

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of)	CONSENT ORDER
)	
AMALGAMATED BANK)	
NEW YORK, NEW YORK)	FDIC-11-260b
)	
(INSURED STATE NONMEMBER BANK))	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for AMALGAMATED BANK, NEW YORK, 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 August 23, 2011, 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 and/or regulations relating to weaknesses in management, capital, asset quality and earnings, 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:

MANAGEMENT

1. (a) Within 60 days from the effective date of this ORDER, the Bank shall retain a third party bank consultant who is acceptable to the Regional Director of the FDIC’s New York Regional Office (“Regional Director”) and who will develop a written analysis and assessment of the Bank's Board and management needs ("Management Report") for the purpose of ensuring

appropriate Board oversight and providing qualified management for the Bank, taking into account the recent changes and additions to the Bank's Board and management.

(b) The Bank shall provide, as promptly as practicable (but no less than 20 days before the expiration of the 60-day period referenced in subparagraph (a)), the Regional Director with a copy of the proposed engagement letter or contract with the third party for non-objection or comment before it is executed.

(c) 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 fees for each significant element of the engagement, and the aggregate fee;

(ii) the responsibilities of the consultant;

(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 individual(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 consultant is not affiliated in any manner with the Bank.

(d) The Management Report shall be developed within 90 days from the date the consultant is engaged and shall include, at a minimum:

(i) identification of both the type and number of Board and officer positions needed to properly oversee the Bank's management and supervise the affairs of the Bank, respectively;

(ii) identification and establishment of such Board and management committees as are needed to provide oversight and guidance to the Bank's management;

(iii) evaluation of all Board members and "senior executive officers" (as that term is defined in section 303.101(b) of the FDIC's Rules of Practice and Procedure, 12 C.F.R. §303.101(b)) 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, taking into account the recent changes and additions to the Bank's Board and management;

(iv) evaluation of the compensation of all of the officers and directors of the Bank, including salaries, director fees, and other benefits, taking into account the recent changes and additions to the Bank's Board and management; and

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

(e) Within 60 days from receipt of the Management Report, the Bank shall formulate a written plan ("Management Plan") that incorporates the findings of the Management Report, a plan of action in response to each recommendation contained in the Management Report, and a time frame for completing each action.

(f) At a minimum, the Management Plan shall:

(i) include provisions to implement appropriate training and development programs for the Bank's management;

(ii) establish procedures to periodically review and update the Management Plan, as well as periodically review and assess the performance of each senior officer; and

(iii) contain a current management succession plan.

(g) 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.

BOARD PARTICIPATION

2. (a) The Board shall increase its oversight of the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the oversight of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size.

(b) This oversight 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 expense; to the extent appropriate, new, overdue, renewal, insider, charged off, delinquent (30 to 89 days), nonaccrual, nonperforming, classified and recovered loans; investment activity; internal loan watch list; liquidity levels and funds management; adoption or modification of operating policies; individual committee reports; audit reports; information technology, internal control reviews including management responses; asset liability management; 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 its Board or any of its “senior executive officers” (as that term is defined in section 303.101(b) of the FDIC’s Rules of Practice and Procedure) within 10 days of the event. Prior to the addition of any individual to the Board or the employment of any individual as a senior executive officer, or any change in the title or function of a senior executive officer, the Bank shall request and obtain the Regional Director’s written non-objection. Any notification required by this subparagraph shall include a description of the background and experience of any proposed new “senior executive officer” or Board member and must be received at least 30 days prior to the individual assuming the new position. 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’s Rules of Practice and Procedure, 12 C.F.R. Part 303.

CAPITAL

3. (a) Within 60 days from the effective date of this ORDER, the Board shall develop a written capital plan ("Capital Plan"), subject to review and non-objection of the Regional Director as described in subparagraph (b), that details the manner in which the Bank will meet and maintain a Leverage Ratio of at least 7 % within one year from the effective date of this Order and at least 8% within two years from the effective date of this Order (as such terms are defined in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325). At a minimum, the Capital Plan shall include specific benchmark Leverage Ratios to be met at each calendar quarter end until the required capital levels are achieved. 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.

(b) The Capital 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, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Capital Plan.

(c) The Board shall review the Bank's adherence to the Capital Plan on a monthly basis. Copies of the reviews and updates shall be submitted to the Regional Director quarterly as part of the progress reports required by paragraph 16 of this ORDER.

(d) In the event any required capital ratio falls below the minimum required by the approved Capital Plan, the Bank shall immediately notify the Regional Director and within 60 days shall either:

(i) increase capital in an amount sufficient to comply with the capital ratios as set forth in the approved Capital Plan; or

(ii) submit to the Regional Director a contingency plan for the sale, merger, or liquidation of the Bank in the event the primary sources of capital are not available.

LOSS CHARGE-OFF

4. The Bank shall, if it has not done so already, eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" in the report of examination dated June 14, 2010 (as of December 31, 2009) issued jointly by the FDIC and the New York State Department of Banking ("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 15 days after the receipt of any future report of examination of the Bank from the FDIC or the New York State Department of Banking, 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.

REDUCTION OF DELINQUENCIES AND CLASSIFIED ASSETS

5. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate and submit for review as described in subparagraph (c), a written plan ("Delinquent and Classified Asset Plan") to reduce the Bank's risk exposure in those commercial loan assets that are more than 90 days delinquent or classified "Substandard," "Doubtful" or listed for "Special Mention" in the Report of Examination. Thereafter, the Delinquent and Classified Asset Plan shall be revised to reduce the Bank's risk exposure in those commercial loan assets which become more than 90 days delinquent or classified "Substandard," "Doubtful" or listed for "Special Mention" in any future report of examination. For purposes of this paragraph, "reduce"

means to collect, charge off, sell or improve the quality of an asset so as to warrant its removal from adverse classification by the Regional Director.

(b) The Delinquent and Classified Asset Plan shall include, at a minimum, the following:

(i) an action plan to review, analyze and document the current financial condition of each delinquent or adversely 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) a schedule for reducing the outstanding dollar amount of each delinquent or adversely classified asset, including timeframes for achieving the reduced dollar amounts (at a minimum, the schedule for each delinquent or adversely classified asset must show its expected dollar balance on a quarterly basis);

(iii) specific action plans intended to reduce the Bank's risk exposure in each delinquent or adversely classified asset and to correct all deficiencies in the assets listed for "Special Mention;"

(iv) delineate areas of responsibility for loan officers; and

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

(c) The Delinquent and 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 Delinquent and 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 Delinquent and Classified Asset Plan.

(d) Except to the extent the Bank is legally required to do so, 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 or any future report of examination, so long as such credit remains uncollected.

(e) Except to the extent the Bank is legally required to do so, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit is more than 90 days delinquent or has been classified "Substandard," "Doubtful," or is listed for "Special Mention" in the current or any future report of examination, and is uncollected, unless the Board, or a designated committee thereof, has adopted, in writing, a detailed statement of why the extension is in the best interest of the Bank. Prior to extending additional credit pursuant to this subparagraph, 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.

(f) The determinations and approval as referenced in subsection (e) shall be recorded in the minutes of the Board meeting and copies shall be retained in the borrower's credit file and submitted to the Regional Director at such times as the Bank submits the progress reports required by paragraph 16 of this ORDER or sooner upon the written request of the Regional Director.

LOAN REVIEW PROGRAM

6. (a) Within 60 days from the effective date of this ORDER, the Board shall establish a program of independent loan review that will provide for a periodic review of the Bank's loan portfolio and the identification and categorization of problem credits ("Loan Review Program").

(b) At a minimum, the Loan Review Program shall provide for:

(i) prompt identification of loans with credit weaknesses that warrant the special attention of management, including the name of the borrower, amount of the loan, reason why the loan warrants special attention; and assessment of the degree of risk that the loan will not be fully repaid according to its terms;

(ii) prompt identification of all outstanding balances and commitments attributable to each obligor identified under the requirements of subparagraph (i), including outstanding balances and commitments attributable to related interests of such obligors,

including the obligor of record, relationship to the primary obligor identified under subparagraph (i), and an assessment of the risk exposure from the aggregate relationship;

(iii) identification of trends affecting the quality of the loan portfolio and potential problem areas;

(iv) assessment of the overall quality of the loan portfolio;

(v) identification of credit and collateral documentation exceptions;

(vi) identification and status of violations of laws, rules, or regulations with respect to the lending function;

(vii) identification of loans that are not in conformance with the Bank's lending policy;

(viii) identification of loans to directors, officers, principal shareholders, and their related interests; and

(ix) a mechanism for reporting to the Board periodically, but in no event less than quarterly, the information developed in (i) through (viii).

(c) The Loan Review Program 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 Loan Review Program, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Loan Review Program.

ALLOWANCE FOR LOAN AND LEASE LOSSES

7. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit for review as described in subparagraph (d), a comprehensive policy and methodology for determining the Bank's allowance for loan and lease losses (such allowance being the "ALLL" and such policy being the "ALLL Policy"). The ALLL Policy shall provide for a review of the ALLL at least once each calendar quarter. Said 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 Consolidated Reports of Condition and Income ("Call Report"). Such reviews shall, at a minimum, be made in accordance with:

(i) Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 450-20 and Topic 310 (formerly FASB Statement Numbers 5 and 114, respectively) effective after September 15, 2009;

(ii) the Federal Financial Institutions Examination Council's ("FFIEC") Instructions for the Call Report;

(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.

(b) Such reviews shall include, at a minimum:

- (i) the Bank's loan loss experience;
 - (ii) an estimate of the potential loss exposure, including off-balance sheet credit exposure, in the portfolio; and
 - (iii) trends of delinquent (30 to 89 days) and non-accrual loans and prevailing and prospective economic conditions.
- (c) The minutes of the Board meetings at which such reviews are undertaken 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 in accordance with subparagraphs (a) and (b).
- (d) The ALLL 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 ALLL Policy, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the ALLL Policy.
- (e) A deficiency in the ALLL shall be remedied in the calendar quarter in which it is determined by a charge to current operating earnings prior to any capital determinations required by this ORDER and prior to the Bank's submission of its Call Report. The Bank shall thereafter maintain an appropriate ALLL.
- (f) The analysis supporting the determination of the adequacy of the ALLL shall be submitted to the Regional Director. These submissions shall be made at such times as the Bank files the quarterly progress reports required by paragraph 16 of this ORDER or sooner upon the written request of the Regional Director. In the event that the Regional Director subsequently

determines that the Bank's ALLL is inadequate, the Bank shall increase its ALLL and amend its Call Reports accordingly.

PROFIT AND BUDGET PLAN

8. (a) Within 90 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the Bank shall formulate and submit for review as described in subparagraph (c), a written annual profit and budget plan ("Profit Plan") consisting of goals and strategies, consistent with sound banking practices, and taking into account the Bank's other written plans, policies, or other actions as required by this ORDER.

(b) The Profit Plan shall include, at a minimum:

(i) a description of the operating assumptions that form the basis for, and adequately support, material projected revenue and expense components;

(ii) specific goals to maintain appropriate provisions to the ALLL;

(iii) realistic and comprehensive budgets for all categories of income and expense;

(iv) an executive compensation plan, addressing any and all salaries, bonuses and other benefits of every kind or nature whatsoever, both current and deferred, whether paid directly or indirectly, which plan incorporates qualitative as well as profitability performance standards for the Bank's senior executive officers;

(v) a budget review process to monitor the revenue and expenses of the Bank whereby actual performance is compared against budgetary projections not less than quarterly; and

(vi) recording the results of the budget review and any actions taken by the Bank as a result of the budget review in the Board minutes.

(c) 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.

(d) Within 30 days following the end of each calendar quarter following non-objection of the Profit Plan required by this paragraph, the Board shall evaluate the Bank's actual performance in relation to the Profit Plan, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the Boards' meeting at which such evaluation is undertaken. A copy of the evaluation, including any actions taken, shall be submitted to the Regional Director at such times as the Bank submits the progress reports required by paragraph 16 of this ORDER.

STRATEGIC PLAN

9. (a) Within 90 days from the effective date of this ORDER, the Bank shall develop and submit for review as required by subparagraph (c), a written strategic plan ("Strategic Plan") supported by an operating budget and consisting of goals and strategies, consistent with sound banking practices, and taking into account the Bank's other written plans, policies, or other actions as required by this ORDER. The Strategic Plan shall cover a three-year period and 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 Strategic Plan shall include, at a minimum:

(i) identification of the major areas in and means by which the Bank will seek to improve operating performance;

(ii) specific goals to improve the net interest margin, increase interest income, and reduce discretionary expenses,

(iii) financial goals, including pro forma statements for asset growth, capital adequacy, and earnings; and

(iv) coordination of the Bank's loan, investment, funds management, and operating policies, profit and budget plan, and ALLL methodology with the Strategic Plan.

(c) The Strategic 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 Strategic Plan, which approval shall be recorded in the minutes of the Board meeting.

Thereafter, the Bank shall implement and fully comply with the Strategic Plan.

(d) The Strategic Plan required by this ORDER shall be revised at least 30 days prior to the end of each calendar year following the effective date of this ORDER, and approved by the Board, which approval shall be recorded in the minutes of the Board meeting. A copy of the revised Strategic Plan shall be submitted to the Regional Director. Thereafter, the Bank shall implement and adhere to the revised Strategic Plan.

BROKERED DEPOSITS

10. (a) The Bank shall not accept, 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), 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 described in section 337.6 of the FDIC's Rules and Regulations, 12 C.F.R. § 337.6.

INFORMATION TECHNOLOGY

11. (a) Within 150 days from the effective date of this Order, the Bank shall implement action to achieve compliance with Part 364 Appendix B of the FDIC Rules and Regulations as mandated by Section 501(b) of the Gramm-Leach-Bliley Act of 1999 ("GLBA"), including, but not limited to, the following:

(i) perform departmental/business unit risk assessments to identify internal and external threats, assess the likelihood and potential damage of these threats taking into consideration the sensitivity of customer information, and implement controls to mitigate risks associated with these threats;

(ii) develop a process to periodically review and adjust, as necessary, the Bank's customer information system, and

(iii) report Information Security Program status to the Board annually.

(b) Within 120 days from the effective date of this Order, the Bank shall implement

enhanced information technology (“IT”) governance processes. To accomplish this goal, the Systems Steering Committee should meet at its prescribed monthly frequency and present minutes of these meetings to the Board for its review.

(c) Within 150 days of the effective date of this Order, the Bank shall implement action to establish an effective Risk Management Program and risk assessment processes for information technology and information security, including, but not limited to, the following:

(i) establish a comprehensive program which enables the Board to effectively identify, measure, monitor and control information technology and information security risks;

(ii) perform, as necessary, a gap analysis to determine where enhanced information technology and information security controls are required;

(iii) provide to the Board an annual report which appropriately details the Bank’s overall risk profile with respect to information technology and information security.

(d) Within 120 days from the effective date of this Order, the Bank shall enhance oversight of the audit function by ensuring that the audit scope includes comprehensive reviews of all critical information technology areas, including IT governance, GLBA information security compliance, project management, disaster recovery/business continuity planning and pandemic planning, and Automated Clearing House compliance. In addition, management shall implement a formal tracking and reporting system to monitor corrective actions addressing any audit, third-party review or regulatory examination issues with respect to information technology and information security.

(e) Within 150 days from the effective date of this Order, the Bank shall perform an appropriate enterprise-wide business continuity risk assessment, which duly considers the results of the departmental business impact analyses. Management shall develop, implement and test a

pandemic plan which includes the elements described in the FFIEC guidance. In addition, management shall ensure that all reports to the Board and the Systems Steering Committee on Disaster Recovery/Business Continuity Plan testing are timely, accurate, and comprehensive.

(f) Within 90 days from the effective date of this Order, the Bank shall enhance its project management policies and procedures related to information technology and information security to include minimum standards for conversion projects involving third-party vendors or service providers. Management shall ensure monthly project status updates are provided to the Board. In addition, all project management deficiencies noted in the Report of Examination must be addressed.

AUDIT PROGRAM

12. (a) The Bank shall maintain an internal audit program that complies with the *Interagency Policy Statement on the Internal Audit Function and its Outsourcing* (FIL-21-2003, issued March 17, 2003) and, within 90 days from the effective date of this ORDER, the Bank shall ensure that descriptions in the risk assessments adequately support risk ratings, that the risk assessment methodology is consistently applied and that the audit tracking report properly indicates ratings assigned to its findings and the manager responsible for remediating findings. The internal audit program shall also provide for monthly reports of audit findings directly to the Board or its Audit Committee. The minutes of the Board or Audit Committee shall reflect consideration of these reports and describe any discussion or action taken as a result thereof.

(b) Within 30 days from the effective date of this ORDER, the Bank shall submit a plan to the Regional Director that addresses the restructuring of the Bank's Audit Committee to ensure compliance with section 363.5 of the FDIC's Rules and Regulations, 12 C.F.R. §363.5.

DIVIDEND RESTRICTION

13. The Bank shall not declare or pay, either directly or indirectly, any dividend without the prior written consent of the Regional Director.

CORRECTION OF VIOLATIONS

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

COMPLIANCE COMMITTEE

15. (a) Within 30 days from the effective date of this ORDER, the Board shall establish a compliance committee ("Compliance Committee"), the majority of which shall be comprised of members who are not now, and have never been, involved in the daily operations of the Bank, and whose composition is acceptable to the Regional Director, with the responsibility of ensuring compliance with the provisions of this ORDER.

(b) The Compliance Committee shall monitor compliance with this ORDER and submit a written report monthly to the entire Board detailing the form, content, and manner of any action taken to ensure compliance with this ORDER. A copy of the report and any discussion related to the report or this ORDER shall be part of the minutes of the Board meeting. Copies of the monthly report shall be submitted to the Regional Director as part of the progress reports required by paragraph 16 of this ORDER. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

PROGRESS REPORTS

16. 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, content, 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.

SHAREHOLDER DISCLOSURE

17. Within 30 days from the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its stockholders. The description shall fully describe the ORDER in all material respects.

OTHER ACTIONS

18. It is expressly understood that if, at any time, the Regional Director shall deem it appropriate in fulfilling the responsibilities placed upon him under applicable law to undertake any further action affecting the Bank, nothing in this ORDER shall in any way inhibit, bar, estop or otherwise prevent him from doing so, including, but not limited to, the imposition of civil money penalties. The provisions of this ORDER shall not bar, estop, or otherwise prevent 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: August 31, 2011

By:

/s/
John F. Vogel
Deputy Regional Director
Division of Risk Management Supervision
Federal Deposit Insurance Corporation