

FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.

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In the Matter of	)	
	)	
HAVEN TRUST BANK FLORIDA	)	CONSENT ORDER
PONTE VEDRA BEACH, FLORIDA	)	
	)	
	)	Docket No. FDIC-09-623b
	)	OFR No. 0695-FI-11/09
(Insured State Nonmember Bank)	)	
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_____	)	

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for Haven Trust Bank Florida, Ponte Vedra Beach, Florida ("Bank"), under 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a "Stipulation to the Issuance of a Consent Order" ("Stipulation"), dated January 27, 2010, that is accepted by the FDIC and the Office of Financial Regulation for the State of Florida ("OFR"). The OFR may issue an order pursuant to Chapter 120 and Section 655.033, Florida Statutes (2009).

With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation relating to weaknesses in asset quality, capital adequacy, earnings, management effectiveness, liquidity, and sensitivity to market risk, to the issuance of this Consent Order ("ORDER") by the FDIC and the OFR.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Chapter 120 and Section 655.033, Florida Statutes (2009), have been satisfied, the FDIC and the OFR hereby order that:

**BOARD OF DIRECTORS**

1. (a) Immediately from the effective date of this ORDER, 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, consistent with the role and expertise commonly expected for directors of banks of comparable size. The Board shall prepare in advance and follow a detailed written agenda for each meeting, including consideration of the actions of any committee. Nothing in this paragraph shall preclude the Board from considering matters other than those contained in the agenda. 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: capital adequacy; liquidity; reports of income and expenses; new, overdue, nonaccrual, extended, restructured, renewal, insider, charged-off, and recovered loans; investment activity; operating policies; and individual committee actions. Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within 30 days from the effective date of this ORDER, the Board shall establish a Board committee ("Directors' Committee"), consisting of at least four (4) members, to oversee the Bank's compliance with the ORDER. Three of the members of the Directors' Committee shall not be officers of the Bank. The Directors' Committee shall receive from Bank management monthly reports detailing the Bank's actions with

respect to compliance with the ORDER. The Directors' Committee shall present a report detailing the Bank's adherence to the ORDER to the Board at each regularly scheduled Board meeting. Such report shall be recorded in the appropriate minutes of the Board's meeting and shall be retained in the Bank's records. Establishment of this committee does not in any way diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

(c) Within 60 days from the effective date of this ORDER, the Bank's Board shall develop and adopt an educational program for periodic training for each member of the Board. The educational program shall include, at a minimum:

- (i) specific training in the areas of lending, operations, and compliance with laws, rules and regulations applicable to banks chartered in the state of Florida; and,
- (ii) specific training in the duties and responsibilities of the Board in connection with the safe and sound operation of the Bank.

The Board shall document the training activities in the minutes of the next Board meeting following completion of the training. The Board's actions as required by this paragraph shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations.

### **MANAGEMENT**

2. Within 60 days from the effective date of this ORDER, the Bank shall have and retain qualified management.

(a) Each member of management shall have qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Each member of

management shall be provided appropriate written authority from the Bank's Board to implement the provisions of this ORDER. At a minimum, management shall include the following:

- (i) a chief executive officer with proven ability in managing a bank of comparable size and in effectively implementing lending, investment and operating policies in accordance with sound banking practices;
  - (ii) a senior lending officer with a significant amount of appropriate lending, collection, and loan supervision experience, and experience in upgrading a low quality loan portfolio; and
  - (iii) a chief financial officer with a demonstrated ability in financial areas, including but not limited to, accounting, regulatory reporting, budgeting and planning, management of the investment function, liquidity management and interest rate risk management.
- (b) The qualifications of management shall be assessed on their 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, regulations and statements of policy; and
  - (iii) restore all aspects of the Bank to a safe and sound condition, including, but not limited to, asset quality, capital adequacy, earnings, management effectiveness, risk management, liquidity and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall notify the FDIC and the OFR ( collectively "Supervisory Authorities") of the resignation or termination of any of the Bank's directors or senior executive officers, as that term is defined in section 303.101(b) of the FDIC's Rules and Regulations, 12 C.F.R. § 303.101(b), or executive officers, as that term is defined and applied in Chapter 655 and Section 655.0385, Florida Statutes, and Rule 69U-100.03852, Florida Administrative Code. The Bank shall also give written notice to the Supervisory Authorities when it proposes to add any individual to the Bank's Board or employ any individual as a senior executive officer or executive officer. The notification to the Supervisory Authorities shall comply with the requirements set forth in 12 C.F.R. Part 303, Subpart F, and Rule 69U-100.03852, Florida Administrative Code. The notification should include a completed Interagency Biographical and Financial Report, which shall include a description of the background and experience of the individual or individuals to be added or employed and must be received at least 60 days before such addition or employment is intended to become effective. If the Regional Director or OFR issues a notice of disapproval pursuant to section 32 of the Act, 12 U.S.C. § 1831i, or Section 655.0385(2) or (3), Florida Statutes, with respect to any proposed individual, then such individual may not be added or employed by the Bank.

### **CAPITAL**

3. (a) Within 120 days from the effective date of this ORDER, the Bank shall have Tier 1 Capital in such amount as to equal or exceed eight percent (8%) of its total assets and Total Risk Based Capital in such amount as to equal or exceed ten percent (10%) of the Bank's total risk weighted assets. Thereafter during the life of this ORDER,

the Bank shall maintain Tier1 Capital and Total Risk Based Capital ratios equal to or in excess of eight percent (8%) and ten percent (10%), respectively. In the event these capital ratios fall below the required percentages at the end of any calendar quarter, the Bank shall notify the Supervisory Authorities of the capital deficiency in writing within 15 days and shall increase capital by an amount sufficient to raise the ratio to the required percentage.

(b) The level of Tier 1 Capital and Total Risk Based Capital to be maintained during the life of this ORDER pursuant to paragraph 3(a) shall be in addition to a fully funded allowance for loan and lease losses (“ALLL”), the adequacy of which shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

(c) Any increase in Tier 1 Capital necessary to meet the requirements of paragraph 3(a) of this ORDER may be accomplished by the following:

- (i) sale of common stock;
- (ii) sale of noncumulative perpetual preferred stock;
- (iii) direct contribution of cash by the Board, shareholders, and/or parent holding company;
- (iv) any other means acceptable to the Supervisory Authorities; or
- (v) any combination of the above means.

Any increase in Tier 1 Capital necessary to meet the requirements of paragraph 3(a) of this ORDER may not be accomplished through a deduction from the Bank's ALLL.

(d) For the purposes of this ORDER, the terms "Tier 1 Capital," "Total Risk Based Capital," "total risk-weighted assets" and "total assets" shall have the meanings ascribed to them in 12 C.F.R. Part 325.

**CHARGE-OFF**

4. (a) Within 10 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" and 50 percent of those assets classified "Doubtful" in the Report of Examination of the Bank dated August 3, 2009 ("REPORT") that have not been previously collected or charged-off. If an asset classified "Doubtful" is a loan or lease, the Bank may, in the alternative, increase its ALLL by an amount equal to 50 percent of the loan or lease classified "Doubtful." Elimination of any of these assets through proceeds of other loans made by the Bank is not considered collection for purposes of this paragraph.

(b) Additionally, while this ORDER remains in effect, the Bank shall, within 10 days from the receipt of any official Report of Examination of the Bank from the FDIC or the OFR, eliminate from its books, by collection, charge-off, or other proper entries, the remaining balance of any asset classified "Loss" and 50 percent of the those classified "Doubtful" unless otherwise approved in writing by the Supervisory Authorities. If an asset classified "Doubtful" is a loan or lease, the Bank may, in the alternative, increase its ALLL by an amount equal to 50 percent of the loan or lease classified "Doubtful." Elimination of any of these assets through proceeds of other loans made by the Bank is not considered collection for purposes of this paragraph.

## ADVERSELY CLASSIFIED ASSETS

5. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate a written plan (“Classified Asset Reduction Plan”) to reduce the Bank’s risk exposure in each asset, or relationship in excess of \$300,000 classified “Substandard” or “Doubtful” in the REPORT. For purposes of this provision, “reduce” shall mean to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by the Supervisory Authorities. In developing the Classified Asset Reduction Plan, the Bank shall, at a minimum, with respect to each adversely classified loan or lease, review, analyze, and document the financial position of the 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. The Classified Asset Reduction Plan and its implementation shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

(b) In addition, the Classified Asset Reduction Plan shall also include, but not be limited to, the following:

- (i) a quarterly schedule for reducing the outstanding dollar amount of adversely classified assets;
- (ii) 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 the ALLL;

- (iii) a provision for the Bank's submission of monthly written progress reports to its Board; and
- (iv) a provision mandating Board review of the progress reports, with a notation of the review recorded in the minutes of the meeting of the Board.

(c) The Classified Asset Reduction Plan shall further require a reduction in the aggregate balance of assets classified "Substandard" or "Doubtful" in the REPORT in accordance with the following schedule. For purposes of this paragraph 5(c), "number of days" means number of days from the effective date of this ORDER.

- (i) Within 180 days, a reduction of twenty percent (20%) in the balance of assets classified "Substandard" or "Doubtful";
- (ii) Within 365 days, a reduction of forty percent (40%) in the balance of assets classified "Substandard" or "Doubtful";
- (iii) Within 540 days, a reduction of fifty-five percent (55%) in the balance of assets classified "Substandard" or "Doubtful; and
- (iv) Within 720 days, a reduction of seventy-five percent (75%) in the balance of assets classified "Substandard" or "Doubtful."

(d) The requirements of paragraph 5(c) do not represent standards for future operations of the Bank. Following compliance with the above reduction schedule, the Bank shall continue to reduce the total volume of adversely classified assets. The Classified Asset Reduction Plan may include a provision for increasing Tier 1 Capital when necessary to achieve the prescribed ratio.

**SPECIAL MENTION LOANS**

6. Within 60 days from the effective date of this ORDER, the Bank shall correct the cited deficiencies in the loans listed for “Special Mention” on pages 33 and 34 of the REPORT.

**NO ADDITIONAL CREDIT**

7. (a) Beginning with 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 has a loan or other extension of credit from the Bank that has been charged off or classified, in whole or in part, "Loss" or "Doubtful" and is uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing, after the collection in cash of interest and all fees due from the borrower, any credit already extended to the borrower.

(b) Additionally, during the life of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of any borrower who has a loan or other extension of credit from the Bank that has been classified, in whole or in part, "Substandard" and is uncollected.

(c) Paragraph 7(b) shall not apply if the Bank’s failure to extend further credit to a particular borrower would be detrimental to the best interests of the Bank. Prior to the extending of any additional credit pursuant to this paragraph, either in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by a majority of the Board or a designated committee thereof, who shall certify in writing as follows:

- (i) why the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank;

- (ii) that the Bank's position would be improved thereby; including an explanatory statement of how the Bank's position would be improved; and
- (iii) an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

The signed certification shall be made a part of the minutes of the Board or its designated committee and a copy of the signed certification shall be retained in the borrower's credit file.

#### **WRITTEN STRATEGIC/BUSINESS PLAN**

8. Within 90 days from the effective date of this ORDER, the Bank shall prepare and submit to the Supervisory Authorities a written business/strategic plan covering the overall operation of the Bank. At a minimum, the plan shall establish objectives for the Bank's earnings performance, growth, balance sheet mix, liability structure, capital adequacy, and reduction of nonperforming and underperforming assets, together with strategies for achieving those objectives. The plan shall cover a three year period and shall also identify capital, funding, managerial and other resources needed to accomplish its objectives. The plan and its implementation shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

#### **INTERNAL LOAN REVIEW**

9. Within 60 days from the effective date of this ORDER, the Bank shall adopt an effective internal loan review and grading system to provide for the periodic review of

the Bank's loan portfolio in order to identify and categorize the Bank's loans, and other extensions of credit which are carried on the Bank's books as loans, on the basis of credit quality. Such system and its implementation shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations and/or visitations. At a minimum, the grading system shall provide for the following:

- (a) specification of standards and criteria for assessing the credit quality of the Bank's loans;
- (b) application of loan grading standards and criteria to the Bank's loan portfolio;
- (c) categorization of the Bank's loans into groupings based on the varying degrees of credit and other risks that may be presented under the applicable grading standards and criteria, but in no case, will a loan be assigned a rating higher than that assigned by examiners at the last examination of the Bank without prior written notification to the Supervisory Authorities;
- (d) assessment of the likelihood that each loan exhibiting credit and other risks will not be repaid according to its terms and conditions;
- (e) identification of any loan that is not in conformance with the Bank's loan policy;
- (f) identification of any loan which presents any unsafe or unsound banking practice or condition or is otherwise in violation of any applicable State or Federal law, regulation, or statement of policy;
- (g) requirement of a written report to be made to the Board, not less than quarterly after the effective date of this ORDER. The report shall identify the

status of those loans that exhibit credit and other risks under the applicable grading standards/criteria and the prospects for full collection and/or strengthening of the quality of any such loans; and

(h) specific policies governing Bank charge-offs of loans and underlying collateral taken to repay loans.

### **LENDING AND COLLECTION POLICIES**

10. Within 60 days from the effective date of this ORDER, the Bank shall develop and/or revise, adopt, and implement a written lending, underwriting and collection policy to provide effective guidance and control over the Bank's lending function, which policy shall include, at a minimum, provisions to address criticisms and recommendations enumerated on pages 2, 4 and 14 of the REPORT. In addition, the Bank shall obtain adequate and current documentation for all loans in the Bank's loan portfolio. Such policy and its implementation shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

### **REDUCE CONCENTRATIONS OF CREDIT**

11. Within 60 days from the effective date of this ORDER, the Bank shall perform a risk segmentation analysis with respect to the Concentrations of Credit listed on page 35 of the REPORT and any other concentrations deemed important by the Bank. Concentrations should be identified by product type, geographic distribution, underlying collateral or other asset groups, which are considered economically related and in the aggregate represent a large portion of the Bank's Tier 1 Capital. A copy of this analysis shall be provided to the Supervisory Authorities. The Board shall develop a plan to reduce any segment of the portfolio which the Supervisory Authorities deem to be an

undue concentration of credit in relation to the Bank's Tier 1 Capital. In particular, the plan shall address reduction of hotel loans and out of area commercial real estate loans. The plan and its implementation shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

### **ALLOWANCE FOR LOAN AND LEASE LOSSES**

12. Within 30 days from the effective date of this ORDER, the Board shall review the adequacy of the ALLL and shall revise its policy for determining the adequacy of the ALLL to insure that the policy is comprehensive. For the purpose of this determination, the adequacy of the ALLL shall be determined after the charge-off of all loans or other items classified "Loss." The policy shall provide for a review of the ALLL at least once each calendar quarter. Said review shall be completed in time to properly report the ALLL in the quarterly Reports of Condition and Income. The review shall focus on the results of the Bank's internal loan review, loan and lease loss experience, trends of delinquent and non-accrual loans, an estimate of potential loss exposure of significant credits, concentrations of credit, and present and prospective economic conditions. A deficiency in the ALLL shall be remedied in the calendar quarter it is discovered, prior to submitting the Reports of Condition and Income, by a charge to current operating earnings. The minutes of the Board meeting at which such review is undertaken shall indicate the results of the review. The Bank's policy for determining the adequacy of the ALLL and its implementation shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations or visitations.

### **PLAN FOR EXPENSES AND PROFITABILITY**

13. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and fully implement a written plan and a comprehensive budget for all categories of income and expense for the calendar year 2010. The plan and budget shall include formal goals and strategies, consistent with sound banking practices and taking into account the Bank's other written policies, to improve the Bank's net interest margin, increase interest income, reduce discretionary expenses, and improve and sustain earnings of the Bank. The plan shall include a projected balance sheet and a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components. Thereafter, the Bank shall formulate such a plan and budget by November 30 of each subsequent year. The plans and budgets shall be acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

(b) Following the end of each calendar quarter, the Board shall evaluate the Bank's actual performance in relation to the plans and budgets required by paragraph 13(a) of this ORDER and shall record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Board meeting at which such evaluation is undertaken.

### **ASSET AND LIABILITY MANAGEMENT POLICY**

14. Within 60 days from the effective date of this ORDER, the Bank shall revise, adopt, and implement its written asset/liability management policy to provide effective guidance and control over the Bank's funds management activities, which policy shall include, at a minimum, revisions to address all items of criticism enumerated on pages 5 and 6 of the REPORT. Such policy and its implementation shall be in a form and manner

acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

### **VIOLATIONS OF LAW, REGULATION AND POLICY**

15. Within 30 days from the effective date of this ORDER, the Bank shall develop a written plan approved by its Board and acceptable to the Supervisory Authorities to eliminate and/or correct all violations of law, regulations, and policies which are more fully set out on pages 16 through 18 of the REPORT. In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable laws, regulations, statements of policies, and regulatory guidance.

### **RESTRICTIONS ON CERTAIN PAYMENTS**

16. a) While this ORDER is in effect, the Bank shall not declare or pay dividends or bonuses without the prior written approval of the Regional Director. All requests for prior approval shall be received at least 30 days prior to the proposed dividend declaration date (at least 5 days with respect to any request filed within the first 30 days after the date of this ORDER) and shall contain, but not be limited to, an analysis of the impact such dividend or bonus payment would have on the Bank's capital, income, and/or liquidity positions.

(b) During the term of this ORDER, the Bank shall not make any distributions of interest, principal or other sums on subordinated debentures, if any, without the prior written approval of the Regional Director.

### **BROKERED DEPOSITS**

17. (a) Throughout the effective life of this ORDER, the Bank shall not accept, renew, or rollover any brokered deposit, as defined by 12 C.F.R. § 337.6(a)(2), unless it

is in compliance with the requirements of 12 C.F.R. § 337.6(b), governing solicitation and acceptance of brokered deposits by insured depository institutions.

(b) The Bank shall comply with the restrictions on the effective yields on deposits as described in 12 C.F.R. § 337.6.

**NO MATERIAL GROWTH WITHOUT PRIOR NOTICE**

18. While this ORDER is in effect, the Bank shall notify the Supervisory Authorities at least 60 days prior to undertaking asset growth of ten percent (10%) or more per annum or initiating material changes in asset or liability composition. In no event shall asset growth result in noncompliance with the capital maintenance provisions of this ORDER unless the Bank receives prior written approval from the Supervisory Authorities.

**DISCLOSURE**

19. Following the effective date of this ORDER, the Bank shall send to its shareholders or otherwise furnish a description of this ORDER in conjunction with the Bank's next shareholder communication and also in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Registration Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429, and to the Director, Division of Financial Institutions, State of Florida, Office of Financial Regulation, 200 East Gaines Street, Tallahassee, Florida 32399-0371, to review at least twenty (20) days prior to dissemination to shareholders. Any changes requested to be made by the FDIC and the

OFR shall be made prior to dissemination of the description, communication, notice, or statement.

### **PROGRESS REPORTS**

20. (a) Within 30 days of the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish written progress reports to the Supervisory Authorities detailing the form, manner, and results of any actions taken to secure compliance with this ORDER and the results thereof. Such written reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER.

(b) The progress report requirements shall continue for the life of this ORDER unless modified or terminated in writing by the Supervisory Authorities.

(c) All progress reports and other written responses to this ORDER shall be reviewed by the Board and be made a part of the minutes of the appropriate Board meeting.

The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC, the OFR, 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 become effective on the date of its issuance.

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

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER shall have been

modified, terminated, suspended, or set aside in writing.

Pursuant to delegated authority.

Dated this 17th day of February, 2010.

/s/

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Doreen R. Eberley  
Acting Regional Director  
Division of Supervision and Consumer Protection  
Atlanta Region  
Federal Deposit Insurance Corporation

The Commissioner of the Florida Office of Financial Regulation having duly approved the foregoing ORDER, and the Bank, through its Board, having agreed that the issuance of said ORDER by the FDIC shall be binding as between the Bank and the OFR to the same degree and legal effect that such ORDER would be binding upon the Bank if the OFR had issued a separate order that incorporated all of the provisions of the foregoing ORDER pursuant to Chapters 120, 655, and 658, Florida Statutes, and specifically Sections 655.033 and 655.041, Florida Statutes .

Dated this 11th day of February, 2010.

/s/

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Linda B. Charity  
Director  
Division of Financial Institutions  
Office of Financial Regulation  
By Delegated Authority for the  
Commissioner, Office of Financial Regulation