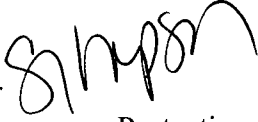


July 9, 2010

TO: Board of Directors

FROM: Sandra L. Thompson, Director   
Division of Supervision and Consumer Protection

Arthur J. Murton, Director   
Division of Insurance and Research

Mitchell L. Glassman, Director   
Division of Resolutions and Receiverships

SUBJECT: Approval of the Interagency Memorandum of Understanding on Special Examinations and Delegation of Special Examination Authority

#### **EXECUTIVE SUMMARY**

This is a proposal for the Board to adopt a Resolution (Exhibit A) that would approve an Interagency Memorandum of Understanding (MOU) (Exhibit B) outlining the arrangements that have been developed by the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS) and the Federal Reserve Board (FRB) for the implementation of the FDIC's Special Examination authority. The signatories of this MOU will be these four agencies. The MOU will cover FDIC Special Examinations of four groups of insured depository institutions (IDIs) outlined below and defined in detail in the MOU.

The Resolution would also delegate to the Chairman of the Board the authority to order Special Examinations of IDIs under the terms and conditions provided for in the MOU, and to further delegate this authority to designees pursuant to written delegations. Under section 10(b)(3) of the Federal Deposit Insurance Act ("FDI Act"), 12 U.S.C. § 1820(b)(3), examiners appointed by the Board of Directors of the FDIC ("Board") shall have the power "to make any special examination of any insured depository institution whenever the Board determines a special examination of any such depository institution is necessary to determine the condition of such depository institution for insurance purposes."

This proposal addresses the recommendations made by the FDIC and Treasury Inspectors General in the evaluation report of Washington Mutual Bank, dated April 16, 2010, regarding the need to revisit the interagency agreement governing information access and back-up examination authority for large insured depository institutions to ensure it provides FDIC with sufficient access to information necessary to assess risk to the Deposit Insurance Fund (DIF). In particular, the MOU explicitly provides that it does not limit the authority of the FDIC to make Special Examinations of IDIs both covered and uncovered

by this MOU and contains a specific recognition in Section III(4) that the FDIC Board of Directors has the authority under Section 10(b)(3) of the Federal Deposit Insurance Act to direct the making of Special Examinations in situations covered and uncovered by the MOU.

Approved by



Michael J. Bradfield  
General Counsel

## **RECOMMENDATION**

The Division Directors recommend that the Board of Directors adopt the attached Resolution which approves the attached MOU, and delegates to the Chairman the authority to order Special Examinations of IDIs under the arrangements provided for in the attached MOU, and to further delegate this authority to designees pursuant to written delegations.

## **DISCUSSION**

### **FDIC's Unique Mission and Distinct Information Needs**

Congress gave the FDIC Special Examination authority in recognition of the FDIC's responsibilities and consequent needs that require it to have information on and access to insured depository institutions. Those responsibilities are unique and distinct from the mission of the primary Federal regulator ("PFR"), and include the following:

- Provide the ability to measure loss severity and distance to default as defined by the FDIC's Large Insured Depository Institution analysis and on-site review process ("LIDI Program") to assess the risks to the DIF.
- Set deposit-insurance prices for individual depository institutions and the banking industry as a whole, to ensure the solvency of the DIF and to reflect risks of failure of individual institutions.
- Facilitate contingency resolution planning to allow for the orderly resolution of failed institutions in a timely and efficient manner.
- Effectively engage in discussions with other regulators about systemic risks and policy issues about the regulation of financial markets.

The recent financial crisis has demonstrated the importance to the FDIC of having access to information, particularly in large IDIs. Large IDIs can have complex asset and liability structures that make them more sensitive to market events and require more time to plan for an orderly resolution due to their size and complexity. In addition, it is important for the FDIC to be able to freely obtain the information it needs to determine the sensitivity an

IDI has to market events, the speed of its deterioration and the severity of loss should it fail. To respond to these challenges, the FDIC has revised the LIDI Program to support the ability to perform this deposit insurance risk analysis as well as deposit insurance assessment pricing. To successfully implement this Program, the FDIC's existing responsibilities for financial stability, and the responsibilities assigned to the FDIC under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, it is essential for the FDIC to have direct access to IDI information and management so that it can obtain the data it needs to ascertain how particular structures may respond under stress.

### **Prior Agreements**

In implementing its Special Examination authority, the FDIC has participated in a number of cooperative examination agreements with the federal banking and thrift regulatory agencies (the "Agencies"). The last agreement was reached in January of 2002, when the FDIC Board authorized implementation of an interagency agreement to enhance coordination and cooperation of their supervisory efforts ("2002 agreement"). (See, FDIC Board Resolution dated January 29, 2002, bearing Seal No. 070200.)

The 2002 agreement defines the circumstances when the FDIC would conduct special examinations for purposes of the agreement. The principle trigger for special examination activities under the agreement was "heightened risk," defined as an institution with a CAMELS rating of 3, 4, or 5 or undercapitalized for purposes of "prompt corrective action"<sup>1</sup> In addition to heightened risk, the 2002 agreement also provided for FDIC participation only in examinations or meetings at IDIs that exhibited material deteriorating conditions or other adverse developments that could result in the IDI becoming troubled in the near term. The PFR had to agree to this FDIC participation or the issue of the ability to participate in such meetings would have to be elevated up to the Chairman level for resolution.

The 2002 agreement also required the FDIC, to the fullest extent possible, to conduct special examination activities concurrently with the appropriate agency's regularly scheduled examination. In addition, the 2002 agreement authorized only one dedicated FDIC examiner in each of the eight largest banking organizations. As institutions merged and the largest institutions continued to grow, the limitation of useful access that applied at the eight largest institutions and other large interconnected banks resulted in a disconnect with the FDIC's ability to evaluate risk to the DIF and plan for resolution activities. Moreover, the requirement in the 2002 Agreement for PFR approval of participation by the FDIC dedicated examiners and other staff in selected supervisory reviews turned out to be another barrier to FDIC evaluation of the risk of particular banking activities to the DIF as

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<sup>1</sup> The Prompt Corrective Action (PCA) provisions in Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) (Section 38 of the FDI Act) require that regulators set a threshold for critically undercapitalized institutions, and that regulators promptly close institutions that breach the threshold unless they quickly recapitalize or merge with a healthier institution. Bank regulators set the threshold for critically undercapitalized institutions to 2 percent tangible capital.

was noted in the Evaluation Report of the FDIC and Treasury Inspectors General (IGs) on the Washington Mutual Bank failure noted below.

Some changes were made in a 2005. The FDIC Board of Directors clarified the 2002 Agreement to delegate to the Chairman of the Board the discretion to authorize Special Examinations at institutions that compute regulatory capital using the institution's own estimates of risk, or that use customized assumption-driven asset valuation or income recognition methodologies. The Board also delegated authority to the Chairman of the FDIC to resolve any disputes under the 2002 agreement.

Overall it appears evident that during the most recent financial crisis the provisions of 2002 MOU acted as a limit on the FDIC's ability to effectively evaluate the risk in institutions that were deteriorating at a rapid pace or to prepare resolution strategies.

### **United States Treasury and FDIC Offices of the Inspectors General April 16, 2010, Joint Evaluation Report Regarding Regulatory Oversight of Washington Mutual Bank**

The limitations of the 2002 agreement have been noted in the joint evaluation report submitted by the United States Treasury and FDIC Offices of the Inspectors General (IGs) which evaluated federal regulatory oversight of Washington Mutual Bank. In their evaluation, the IGs recommended that the FDIC Chairman, in consultation with the FDIC Board:

“Revisit the interagency agreement governing information access and back-up examination authority for large insured depository institutions to ensure it provides FDIC with sufficient access to information necessary to assess risk to the DIF.”

At the core of the IGs' recommendation is that the “...FDIC must be able to make its own independent assessment of risk to the DIF without a requirement to prove a requisite level of risk and without unreasonable reliance on the work of the PFR...” They noted the limitations of applying “heightened risk” with its dependence on CAMELS. They pointed out the need to address large IDIs because risky institutions, such as IndyMac, resulted in substantial losses to the DIF. They also noted the FDIC should not be hindered in obtaining information in order to gauge risk, and that a requirement that the FDIC rely, to the fullest extent possible on the work of the PFR, could at times limit the FDIC's effectiveness in reviewing information. The IGs stressed that the FDIC must have sufficient and timely access to information at all large IDIs.

### **Interagency Memorandum of Understanding on Special Examinations**

The concerns drawn from FDIC's experience, and the IGs' Evaluation Report, have, with the cooperation of the OCC, OTS and FRB, been addressed directly in the MOU. To accomplish the major objective of the MOU of facilitating the implementation of the FDIC's special examination authority, the Agreement establishes arrangements for the

coordination and cooperation among the banking agencies to accomplish this goal without limiting the authority of the FDIC to conduct Special Examinations. This is done in five major MOU sections on objectives, IDI coverage, guidelines for the conduct of special examinations, coordination and information sharing, and CAMELS rating differences.

### **MOU Definition of Covered IDIs**

Section II of the MOU defining the covered banks is particularly important. The MOU specifically defines the four groups of covered IDIs including problem banks, large and small heightened insurance risk banks, large banks, and TLGP borrowers.

The first group includes all IDIs that meet the definition of “Problem IDIs.” Problem IDIs are IDIs with a composite rating of “3,” “4” or “5” or are undercapitalized as defined under Prompt Corrective Action standards.

Heightened Insurance Risk IDIs comprise the second group and are defined as:

- (a) CAMELS 1- or 2-rated institutions that fall under FDIC's large bank deposit insurance pricing method if their initial assessment rate (IAR) is in the top 66 percent of the IAR range; and
- (b) small institutions that are CAMELS 2-rated and the FDIC's Statistical CAMELS off-site Rating (SCOR) indicates their probability of downgrade is 50 percent or greater or their rank according to the FDIC's Growth Monitoring System (GMS) is in the 98th percentile.

For the purpose of defining this second group “Large Institutions” are IDIs with assets of \$10 billion or more, and “Small Institutions” are IDIs with assets of less than \$10 billion.

The third group includes institutions defined as “Large IDIs” consisting of mandatory Basel II “Advanced Approach” institutions, as may be determined from time to time, and IDI subsidiaries of any non-bank financial company or large interconnected bank holding company recommended by the Council for heightened prudential standards under Section 115(a)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 as may be agreed upon from time to time by the FDIC and the relevant PFR.

The fourth group consists of IDIs that are affiliated with entities that have had greater than \$5 billion of borrowings under the FDIC TLGP program (“TLGP-IDIs”).

### **Scope of Special Examinations Under the MOU and On-Site Presence**

Once identified, Problem IDIs and Heightened Risk IDIs will trigger targeted reviews for insurance purposes, namely information that is necessary to determine the risk that is presented to the DIF, price deposit insurance, assess the probability of default, estimate any potential loss to the DIF, and develop contingent resolution plans or such other matters that are necessary to determine the condition of the IDI for deposit insurance purposes.

At Large, Complex IDIs and TLGP-IDIs, the FDIC will establish a continuous on-site full-time staff presence with the number of staffers depending on the size of the IDIs. To meet its staffing needs, it is the intention of the FDIC to assign up to no more than (a) five full time staffers at IDIs with U.S holding companies that have total assets of \$750 billion or more, and (b) three full time on-site staffers for Large, Complex IDIs with U.S. holding companies that have total assets of less than \$750 billion. Additional full-time on-site staffing shall be subject to mutual agreement between the FDIC and the PFR. The FDIC also may determine, based on particular events or specific circumstances, that required information is not available from the PFR, and that it is necessary to be on-site to gather such information, and that additional staff is temporarily needed on-site in order to obtain such information.

### **Coordination and Cooperation Under the MOU**

Under the MOU, the FDIC will inform the PFR on an on-going basis of the FDIC's special examination planning and scoping activities, as well as any significant changes, and will provide reasonable prior notice to the PFR of any unscheduled special examinations of the IDI and of meetings with the Board of Directors and board committees of the IDI. The FDIC and the PFR may also agree on other types of meetings for which notice would be provided. The FDIC will also provide the PFR on an ongoing basis with access to results of FDIC Special Examinations, including material deposit insurance related issues and risk assessments, and other FDIC Special Examination information prepared by the FDIC.

The FDIC may request to participate in examinations and meetings with IDI personnel conducted by the PFR. The PFR may request to participate in examinations and meetings with IDI personnel conducted by the FDIC. The FDIC and the PFR shall consult regarding such requests, and if the PFR declines the request, the FDIC will provide reasonable notice to the PFR before proceeding separately to conduct those activities.

On an on-going basis, representatives of the FDIC will meet with appropriate representatives of the PFR to discuss the risk profile, current condition, identified supervisory matters, and material deposit insurance related issues and risk assessments with respect to Covered Institutions. On a quarterly basis, FDIC will share lists of all IDIs in the four groups of IDIs covered by this Memorandum.

Finally, in Sections III(2) and IV(1) of the MOU, the FDIC assumes important coordination responsibilities that are subject to an equally important provision preserving its full statutory authority to make Special Examinations. Under the MOU, the FDIC will:

- (a) conduct special examinations of any covered IDI in accordance with the MOU,
- (b) coordinate its work with the relevant PFR, avoid unnecessary duplication of activities, and
- (c) use the reports of examination made by the PFR and any appropriate State regulator, other information available from the PFR and State regulator, and information provided by other Federal or State agencies to the fullest extent possible.

However, consistent the provision of the FDIC's statutory Special examination authority and with the recommendations of the IG's Report that "...FDIC must be able to make its own independent assessment of risk to the DIF without a requirement to prove a requisite level of risk and without unreasonable reliance on the work of the PFR..." the MOU explicitly provides that (a), (b) and (c) above do not limit the authority of the FDIC under Section 10(b)(3) of the FDIA to make Special Examinations of IDIs both covered and uncovered by this MOU. In Section III(4) of the MOU, the OCC, OTS and FRB explicitly recognize that the FDIC Board of Directors has the authority under Section 10(b)(3) of the Federal Deposit Insurance Act to direct the making of Special Examinations in situations covered and not covered by this MOU.

If the FDIC does decide to make such Special Examinations, under the MOU it will notify the PFR before it obtains any information directly from an IDI, explaining why additional information beyond what is currently available from the PFR is needed and any other reasons for such a Special Examination. In the MOU, the FDIC pledges its best efforts to work with other agencies on Special Examination conduct, coordination, and information sharing.

#### **Differences in CAMELS Ratings**

Differences in CAMELS ratings between the FDIC and the appropriate PFR will be communicated by the FDIC to the PFR in writing, including an explanation of the basis for the FDIC's position. In the event of a disagreement, the matter shall be referred to the FDIC Director of the Division of Supervision and Consumer Protection (the "Director") (or other officers of the Corporation designated by the Chairman of the FDIC) and the appropriate senior-most supervision official of the PFR. Any decision by the FDIC to depart from the appropriate PFR's assigned rating will be made by the Director (or other officers of the Corporation designated by the Chairman of the FDIC) after consultations with the Chairman of the FDIC.

#### **RESOLUTION OF APPROVAL AND DELEGATION**

The Resolution attached to this memorandum as Exhibit A approves the attached MOU, and delegates to the Chairman the authority to order Special Examinations of IDIs under the arrangements provided for in the attached MOU and further delegates this authority to officers of the Corporation pursuant to written delegations. The Resolution also provides that the Board specifically retains the authority to direct staff to conduct special examinations at IDIs that are not covered by the MOU. To monitor the implementation of the MOU, the Resolution further provides that (1) if any PFR that is a party to the MOU provides written notice to the FDIC of concerns regarding implementation of the MOU, such concerns will be presented to the Board, and (2) pursuant to current frequency of reporting requirements, reports will be presented to the Board in a quarterly report regarding Special Examinations, including the status of the examination, preliminary findings, and any concerns raised by the PFR.

## Exhibit B

### Interagency Memorandum of Understanding on Special Examinations

This Memorandum of Understanding (“MOU”), dated as of July \_\_, 2010, is made and entered into by and among The Federal Deposit Insurance Corporation (“FDIC” or the “Corporation”), the Office of the Comptroller of the Currency (“OCC”), the Board of Governors of the Federal Reserve System (“FRB”), and the Office of Thrift Supervision (“OTS”) (the OCC, FRB and OTS collectively, the “Agencies;” and separately, the “PFR”) This MOU concerns the implementation of Section 10(b)(3) of the Federal Deposit Insurance Act that provides that examiners appointed by the Board of Directors of the Corporation “shall have power, on behalf of the Corporation, to make any special examination of any insured depository institution whenever the Board of Directors determines a special examination of any such depository institution is necessary to determine the condition of such depository institution for insurance purposes.”

#### I. Objectives

The Objectives of this MOU are to:

- (1) Facilitate the FDIC’s implementation of its special examination authority under Section 10(b)(3) of the Federal Deposit Insurance Act (“FDI Act”);
- (2) Establish arrangements for coordination and cooperation between the Agencies and the FDIC, consistent with the respective authorities of each.
- (3) Avoid unnecessary duplication of effort; and
- (4) Facilitate the ability of the FDIC and each of the Agencies to effectively and efficiently carry out their respective responsibilities.

#### II. IDI Coverage

Under this MOU, Special Examinations may be made by the FDIC with respect to the insured depository institutions (“IDIs”) defined in this Part II of this MOU (“Covered IDIs”):

- (1) IDIs with composite PFR ratings of “3”, “4” or “5”, and IDIs that are undercapitalized under Prompt Corrective Action standards (“Problem IDIs”).
- (2) IDIs that have a heightened risk to the Deposit Insurance Funds defined as follows: (a) CAMELS 1- or 2-rated institutions that fall under FDIC's large bank deposit insurance pricing method if their initial assessment rate (“IAR”) is in the top 66 percent



of the IAR range;<sup>1</sup> and (b) small institutions that are CAMELS 2-rated and the FDIC's Statistical CAMELS off-site Rating ("SCOR") indicates their probability of downgrade is 50 percent or greater or their rank according to the FDIC's Growth Monitoring System ("GMS") is in the 98 percentile. ("Heightened Insurance Risk IDIs"). For the purposes of this section II(2), "Large Institutions" are IDIs with assets of \$10 billion or more, and "Small Institutions" are IDIs with assets of less than \$10 billion. The FDIC will provide the PFR access to SCOR and GMS.<sup>2</sup>

(3) Large, complex IDIs, consisting of (a) mandatory Basel II "Advanced Approach" institutions as may be determined from time to time, and (b) IDI subsidiaries of any non-bank financial company or large interconnected bank holding company that are subject to heightened prudential standards recommended by the Council under Section 115(a)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 as may be agreed upon from time to time by the FDIC and the relevant PFR. ("Large IDIs").

(4) IDIs that are affiliated with entities that have had greater than \$5 billion of borrowings under the FDIC TLGP program ("TLGP-IDIs").

### **III. Guidelines for the Conduct of Special Examinations**

(1) In making Special Examinations, the FDIC's focus will be on gathering and evaluating information obtained by the FDIC from the Agencies, State banking regulators, IDIs, and other sources that is necessary for insurance purposes, namely information to determine the risk that is presented to the Deposit Insurance Fund (DIF), price deposit insurance, assess the probability of default, estimate any potential loss to the DIF, develop contingent resolution plans, and such other matters that are necessary for deposit insurance purposes.

(2) In making Special Examinations, the FDIC shall use the reports of examination made by the PFR and any appropriate State regulator, other information available from the PFR and State regulator, and information provided by other Federal or State agencies to the fullest extent possible, without limiting the authority of the FDIC referenced in section III(4) to make Special Examinations of IDIs both covered and uncovered by this MOU. The FDIC will notify the PFR before the FDIC obtains any information directly from an IDI, explaining why additional information beyond what is currently available from the PFR is needed.

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<sup>1</sup> The IAR range contemplated under this MOU is 10 basis points to 50 basis points. Under this formula an IDI is a Covered IDI for two calendar quarters following the last calendar quarter in which the IDI was a Covered IDI as determined under section II(2)(a) above. Should the FDIC modify the IAR range in the future the Agencies and FDIC will jointly confirm that the top percentage of the IAR range stated in section II(2) remains appropriate.

<sup>2</sup> The FDIC will provided advanced notice of any modifications of the SCOR and GMS models affecting the thresholds in section II(3) and confirm that the thresholds remain appropriate.

(3) At Large IDIs and TLGP-IDIs, the FDIC will establish a continuous on-site full-time Staff presence with the number of staffers depending on the size of the IDIs. To meet its staffing needs, it is the intention of the FDIC to assign up to no more than (a) five full-time on-site staffers at IDIs with U.S holding companies that have total assets of \$750 billion or more, and (b) three full time on-site staffers for Large, Complex IDIs with U.S. holding companies that have total assets of less than \$750 billion. Additional full-time on-site staffing shall be subject to mutual agreement between the FDIC and the PFR. The FDIC also may determine, based on particular events or specific circumstances, that required information is not available from the PFR, and that it is necessary to be on-site to gather such information, and that additional staff is temporarily needed on-site in order to obtain such information.

(4) The Agencies recognize that the FDIC Board of Directors has the authority under Section 10(b)(3) of the FDI Act to direct the making of Special Examinations in situations covered and not covered by this MOU.

#### **IV. Coordination and Information Sharing**

(1) FDIC will, to the fullest extent possible, without limiting the authority of the FDIC referenced in section III(4) to make Special Examinations of IDIs both covered and uncovered by this MOU, conduct special examinations of any covered IDI in accordance with this MOU, provide the PFR with reasonable prior notice of any proposed Special Examination activities, coordinate its work with the relevant PFR, and avoid unnecessary duplication of activities. The FDIC will notify the relevant PFR prior to conducting a Special Examination under Section 10(b)(3) of the FDI Act of a covered or uncovered IDI outside of the provisions of this MOU explaining the reasons for such a Special Examination. In the case of such a Special Examination, the FDIC and the PFR will use their best efforts to coordinate, cooperate, share and use information in accordance with Section IV of this MOU.

(2) One FDIC on-site examiner will be identified as the point of contact for the PFR. ("FDIC Contact")

(3) One PFR on-site examiner will be identified as the point of contact for the FDIC. ("PFR Contact")

(4) The FDIC will inform the PFR Contact on an on-going basis of the FDIC's special examination planning and scoping activities, as well as any significant changes thereto, and will provide reasonable prior notice to the PFR Contact of any unscheduled special examinations of the IDI and of meetings with the Board of Directors and board committees of the IDI. The FDIC Contact and the PFR Contact may also agree on other types of meetings for which notice would be provided. The FDIC will also provide the PFR on an ongoing basis, through the PFR Contact, with access to results of FDIC Special Examinations, including material deposit insurance related issues and risk assessments, and other FDIC Special Examination information prepared by the FDIC.

(5) The PFR will inform the FDIC Contact on an on-going basis of the PFR's examination planning and scoping activities, as well as any significant changes thereto, and will provide reasonable prior notice to the FDIC Contact of any unscheduled special examinations of the IDI and of meetings with the Board of Directors and board committees of the IDI. The PFR Contact and the FDIC Contact may also agree on other types of meetings for which notice would be provided. The PFR will also provide the FDIC on an ongoing basis, through the FDIC Contact, with access to supervisory information prepared by the PFR, including risk assessments, supervisory plans, and reports of examination prepared by the PFR.

(6) The FDIC Contact may request to participate in examinations and meetings with IDI personnel conducted by the PFR. The PFR Contact and FDIC Contact shall consult regarding such requests. In the event the PFR declines the request, the FDIC Contact shall provide reasonable prior notice to the PFR Contact before proceeding separately to conduct any Special Examination activities or meetings.

(7) The PFR Contact may request to participate in examinations and meetings with IDI personnel conducted by the FDIC. The FDIC Contact and the PFR Contact shall consult regarding such requests.

(8) On an on-going basis, no less frequently than quarterly, representatives of the FDIC will meet with appropriate representatives of the PFR to discuss the risk profile, current condition, identified supervisory matters, and material deposit insurance related issues and risk assessments with respect to Covered Institutions. On a quarterly basis, FDIC will share lists of all IDIs meeting the criteria specified in II(1)-II(4), above.

#### **V. CAMELS Rating Differences**

Differences in CAMELS ratings between the FDIC and the appropriate PFR will be communicated by the FDIC Contact to the PFR Contact in writing, including an explanation of the basis for the FDIC's position. In the event those officials are unable to resolve the ratings disagreement, the matter shall be referred to the Director of the FDIC Division of Supervision and Consumer Protection (the "Director") (or other officer of the Corporation designated by the Chairman of the FDIC) and the appropriate senior-most supervision official of the PFR for resolution. Any decision by the FDIC to depart from the appropriate PFR's assigned rating will be made by the Director of the FDIC Division of Supervision and Consumer Protection (or other officer of the Corporation designated by the Chairman of the FDIC) after consultation with the Chairman of the FDIC.

Federal Deposit Insurance Corporation

BY: \_\_\_\_\_

Board of Governors of the Federal Reserve System

BY: \_\_\_\_\_

Office of the Comptroller of the Currency

BY: \_\_\_\_\_

Office of Thrift Supervision

BY: \_\_\_\_\_