

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of	)	
	)	
MIAMI VALLEY BANK	)	TEMPORARY ORDER TO
LAKEVIEW, OHIO	)	CEASE AND DESIST
	)	
(INSURED STATE NONMEMBER BANK)	)	FDIC-07-085c&b
	)	

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The Federal Deposit Insurance Corporation ("FDIC") has determined, based on information discovered during an examination of the Bank which began on April 2, 2007, that the violations of law and unsafe or unsound banking practices which Miami Valley Bank, Lakeview, Ohio ("Bank"), Kenneth E. Haggard, and MaryAnn Tomczyk ("Individual Respondents") are alleged to have engaged in as specified in the NOTICE OF CHARGES AND OF HEARING ("NOTICE") attached hereto and incorporated herein by reference, and the continuation thereof by the Bank and the Individual Respondents, are likely to cause insolvency or significant dissipation of the assets or earnings of the Bank, or are likely to weaken the condition of the Bank or otherwise prejudice the interests of the depositors of the Bank prior to the completion of the proceedings against the Bank and the Individual Respondents conducted pursuant to section 8(b) of the Federal Deposit Insurance Act ("Act"), 12

U.S.C. § 1818(b). Therefore, the FDIC hereby issues this TEMPORARY ORDER TO CEASE AND DESIST ("TEMPORARY ORDER") and hereby gives notice pursuant to section 8(c)(1) of the Act, 12 U.S.C. § 1818(c)(1), that the Bank, the Individual Respondents, and the Bank's institution-affiliated parties, successors and assigns, be and hereby are ORDERED TO CEASE AND DESIST FROM:

A. Engaging in asset purchases and exchange transactions with an affiliated company that benefit the affiliate to the material detriment of the Bank.

B. Violating laws or regulations, including:

- The lending limit restrictions of section 23A of the Federal Reserve Act ("section 23A"), 12 U.S.C. § 371c(a)(1)(A) or (B).
- The low-quality asset prohibition of section 23A, 12 U.S.C. § 371c(a)(3).
- The safe and sound banking practice requirements of section 23A, 12 U.S.C. § 371c(a)(4).
- The substantially same terms requirement of section 23B of the Federal Reserve Act ("section 23B"), 12 U.S.C. § 371c-1(a)(1)(A), all of which are made applicable by 12 U.S.C. § 1828(j).

C. Operating in such a manner as to produce an inadequate level of capital protection for the kind and quality of assets held.

D. Engaging in hazardous lending and lax collection practices, including the failure to provide adequate limits on the volume and quality of loans acquired through the Bank's mortgage bankers.

E. Operating in such a manner as to produce an excessive level of delinquent loans.

F. Paying excessive dividends in relation to the Bank's capital position, earnings capacity and asset quality.

G. Operating in such a manner as to produce inadequate liquidity in light of the Bank's asset and liability mix.

H. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

I. Operating with a board of directors that does not provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices and violations of law or regulation.

IT IS FURTHER ORDERED, that the Bank, the Individual Respondents, the Bank's institution-affiliated parties, and

its successors and assigns, take affirmative action as follows:

1. (a) By no later than 12:00 noon Eastern Time on the tenth calendar day after service of this TEMPORARY ORDER, the Bank and the Individual Respondents shall reverse the purchase and exchange transaction between the Bank and MVB Mortgage Corporation, Southfield, Michigan ("MVB Mortgage") on March 27, 2007. This may be accomplished by having the Bank re-convey to MVB Mortgage those assets it acquired from MVB Mortgage on March 27, 2007, in exchange for:

(i) cash or its equivalent,

(ii) mortgage loans that were conveyed by the Bank to MVB Mortgage on March 27, 2007,

(iii) mortgage loans that are current as to principal and interest and are not considered subprime, or

(iv) any combination thereof, but no less than \$6,991,000 shall be conveyed to the Bank in cash or its equivalent.

(b) For purposes of this Paragraph, any transfer from MVB Mortgage to the Bank of loans which are more than thirty days past due, other than those loans which the Bank had conveyed to MVB Mortgage on March 27, 2007, shall be accorded no value.

2. (a) While this TEMPORARY ORDER is in effect, the Bank shall comply with the requirements of sections 23A and 23B of the Federal Reserve Act, 12 U.S.C. §§ 371c & 371c-1.

(b) While this TEMPORARY ORDER is in effect, the Bank shall only engage in transactions with its affiliates which are in the ordinary course of its business with those affiliates. All extraordinary transactions between the Bank and any of its affiliates shall require the prior written approval of the Regional Director of the FDIC's Chicago Regional Office ("Regional Director").

3. Within ten days of the receipt of this TEMPORARY ORDER, the Bank shall terminate or modify all existing agreements, contracts and commitments, with mortgage bankers or others which require the Bank to purchase or fund mortgage loans. All new contracts, agreements, and commitments for the purchase of mortgage loans, and any modifications to existing agreements, contracts and commitments, will permit the Bank to limit the amount of mortgage loans which the Bank may acquire or fund, consistent with the safe and sound operation of the Bank, and will provide that the Bank is not required to purchase or fund any sub-prime mortgages.

4. (a) As of the effective date of this TEMPORARY ORDER, the Bank maintain its Tier 1 capital as a percentage of its total assets ("capital ratio") at or above 7.5

percent. If the capital ratio is less than 7.5 percent, the Bank shall, within 30 days of the date on which the Bank's Tier 1 capital falls below 7.5 percent, increase its capital ratio to not less than 7.5 percent. For purposes of this TEMPORARY ORDER, Tier 1 capital and total assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

5. As of the effective date of this TEMPORARY ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director.

6. (a) Within 30 days from the effective date of this TEMPORARY ORDER, the Bank shall formulate and submit to the Regional Director for review and comment a written plan for the reduction and collection of delinquent loans. The plan shall include, but not be limited to, provisions which:

- (i) define targets for the volume of sales of past-due mortgage loans within two months and six months from the effective date of this TEMPORARY ORDER;
- (ii) prohibit the extension of additional credit on existing loans for the payment of interest;
- (iii) establish acceptable guidelines for the collection of delinquent credits;

- (iv) establish dollar levels to which the Bank shall reduce delinquencies within two and six months from the effective date of this TEMPORARY ORDER; and
- (v) Provide for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(b) Within 15 days from receipt of any comment from the Regional Director, and after the adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and adhere to the plan.

7. (a) Beginning immediately and on each business day that the Bank is open for business during the life of this TEMPORARY ORDER, the Bank shall electronically submit to the Regional Director a liquidity status report in a format approved by the Regional Director. Additionally, the Bank shall electronically submit a liquidity plan which shall identify sources of liquid assets to meet the Bank's anticipated and unanticipated liquidity needs over the next day, the next week, and the next 30 days. At a minimum, the liquidity plan shall include provisions:

- (i) Establishing appropriate lines of credit that would allow the Bank to borrow funds to meet depositor demands if the Bank's other provisions for liquidity prove to be inadequate; and
- (ii) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short-and long-term liquidity objectives.

(b) The reports and plans described in subparagraph (a) shall be submitted until the board is notified that the submission of the reports and plans is no longer warranted.

8. (a) Within 30 days from the effective date of this TEMPORARY ORDER, the Bank's board of directors shall have in place a program that will provide for monitoring of the Bank's compliance with this TEMPORARY ORDER.

(b) Following the required date of compliance with subparagraph (a) of this paragraph, the Bank's board of directors shall review the Bank's compliance with this



TEMPORARY ORDER and record its review in the minutes of each regularly scheduled board of directors' meeting.

9. On the last day of the second month following the effective date of this TEMPORARY ORDER, and on the last day of every third month thereafter, the Bank shall furnish to the Regional Director written progress reports, signed by each member of the Bank's board of directors, detailing the form and manner of any actions taken to secure compliance with this TEMPORARY ORDER. Such reports may be discontinued when the corrections required by this TEMPORARY ORDER have been accomplished and the Regional Director has, in writing, released the Bank from making further reports.

This TEMPORARY ORDER shall be effective immediately upon service on the Bank and shall remain in full force and effect, pending the completion of the administrative proceedings instituted pursuant to the foregoing NOTICE.

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

Pursuant to delegated authority.

Dated: April 13, 2007.

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