

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
DIVISION OF BANKING  
SPRINGFIELD, ILLINOIS  
AND  
FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.

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In the Matter of	)	
	)	
BROADWAY BANK,	)	CONSENT ORDER
Chicago, Illinois	)	DB NO. 2009-DB-92
	)	
(Illinois Chartered	)	FDIC-09-573b
Insured Nonmember Bank)	)	
	)	

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Broadway Bank, Chicago, Illinois ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law, rule, or regulation alleged to have been committed by the Bank, and of its right to a hearing on the charges under 38 Ill. Adm. Code, Section 392.30, regarding hearings before the Illinois Department of Financial and Professional Regulation, Division of Banking (the "Division"), and under Section 8(b) of the Federal Deposit Insurance Act (the "Act"), 12 U.S.C. § 1818(b), and having waived those rights, by and through its duly elected and acting Board of Directors ("Board") entered into a

STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER (the "STIPULATION") with representatives of the Division and the Federal Deposit Insurance Corporation (the "FDIC"), dated January 25, 2010. With the Stipulation, the Bank has consented, without admitting or denying the charges of unsafe or unsound banking practices and violations of law, rule, or regulation relating to weaknesses in capital, asset quality, and liquidity, to the issuance of a CONSENT ORDER (the "ORDER") by the Division and the FDIC.

The Division and the FDIC considered the matter and, having determined that the requirements for issuance of an order by the Division under 38 Ill. Adm. Code Section 392.30 and by the FDIC under Section 8(b) of the Act have been satisfied, accepted the Stipulation. The Division and the FDIC **HEREBY ORDER** that the Bank, its institution-affiliated parties, as that term is defined in Section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns take the affirmative actions as follows:

CAPITAL

1. (a) Within 90 days from the effective date of this ORDER, the Bank shall increase its Tier 1 leverage capital ratio to not less than 9% and the Total Risk Based Capital ratio to a level not less than 13%.

(b) Within 30 days from the last day of each calendar quarter following the date of required compliance with paragraph 1(a) of this ORDER, the Bank shall determine from its Report of

Condition and Income its level of Tier 1 capital as a percentage of its total assets ("capital ratio") for that calendar quarter. If the capital ratios are less than the levels required by paragraph 1(a), the Bank shall, within 60 days of the date of the required determination, increase its capital ratio to not less than the levels required by paragraph 1(a). For purposes of this ORDER, Tier 1 capital, Total Risk Based 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.

(c) Any such increase in Tier 1 capital may be accomplished by the following:

- (i) The sale of common stock and noncumulative perpetual preferred stock constituting Tier 1 capital under Part 325; or
- (ii) The elimination of all or part of the assets classified "Loss" as of March 31, 2009 without loss or liability to the Bank, provided any such collection on a partially charged-off asset shall first be applied to that portion of the asset which was not charged off pursuant to this ORDER; or
- (iii) The collection in cash of assets previously charged off; or

- (iv) The direct contribution of cash by the directors and/or the shareholders of the Bank; or
- (v) Any other means acceptable to the Division and the FDIC; or
- (vi) Any combination of the above means.

(d) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of new securities, the board of directors of the Bank shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held by or controlled by them in favor of said plan. Should the implementation of the plan involve public distribution of Bank securities, including a distribution limited only to the Bank's existing shareholders, the Bank shall prepare detailed 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 other material disclosures necessary to comply with Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such materials, the materials used in the sale of the securities shall be submitted to Scott D. Clarke, Assistant Director, Division of Banking, 122 South Michigan Avenue, Suite 1900, Chicago, Illinois 60603 and the FDIC Registration and

Disclosure Section, 550 17<sup>th</sup> Street, N.W., Washington, D.C. 20429, for their review. Any changes requested to be made in the materials by the Division or the FDIC shall be made prior to their dissemination.

(e) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or purchaser of Bank 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 paragraph shall be furnished within 10 calendar days of the date any material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber of the Bank's original offering materials.

(f) The capital ratio analysis required by this paragraph shall not negate the responsibility of the Bank and its board of directors for maintaining throughout the year an adequate level of capital protection for the kind, quality and degree of market depreciation of assets held by the Bank.

#### MANAGEMENT

2. (a) During the life of this ORDER, and consistent with the findings of the Management Study, the Bank shall have and thereafter retain qualified management. Each member of management shall have the qualifications and experience

commensurate with his or her duties and responsibilities at the Bank. 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 asset quality, capital adequacy, earnings, management effectiveness, and liquidity.

(b) During the life of this ORDER, prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer, the Bank shall request and obtain the Division's written approval. For purposes of this ORDER, "senior executive officer" is defined as in section 32 of the Act ("section 32"), 12 U.S.C. § 1831(i), and section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. § 303.101(b).

#### MANAGEMENT STUDY

3. (a) Within 60 days from the effective date of this ORDER, the Bank shall retain an independent third party acceptable to the Regional Director of the Chicago Region of the FDIC ("Regional Director") and the Division who will develop a

written analysis and assessment of the Bank's senior executive officers ("Management Study") for the purpose of providing qualified management for the Bank.

(b) The Bank shall provide the Regional Director and the Division with a copy of the proposed engagement letter or contract with the independent third party for review.

(c) The Management Study shall be developed within 150 days from the effective date of this ORDER. The Management Study shall include, at a minimum:

- (i) Identification of both the type and number of senior executive officer positions, if any, needed to properly manage and supervise the affairs of the Bank;
- (ii) Identification and establishment of such additional Bank committees, if any, as are needed to provide additional 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 senior executive officers' compensation, including salaries, director fees, and other benefits.
- (v) A plan to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications to fill those senior executive officer positions, if any, identified by this paragraph of this ORDER.

(d) Within 150 days from the effective date of the Order, the Bank shall formulate a plan to implement the recommendations of the Management Study.

(e) The plan required by this paragraph shall be submitted to the Regional Director and the Division, and thereafter the Bank shall adopt, implement, and adhere to the plan.

#### DIVIDEND RESTRICTION

4. As of the effective date of this ORDER, the Bank shall not declare or pay any dividend without the prior written consent of the Division and Regional Director.

#### PROHIBITION OF ADDITIONAL LOANS TO CLASSIFIED BORROWERS

5. (a) As of the effective date of this ORDER, 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 Joint Report of Examination as of March 31, 2009 (the "ROE") so long as such credit remains uncollected.

(b) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified "Substandard" or is listed for Special Mention in the ROE and is uncollected unless the Bank's board of directors has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension of credit is in the best interest of the Bank. A copy of the statement shall be placed in the appropriate loan file and shall be incorporated in the minutes of the applicable board of directors' meeting.

LOSS CHARGE-OFF

6. As of 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" as of March 31, 2009 that have not been previously collected or charged off. Any such charged-off asset shall not be rebooked without the prior written consent of the Division and the Regional Director. Elimination or reduction of these assets with the proceeds of other Bank extensions of credit is not considered collection for the purpose of this paragraph.

ALLOWANCE FOR LOAN AND LEASE LOSSES

7. (a) Within 10 days from the effective date of this ORDER, the Bank shall replenish its allowance for loan and lease losses ("ALLL") in the amount of at least \$19,000,000.

(b) Prior to submission or publication of all Reports of Condition and Income required by the FDIC after the effective date of this ORDER, the board of directors of the Bank shall review the adequacy of the Bank's ALLL, provide for an adequate ALLL, and accurately report the same. The minutes of the board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL recommended, if any, and the basis for determination of the amount of ALLL provided. In making these determinations, the board of directors shall consider the FFIEC Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the Division or the FDIC.

(c) ALLL entries required by this paragraph shall be made prior to any Tier 1 capital and Total Risk Based determinations required by this ORDER.

REDUCTION OF SUBSTANDARD ASSETS

8. (a) Within 45 days from the effective date of this ORDER, the Bank shall formulate and submit to the Division and Regional Director a written plan to reduce the Bank's risk position in each asset in excess of \$1,000,000 which is

classified "Substandard" or "Doubtful" in the ROE. In developing such plan, the Bank shall, at a minimum:

- (i) Review the financial position of each such borrower, including source of repayment, repayment ability, and alternative repayment sources; and
  - (ii) Evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position.
- (b) Such plan shall include, but not be limited to:
- (i) Dollar levels to which the Bank shall reduce each asset within 6 and 12 months from the effective date of this ORDER; and
  - (ii) Provisions 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.

(c) As used in this paragraph, "reduce" means to:

(1) collect; (2) charge off; or (3) improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC and the Division.

(d) The Bank shall approve the written plan, which approval shall be recorded in the minutes of a board of

directors' meeting. Thereafter, the Bank shall implement and follow this written plan.

(e) While this ORDER remains in effect, the plan shall be revised to include assets which become more than 90 days delinquent after the effective date of this ORDER or are adversely classified at any subsequent examinations

#### CREDIT ADMINISTRATION/UNDERWRITING

9. Effectively immediately, the Bank shall require complete loan documentation, realistic repayment terms and current financial information adequate to support the outstanding indebtedness of each borrower. Such financial information shall include, at a minimum, detailed balance sheets, profit and loss statements, or copies of tax returns, and cash flow projections.

#### REDUCTION OF CONCENTRATIONS

10. Within 45 days from the effective date of this ORDER, the Bank shall formulate and submit to the Division and Regional Director a written plan to reduce each of the loan concentrations of credit by type identified in the ROE to not more than 300% percent of the Bank's total Tier 1 capital, and the Bank shall formulate and submit to the Division and Regional Director a written plan to reduce each of the individual borrower concentrations of credit identified in the ROE to not more than 50% percent of the Bank's total Tier 1 Capital. Such plans shall prohibit any additional advances that would increase

the concentrations or create new concentrations and shall include, but not be limited to:

(a) Dollar levels to which the Bank shall reduce each concentration within 9 and 18 months from the effective date of this ORDER; and

(b) Provisions 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.

(c) 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 follow the plan.

#### REDUCTION OF DELINQUENCIES

11. Within 45 days from the effective date of this ORDER, the Bank shall formulate and submit to the Division and Regional Director a written plan for the reduction and collection of delinquent loans. The plan shall include, but not be limited to, provisions which:

(a) Prohibit the extension of credit for the payment of interest;

(b) Delineate areas of responsibility;

(c) Establish acceptable guidelines for the collection of delinquent credits;

(d) Establish dollar levels to which the Bank shall reduce delinquencies within 6 and 12 months from the effective date of this ORDER; and

(e) 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.

(f) 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 follow the plan.

#### LOAN COMMITTEE

12. (a) As of the effective date of this ORDER, the Bank's loan committee shall meet on a regular basis and shall include at least 2 directors who are "independent" as that term is defined in this ORDER.

(b) The loan committee shall, at a minimum, perform the following functions:

- (i) Evaluate, grant and/or approve loans in accordance with the Bank's loan policy. The loan committee shall provide a thorough written explanation of any deviations from the loan policy, which explanation shall address how said exceptions are in the Bank's best interest. The written explanation shall be included in the

minutes of the corresponding committee meeting.

- (ii) Review and monitor the status of repayment and collection of overdue and maturing loans, as well as all loans classified "Substandard" in the ROE, or that are included on the Bank's internal watch list.
- (iii) Review and give prior written approval for all advances, renewals, or extensions of credit to any borrower or the borrower's related interests that do not require Board approval. For purposes of this ORDER, the term "related interest" is defined pursuant to section 215.2(n) of Regulation O of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 215.2(n).
- (iv) Review all applications for new loans and renewals of existing loans to Bank directors, executive officers, and their related interests, and prepare a written opinion as to whether the credit is in conformance with the Bank's loan policy and all applicable laws, rules, and regulations. Such applications, renewals, and written opinions shall be referred to

the Bank's board of directors for consideration.

- (v) Maintain written minutes of the committee meetings, including a record of the review and status of the aforementioned loans. Such minutes shall be made available at the next Bank board of directors' meeting.

#### LOAN REVIEW AND GRADING

13. Within 30 days for the date of this ORDER, the Bank shall implement revised comprehensive loan grading and review procedures. The procedures shall conform to the Interagency Policy Statement on the Allowance for Loan and Lease Losses. The procedures shall also conform to Statement of Financial Accounting Standards ("SFAS") No. 5 and SFAS No. 114 guidelines, recently codified at Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Subtopics 450-10 and 450-20 and FASB ASC Subtopics 310-10, 310-30 and 31-40, respectively.

#### INVESTMENT POLICY AND PROCEDURES

14. (a) Within 30 days from the effective date of this ORDER, and annually thereafter, the board of directors of the Bank shall review the Bank's investment policy for adequacy and shall make the necessary revisions to address the actual and contemplated condition of the investment portfolio and any



trading account. The revised policy, at a minimum, shall include the following:

- (i) Well defined and reasonable risk limits for collateralized debt obligations (CDOs) and private label collateralized mortgage obligations (CMOs);
- (ii) Well defined requirements for documented pre-purchase analysis for private label CMOs and CDOs;
- (iii) Management Information System reporting to the Board of Directors on a monthly basis.
- (iv) The Bank's policy shall also call for a quarterly written review of depreciated securities in order to evaluate whether the decline in fair value is other-than-temporary.
- (v) Such a review shall fully document the methodology, source of the fair value estimate and compliance with SFAS No. 157, "Fair Value Measurements" and related FASB Staff Positions, currently codified at FASB ASC 820-10.
- (vi) The quarterly review must identify securities within the scope of Emerging

Issues Task Force Issue No. 99-20 (EITF 99-20), currently codified at FASB ASC 325-40.

(vii) For those securities within the scope of FASB ASC 325-40, other-than-temporary impairment shall be assessed in accordance FASB ASC 325-40 and in accordance with SFAS 115, currently codified at FASB ASC 320-10 and FASB ASC 942-320-50.

(viii) For all other securities with a fair value below amortized cost, other-than-temporary impairment shall be assessed in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities, currently codified at FASB ASC 320-10 and 942-320-50 and in accordance with other related accounting guidance. Factors to consider include, but are not limited to:

- (1) Whether fair value is significantly below amortized cost;
- (2) The period of time the decline has existed;
- (3) The Bank's intent and the ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value;

- (4) The presence of downgrades in securities from investment grade to below investment grade, or other sudden and significant downgrades;
- (5) The financial condition of the issuer;
- (6) Estimated cash flows an investor would anticipate;
- (7) An assessment as to whether the decline is attributable to adverse conditions specifically related to the issue, or to specific conditions in an industry or in a geographic area;
- (8) A determination as to whether dividends have been reduced or eliminated;
- (9) Any failure to make scheduled interest or principal payments;
- (10) Changes in tax laws, regulations, or other governmental policies significantly affecting the issuer;  
and
- (11) Forecasts of economic, market or industry trends.

(b) For other securities adversely affected by the factors listed above, the Bank must provide objective and

verifiable evidence documenting why it should not use an other-than-temporary classification. The objective evidence must indicate the reasons the decline in value below amortized cost is "temporary" and detail how the decline in value can reasonably be expected to be reversed. Objective evidence supporting "temporary" impairment may include the issuer's financial performance (including such factors as earnings trends, dividend payments, asset quality and specific events), the financial condition and near term prospects of the issuer, and the economic conditions and prospects for the issuer's region and industry.

(c) If the Bank determines that an impairment of a particular investment is other-than-temporary, the credit-related portion of the impairment must be recognized as a loss, through earnings, in the quarter it occurred. The portion of impairment related to other factors must be recognized in Other Comprehensive Income. The estimate of fair value shall be based on the best information available in the circumstances and as described above. The investment's cost basis must be reduced by the amount of credit-related other-then-temporary impairment recognized in earnings. The new cost basis is not adjusted by subsequent recoveries of value at a later date.

(d) The Bank shall document and support the source, methodology, adjustments and assumptions used in applying the fair value hierarchy (Level I, Level II and Level III inputs) as

defined by FASB ASC 820-10 to each investment security. This process shall include active solicitation of valuations and bids from independent third parties, such as broker/dealers or pricing services. Management shall be aware of and understand the valuation process used by the third parties, including assumptions and methods used, as well as how the credit-related and non-credit-related portion of the fair value were determined.

(e) A copy of the revised policy shall be submitted to the Division and Regional Director upon its adoption.

#### ASSET/LIABILITY MANAGEMENT

15. (a) Within 30 days from the effective date of this ORDER, the Bank shall develop a written plan addressing liquidity, and the Bank's relationship of volatile liabilities to temporary investments. Quarterly thereafter during the life of this ORDER, the Bank shall review this plan for adequacy and, based upon such review, shall make appropriate revisions to the plan that are necessary to strengthen funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs.

(b) The Bank shall adopt the plan, which adoption shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the plan.

#### GROWTH PLAN

16. While the bank is considered "Undercapitalized," the bank shall not increase its three-month average total assets from the amount reported during the previous three-month period. During the life of this ORDER, the Bank, if and when it is above an "Undercapitalized" position, shall not increase its total assets by more than 3 percent during any consecutive three-month period without providing, at least 30 days prior to its implementation, a growth plan to the Division and Regional Director. Such growth plan, at a minimum, shall include the funding source to support the projected growth, as well as the anticipated use of funds. This growth plan shall not be implemented without the prior written consent of the Division and Regional Director. In no event shall the Bank increase its total assets by more than 12 percent annually. For the purpose of this paragraph, "total assets" shall be defined as in the Federal Financial Institutions Examination Council's Instructions for the Consolidated Reports of Condition and Income.

#### STRATEGIC PLAN

17. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and adopt a realistic, comprehensive strategic plan. The plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the

operating assumptions that form the basis for major projected income and expense components.

(b) The written strategic plan shall address, at a minimum:

- (i) Strategies for pricing policies and asset/liability management;
- (ii) Forecasts for maintaining a sound funds management position; and
- (iii) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings.

(c) The Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting.

(d) Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(e) The strategic plan required by this ORDER shall be revised 30 days prior to the end of each calendar year for which this ORDER is in effect. Thereafter, the Bank shall implement the plan.

#### CONFLICTS OF INTEREST

18. (a) Within 45 days from the effective date of this Order, the Bank shall develop and implement a plan for ensuring conflicts of interest are identified and reported to the Board of Directors, with documentation of this submission noted in the minutes. Potential conflicts of interest concerning executive officers, board members, and shareholders, that may arise during the normal course of business, shall be reported to the Board of Directors prior to any transaction occurring that brings rise to the potential conflict of interest. The Board of Directors shall, upon review of the potential conflict of interest and transaction causing rise to the potential conflict of interest, document such potential conflict of interest in the minutes of the board of directors' meeting at which such review is undertaken.

(b) Within 45 days from the effective date of this ORDER, the Bank shall develop a conflicts of interest policy as required by the provisions of this paragraph.



(c) The board of directors shall approve the written conflicts of interest policy, which approval shall be recorded in the minutes of a board of directors' meeting.

#### CORRECTION OF VIOLATIONS

19. (a) Within 60 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law, rule, and regulation listed in the ROE.

(b) Within 60 days from the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws, rules, and regulations.

#### RELATIONS WITH BANK HOLDING COMPANY

20. (a) As of the effective date of this ORDER, the Bank shall not make any payment, directly or indirectly, to or for the benefit of the Bank's holding company or any other Bank affiliate, without the prior written consent of the Division and Regional Director.

#### BUDGET AND PROFIT PLAN

21. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate and submit to the Division and Regional Director a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar years 2010 and 2011. The plans required by this

paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall earnings, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) Within 30 days from the end of each calendar quarter following completion of the profit plans and budgets required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plans and budgets, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meeting at which such evaluation is undertaken.

(c) A written profit plan and budget shall be prepared for each calendar year for which this ORDER is in effect and shall be submitted to the Division and Regional Director within 30 days of the end of each year. 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 follow the plan.

#### DISCLOSURE TO SHAREHOLDERS

22. Following the effective date of this ORDER, the Bank shall send to its shareholder a copy or description of this

ORDER: (1) in conjunction with the Bank's next shareholder communication; or (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting.

COMPLIANCE WITH ORDER

23. (a) Within 15 days from the effective date of this 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 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 ORDER and record its review in the minutes of each regularly scheduled board of directors' meeting.

PROGRESS REPORTS

24. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Division and the FDIC written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Division and the FDIC have, in writing, released the Bank from making further reports.

