be limited to, provisions that:

(i) provide for review of the current financial condition of each classified borrower including source of repayment, repayment ability, and alternative repayment sources as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position;

(ii) prohibit the capitalization of interest or loan-related expenses unless the Board or the Bank's loan committee provides, in writing, a detailed explanation of why such action is in the best interest of the Bank;

(iii) delineate areas of responsibility for loan officers;

(iv) reduce delinquencies and classified assets within 6 and 12 months, respectively, from the effective date of this ORDER;

(v) provide a schedule showing, on a quarterly basis, the expected consolidated balance of all adversely classified assets, and the ratio of the consolidated balance to the Bank's projected Tier 1 capital plus ALLL;

(vi) provide specific action plans intended to reduce the Bank's risk exposure in each classified asset; and

(vii) provide for the submission of monthly written progress reports to the Bank's Board for review and notation in minutes of the meetings of the Board.

(c) The Classified Asset Plan shall be submitted to the Regional Director for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director, and after incorporation and adoption of all comments, the Board shall approve the Classified Asset Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Classified Asset Plan.

(d) Within 90 days from the effective date of this Order, the Bank shall formulate and submit to the Regional Director for non-objection or comment an action plan to correct the deficiencies in the loans listed for "Special Mention" in the Report of Examination. Within 30

days from receipt of non-objection or any comments from the Regional Director, and after incorporation and adoption of all comments, the Board shall approve the plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the plan.

(e) The Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extensions of credit (including any portion thereof) that has been charged off the books of the Bank or classified "Loss" in the current Report of Examination or any future report of examination, so long as such credit remains uncollected.

(f) The Bank shall not extend credit for the payment of interest or extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified "Substandard", "Doubtful", or is listed for "Special Mention" in the current Report of Examination or any future report of examination, and is uncollected, unless the Board provides, in writing, a detailed explanation of why the extension is in the best interest of the Bank. Prior to extending additional credit pursuant to this paragraph, whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Board, or a designated committee thereof, who shall determine that:

(i) the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, with a written explanation of why the failure to extend such credit would be detrimental;

(ii) the extension of such credit would improve the Bank's position, with a written explanatory statement of how and why the Bank's position would improve; and

(iii) an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

(g) The Board's determinations and approvals pursuant to subparagraph (f) shall be recorded in the minutes of the Board, or designated committee, and copies shall be submitted to the Regional Director at such times as the Bank submits the progress reports required by this ORDER, with a copy retained in the borrower's credit file.

CONCENTRATIONS

5. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and submit for review as described in subparagraph (c), a written plan to reduce and manage each of the concentrations of credit identified in the Report of Examination ("Concentrations Reduction Plan"), including non-owner occupied commercial real estate ("CRE") and acquisition, development and construction ("ADC") loans. Such plan shall prohibit any advances that would increase the concentrations unless the advance is pursuant to an existing loan agreement.

(b) At minimum, the Concentrations Reduction Plan shall include:

(i) written procedures for the ongoing measurement and monitoring of the concentrations of credit, dollar levels and percent of total capital to which the Bank shall reduce the concentrations; timeframes for achieving the reductions; and a limit on concentrations commensurate with the Bank's capital position, business strategy, management expertise, size, location, safe and sound banking practices, and the overall risk profile of the Bank;

(ii) a prohibition on any advance that would increase the concentrations unless the advance is pursuant to an existing loan agreement;

(iii) the submission of monthly written progress reports to the Board for review and notation in minutes of the Board meetings; and

(iv) provisions requiring compliance with the *Interagency Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices* (FIL-104-2006, issued December 12, 2006) and *Managing Commercial Real Estate Concentrations in a Challenging Environment* (FIL-22-2008, issued March 17, 2008).

(c) The Concentrations Reduction Plan shall be submitted to the Regional Director for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director, and after incorporation and adoption of all comments, the Board shall approve the Concentration Reduction Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the plan.

LOAN POLICY

6. (a) Within 90 days from the effective date of this ORDER, the Bank shall conduct a review of the Bank's loan policies and procedures for adequacy and, based upon such review, shall make all appropriate revisions to the loan policies and procedures ("Loan Policy") necessary to address the lending deficiencies identified in the Report of Examination. The revised Loan Policy shall be submitted for review as described in subparagraph (g). The Board shall also establish review and monitoring procedures to ensure that all lending personnel are adhering to the Loan Policy, and that the Board is receiving timely and fully documented reports on loan activity, including reports that identify deviations from the Loan Policy.

(b) The Loan Policy shall, at minimum:

(i) incorporate limitations on the amount that can be loaned in relation to established collateral values, require the source of collateral valuations to be identified, require that collateral valuations be completed prior to the commitment to lend funds, and require that collateral valuations be performed on a periodic basis over the term of the loan;

(ii) require that extensions of credit to any of the Bank's executive officers, trustees, or principal shareholders, or to any related interest of such person, be reviewed for compliance with all provisions of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. Part 215, and section 337.3 of the FDIC's Rules and Regulations, 12 C.F.R. § 337.3;

(iii) require accurate reporting of loans past due to the Board or the Bank's loan committee at least monthly;

(iv) require the individual reporting of loans granted as exception to the Loan Policy and aggregation of such loans in the portfolio; and

(v) establish review and monitoring procedures for compliance with the FDIC's appraisal regulation, 12 C.F.R. Part 323, and the *Interagency Appraisal and Evaluation Guidelines* (FIL 74-94, issued November 11, 1994).

(c) The Loan Policy shall also include a comprehensive policy and methodology for determining the ALLL ("ALLL Policy"). The ALLL Policy shall provide for a review of the ALLL at least once each calendar quarter by the Board. Such review should be completed at least 15 days prior to the end of each calendar quarter in order that the results of the review conducted by the Board may be properly reported in the quarterly Call Reports.

(d) Reviews of ALLL shall, at a minimum, be made in accordance with:

- (i) Financial Accounting Standards Board ("FASB") Statement Numbers 5 and 114, as codified by FASB under its Accounting Standards Codification effective after September 15, 2009 (established by FASB Statement Number 168)("FASB 5 and 114");
 - (ii) the Federal Financial Institutions Examination Council's ("FFIEC") Instructions for Call Reports;
 - (iii) the *Interagency Statement of Policy on the Allowance for Loan and Lease Losses* (FIL-105-206, issued December 13, 2006);
 - (iv) other applicable regulatory guidance that addresses the appropriateness of the Bank's ALLL; and
 - (v) any analysis of the Bank's ALLL provided by the FDIC.
- (e) Reviews of ALLL shall also include, at a minimum:
- (i) the Bank's loan loss experience;
 - (ii) an estimate of the potential loss exposure in the portfolio; and
 - (iii) trends of delinquent and non-accrual loans and prevailing and prospective economic conditions.
- (f) The minutes of the Board meetings at which ALLL is reviewed shall include complete details of the reviews and the resulting recommended adjustment in the ALLL. The Board shall document in the minutes the basis for any determination not to require provisions for loan losses.

(g) The Bank shall submit the Loan Policy and ALLL Policy to the Regional Director for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director, and after incorporation and adoption of all comments, the Board shall approve the Loan Policy and ALLL Policy, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Loan Policy and ALLL Policy.

AUDIT AND INTERNAL CONTROLS

7. (a) Within 90 days from the effective date of this ORDER, the Bank's Board shall comply with the *Interagency Policy Statement on Internal Audit Function and its Outsourcing* (FIL 21-2003, issued March 17, 2003) and address the internal audit deficiencies described in the Report of Examination.

(b) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit for review as provided in subparagraph (c), a policy for the operation of the Bank in such a manner as to provide adequate internal routines and address the deficiencies in the Report of Examination (“Internal Control Policy”). At minimum, the Internal Control Policy shall require:

(i) improvement of the Bank’s Management Information Systems (“MIS”) to address the deficiencies cited in the Report of Examination;

(ii) accurate accounting and reporting for Other Real Estate (“ORE”) in accordance with *FDIC Guidance on Other Real Estate* (FIL 62-2008, issued July 1, 2008);

(iii) the provision of loan summaries, which include a description of the use of loan proceeds, covenants associated with each loan, and an exit strategy for each loan, to the Bank's loan committee and Board; and

(iv) the establishment and maintenance of an internal watch list to monitor problem loans.

(c) The Internal Control Policy shall be submitted to the Regional Director for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director, and after incorporation and adoption of all comments, the Board shall approve the Internal Control Policy, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Internal Control Policy.

INSIDER TRANSACTIONS

8. No new loans or other extensions of credit shall be granted to or for the benefit of Bank directors, executive officers, principal shareholders, or their "related interests," (as such terms are defined in section 215.2 of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.2), referred to collectively as "insiders", without first providing the Regional Director with 30 days prior written notice of the anticipated action and unless the extension of credit is in full compliance with applicable laws and regulations; the Bank's loan, ethics, and other applicable policies; underwriting and documentation requirements; and this ORDER.

PROFIT AND BUDGET PLAN

9. (a) Within 60 days from the effective date of this ORDER, the Board shall formulate and submit to the Regional Director, as described in subparagraph (b), a written profit and budget plan (“Profit Plan”) consisting of goals and strategies that are consistent with safe and sound banking practices and supported by a realistic and comprehensive budget for all categories of income and expense for the remainder of 2010 and the calendar year 2011.

(b) The Profit Plan shall be submitted to the Regional Director for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director, and after incorporation and adoption of all comments, the Board shall approve the Profit Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Profit Plan.

CAPITAL

10. (a) Within 30 days from the effective date of this ORDER, the Bank shall meet and maintain the following minimum capital levels (as defined in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325), after establishing an appropriate ALLL:

- (i) Tier 1 capital at least equal to 8 percent of total assets;
- (ii) Tier 1 risk-based capital at least equal to 9 percent of total risk-weighted assets; and
- (iii) Total risk-based capital at least equal to 10 percent of total risk-weighted assets.

(b) For purposes of this ORDER, all terms relating to capital shall be calculated in accordance with Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325, and the Bank shall comply with the FDIC's *Statement of Policy on Risk-Based Capital* found in Appendix A to Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325, App. A.

(c) In the event any capital ratio is or falls below the minimum required by this ORDER, the Bank shall immediately notify the Regional Director; and

(i) within 60 days shall increase capital in an amount sufficient to comply with this ORDER; or

(ii) within 30 days shall develop a written plan ("Capital Plan") describing the primary means and timing by which the Bank shall increase its capital ratios up to or in excess of the minimum requirements set forth in this ORDER, as well as a contingency plan ("Contingency Plan") for the sale, merger, or liquidation of the Bank in the event the primary sources of capital are not available within 60 days. The Capital Plan and Contingency Plan shall be submitted for review as described below:

(d) At a minimum, the Capital Plan shall include:

(i) specific plans to achieve the capital levels required under this ORDER;

(ii) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of the provisions of this ORDER;

(iii) projections for asset growth and capital requirements, and such projections shall be based upon a detailed analysis of the Bank's current and projected assets,

liabilities, earnings, fixed assets, and off-balance sheet activities, each of which shall be consistent with the Bank's strategic business plan;

(iv) projections for the amount and timing of the capital necessary to meet the Bank's current and future needs;

(v) the primary source(s) from which the Bank will strengthen its capital to meet the Bank's needs;

(vi) alternative sources of capital should the primary source(s) not be available; and

(vii) a dividend policy that permits the declaration of a dividend only:

a. when the Bank is in compliance with its approved Capital Plan;

b. when the Bank is in compliance with applicable State and Federal laws and regulations;

c. when, after payment of such dividends, the Bank remains in compliance with the above minimum capital ratios;

d. when such declaration and payment of dividends has been approved in advance by the Board; and

e. when such declaration and payment of dividends has been approved in advance, in writing, by the Regional Director.

(e) The Capital Plan and the Contingency Plan shall be submitted to the Regional Director for non-objection or comment. Within 30 days from receipt of non-objection or any

comments from the Regional Director, and after incorporation and adoption of all comments, the Board shall approve the Capital Plan and the Contingency Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Capital Plan and the Contingency Plan.

(f) The Board shall review the Bank's adherence to the Capital Plan, at minimum, on a monthly basis. Copies of the reviews and updates shall be submitted to the Regional Director as part of the progress reports required by this ORDER.

(g) If the Bank is permitted to increase its Tier 1 capital by the sale of non-cumulative perpetual preferred stock, then the Bank shall prepare offering material fully describing the securities being offered, including but not limited to those terms and conditions relative to the interest rate and any convertibility factor and including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with the federal securities laws. Prior to the implementation of the Capital Sale Plan (as defined hereafter) and, in any event, not less than 30 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the Regional Director and the FDIC, Accounting-Registration, Disclosure, and Securities Section, 550 17th Street, N.W. Washington, D.C. 20429 for non-objection or comment. Any changes in the plan or materials requested shall be made prior to dissemination of the materials.

(h) If all or any part of the additional capital required by the provisions of this ORDER is accomplished by the sale of new securities, the Board shall adopt and implement a plan ("Capital Sale Plan") for the sale of such additional securities, including the voting of any shares owned or proxies held or controlled by them in favor of the plan. Should the

implementation of the Capital Sale Plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare 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, and any other material disclosures necessary to comply with the federal securities laws. Prior to the implementation of the Capital Sale Plan and, in any event, not less than 30 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the Regional Director and the FDIC, Accounting-Registration, Disclosure, and Securities Section, 550 17th Street, N.W. Washington, D.C. 20429 for non-objection or comment. Any changes in the plan or materials requested shall be made prior to the dissemination of the materials.

(i) The Bank shall provide to any subscriber or purchaser of the Bank's securities written notice of any planned or existing development or other changes which 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 this subparagraph shall be furnished within 30 days from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and purchaser of the Bank's securities who received or was tendered the information contained in the Bank's original offering materials.

BROKERED DEPOSITS

11. The Bank shall not accept, increase, renew, or rollover any brokered deposit, as defined by Section 337.6(a)(2) of the FDIC's Rules and Regulations, 12 C.F.R. § 337.6(a)(2), without the prior written approval of the Regional Director.

CORRECTION OF VIOLATIONS

12. The Bank shall take all steps necessary, consistent with other provisions of this ORDER and safe and sound banking practices, to eliminate or correct all violations of law and/or regulation, unsafe or unsound banking practices, and all contraventions of regulatory policies or guidelines cited in the Report of Examination.

PROGRESS REPORTS

13. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director written progress reports detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the Board minutes.

COMPLIANCE COMMITTEE

14. Within 30 days from the effective date of this ORDER, the Board shall establish a compliance committee of the Board composed of at least 3 directors who are not now, and have never been, involved in the daily operations of the Bank, with the responsibility of ensuring that the Bank complies with the provisions of this ORDER (“Compliance Committee”). The Compliance Committee shall monitor compliance with this ORDER and submit a written monthly report to the Board. A copy of each monthly report and any discussion related to the report or the ORDER shall be included in the minutes of the Board meeting. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

NOTIFICATION TO SHAREHOLDERS

15. The Bank shall provide this ORDER to its shareholders or otherwise fully describe the ORDER in all material respects to its shareholders. Within 15 days from the effective date of this ORDER, the Bank shall submit any description of the ORDER or accompanying communication, statement, or notice to the FDIC, Division of Supervision and Consumer Protection, Accounting-Registration, Disclosure and Securities Section, 550 17th Street, N.W., Washington, D.C. 20429 for non-objection or comment. Within 30 days of receiving the FDIC's non-objection or comments, the Bank shall make the changes requested by the FDIC and disseminate the description, communication, statement or notice to its shareholders in conjunction with the Bank's next shareholder communication and in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting.

MISCELLANEOUS

The provisions of this ORDER shall not bar, stop, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC.

Issued Pursuant to Delegated Authority

Dated: December 14, 2010

By:

/s/ _____

Daniel E. Frye
Acting Regional Director
Division of Supervision and Consumer Protection
Federal Deposit Insurance Corporation