

{{2-28-94 p.C-2363}}

[¶10,556] **In the Matter of Unibank For Savings, Whitinsville, Massachusetts, Docket No. FDIC-92-165b (6-4-92).**

Bank to cease and desist from such unsafe or unsound practices as operating with excessive volumes of adversely classified assets; following hazardous lending and lax collection practices; operating in violation of applicable laws or regulations; operating with management policies detrimental to the Bank; operating with inadequate loan documentation; engaging in practices which produce inadequate operating income; failing to provide adequate supervision over the Bank's affairs; operating with inadequate allowance for loan and lease losses; and operating with excessive interest rate risk exposure. *(This order was terminated by order of the FDIC dated 12-6-93; see ¶ 15,762.)*

- [.1] **Management—Qualifications—Review**
- [.2] **Management—Management Plan—Minimum Requirements**
- [.3] **Allowance for Loan and Lease Losses—Establish/Maintain**
- [.4] **Capital—Tier 1 Capital—Increase/Maintain—Methods**
- [.5] **Loans—Risk Position—Reduce—Written Plan Required**
- [.6] **Loans—Extensions of Credit—Existing Borrowers—Curtail**
- [.7] **Loan Policy—Written Revision—Minimum Requirements**
- [.8] **Profit Plan—Minimum Requirements**
- [.9] **Funds Management—Written Policy Required**
- [.10] **Investment Policy—Revision—Minimum Requirements**
- [.11] **Technical Exceptions—Eliminate/Correct**
- [.12] **Violations of Law—Eliminate/Correct**
- [.13] **Compliance Reports—Frequency**

In the Matter of

**UNIBANK FOR SAVINGS
WHITINSVILLE, MASSACHUSETTS
(Insured State Nonmember Bank)
ORDER TO CEASE AND DESIST
FDIC-92-165b**

UniBank For Savings, Whitinsville, Massachusetts ("Bank"), having been advised of its right to a Notice of Charges and of Hearing detailing the unsafe or unsound banking practices and violations of law and/or regulations alleged to have been committed by the Bank and of its right to a hearing on such alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), dated May 26, 1992, whereby solely for the purpose of this proceeding and without admitting or denying any unsafe or unsound banking practices or violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO {{2-28-94 p.C-2364}}CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED that the Bank and its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), cease and desist from the following unsafe or unsound banking practices and violations of law and/or regulations.

- (a) operating with an excessive volume of adversely classified assets;
- (b) engaging in deficient lending and collection practices, including maintaining an excessive volume of adversely classified loans;
- (c) engaging in violations of applicable laws and regulations;
- (d) engaging in management policies and practices which are detrimental to the Bank;

(e) operating with deficient or inadequate loan documentation, including but not limited to current financial statements, insurance coverage, title searches or legal opinions, and cash flow and/or operating information;

(f) engaging in practices which produce inadequate operating income and excessive loan losses;

(g) failing to provide adequate supervision and direction over the affairs of the Bank to prevent unsafe or unsound practices and violations of law and/or regulations;

(h) operating with an inadequate allowance for loan and lease losses for the volume, kind and quality of loans held; and

(i) operating with excessive interest rate risk exposure.

IT IS FURTHER ORDERED that the Bank and its institution-affiliated parties take affirmative action as set forth below. Solely for purposes of enforcement of this ORDER under section 8(i) of the Act, 12 U.S.C. § 1818(i), the Bank and its institution-affiliated parties will not be deemed to be in violation of paragraphs (a) through (i) above, except to the extent that the Bank is not in compliance with the following provisions:

[.1] 1. (a) Within one hundred twenty (120) days from the effective date of this ORDER, the Bank shall have and retain qualified management. At a minimum, such management shall include a senior commercial lending officer and loan review workout specialist who, in view of the Bank's current condition, have sufficient depth of knowledge to upgrade a low quality loan portfolio and to correct cited deficiencies in the FDIC's Report of Examination dated October 21, 1991. Such person shall be provided the necessary written authority to implement and provisions of this ORDER. The qualifications of management shall be assessed on its ability to:

- (i) comply with the requirements of this ORDER,
- (ii) operate the Bank in a safe and sound manner,
- (iii) comply with applicable laws and regulations, and
- (iv) restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness and liquidity.

During the life of this ORDER, the Bank shall notify the Regional Director of the Boston Regional Office ("Regional Director") and the Commissioner of Banks of the Commonwealth of Massachusetts ("Commissioner") in writing of any changes in management at the level of vice president and above, and including its loan workout specialist(s). The notification must include the names and background of any replacement personnel and must be provided prior to the individual's assuming the new position.

[.2] (b) Within ninety (90) days from the effective date of this ORDER, the Board of Trustees shall develop a written analysis and assessment of the Bank's management and staffing needs ("management plan"), which shall include, at a minimum:

- (i) identification of both the type and number of officer positions needed to manage and supervise properly the affairs of the Bank;
- (ii) identification and establishment of such Bank committees as are needed to provide guidance and oversight to active management;
- (iii) evaluation of each Bank officer

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at the level of vice president and above, and including the Bank's loan workout specialist(s), 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 maintenance of the Bank in a safe and sound condition; and

(iv) a plan of action to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications, which the Board of Trustees determines are necessary to fill Bank officer positions consistent with the Board's analysis, evaluation and assessment as provided in paragraphs 1(b)(i) and 1(b)(iii) of this ORDER.

(c) The written management plan shall be submitted to the Regional Director and the Commissioner for review and comment within ninety (90) days from the effective date of this ORDER. No sooner than thirty (30) days, but under no circumstances more than sixty (60) days after such submission, the Board of Trustees shall approve the written management plan, taking into consideration any regulatory comments, and such approval shall be recorded in the minutes of the Board of Trustees. Subsequent modifications to the written management plan may be made only after giving the Regional Director and the

Commissioner written notice of the proposed modification, and after consideration of any responsive comments submitted by the Regional Director and/or the Commissioner within thirty (30) days from their receipt of the notice of proposed modification. No such modification shall become effective until approved by the Board of Trustees, and such approval shall be recorded in the minutes of the Board of Trustees. The Bank, its trustees, officers and employees shall implement and follow the written management plan and/or any subsequent modification thereto.

(d) (i) The written management plan shall also include the requirement that the Board of Trustees of the Bank, or a committee thereof consisting of not less than a majority of Board members who are independent with respect to the Bank, provide supervision over lending, investment and operating policies of the Bank sufficient to ensure that the Bank complies with the provisions of this ORDER.

(ii) At the next meeting of the nominating committee of the Bank, and at each succeeding meeting of that committee at which individuals are nominated for the office of trustee, the committee shall nominate individuals who are independent with respect to the Bank in such number as is necessary to cause a majority of the Board of Trustees to be and to remain independent with respect to the Bank.

(iii) For purposes of this ORDER, an individual who is "independent with respect to the Bank" shall be any individual (1) who is not an officer of the Bank (2) who is not related by blood, marriage or common financial interest to an officer of the Bank, and (3) who is not indebted to the Bank, directly or indirectly (including the indebtedness of any entity in which the individual has a substantial financial interest), in an amount exceeding five (5.0) percent of the Bank's total equity capital and allowance for loan and lease losses.

(e) The Bank's Board of Trustees shall meet at least monthly. The Board shall prepare in advance and shall follow a detailed written agenda at each meeting, which shall include consideration of actions of any committees. A chronological file of all written agendas shall be maintained. Notwithstanding the foregoing, the Board shall not be precluded from considering matters other than those contained in the agenda. Detailed written minutes of all Board meetings shall be maintained and recorded on a timely basis.

[.3] 2. (a) If not previously accomplished, within ten (10) days from the effective date of this ORDER, the Bank shall increase its allowance for loan and lease losses ("Reserve") existing as of September 30, 1991 by \$2,700,000 at a minimum.

(b) Immediately after complying with paragraph 2(a), the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" and either (i) eliminate from its books by charge off or collection, or {{8-31-92 p.C-2366}}(ii) create a specific reserve by an amount equal to fifty (50.0) percent of all assets or portions of assets classified "Doubtful" in the FDIC Report of Examination of the Bank as of October 21, 1991 ("Examination"), which have not been previously collected or charged off. Reduction of these assets through use of proceeds of loans made by the Bank, other than to qualified third party borrowers, does not constitute "collection" or "elimination" for the purpose of this paragraph.

(c) Thereafter, the Bank shall maintain its Reserve in accordance with the prevailing requirements of the Instructions for the Reports of Condition and Income ("Instructions"). Toward this end, within sixty (60) days from the effective date of this ORDER, the Bank's Board of Trustees shall establish a comprehensive policy for determining the adequacy of the Bank's Reserve. The policy shall provide for a review of the Reserve at least once each calendar quarter. The review should focus on the results of the Bank's internal loan review, loan loss experience, trends of delinquent and non-accrual loans, an estimate of potential loss exposure on significant credits, concentrations of credit, and present and prospective economic conditions. Review of other real estate and exposure therein shall be undertaken along the same lines as the aforementioned loan portfolio review. The adequacy of the Reserve in relation to the loss potential in the loan portfolio will be reviewed by the Board of Trustees and adjustments to the Reserve will be made accordingly. Details of these reviews will be incorporated into the minutes of the Board of Trustees, including the methodology used to determine the adjustments made.

(d) Reports of Condition and Income required to be submitted by the Bank as of each Report date, as that term is used in the Instructions, between and including December 31, 1991 and the effective ate of this ORDER, shall, at a minimum, reflect a Reserve that should have been maintained in accordance with the Instructions. If necessary to comply with this paragraph 2(d), the Bank shall file amended Reports of Condition and Income within forty-five (45) days from the effective date of this ORDER.

(e) Prior to the submission of any Report of Condition or Report of Income required to be filed by the Bank after the effective date of this ORDER, the Board of Trustees of the Bank shall: (1) review the

adequacy of the Bank's Reserve, (2) provide for an adequate Reserve, and (3) accurately report the Reserve in any such Report of Condition and Income. The minutes of the Board meeting at which such review is undertaken shall indicate the results of the review, including any increases in the Reserve, and the basis for determining the amount of allowance provided.

[.4] 3. (a) (i) The Bank shall maintain Tier 1 capital at or in excess of six (6.0) percent of the Bank's total assets ("Tier 1 leverage capital ratio"), as calculated herein, while this ORDER is in effect. The Bank's Tier 1 leverage capital shall not fall below two (2.0) percent of the Bank's total assets while this ORDER is in effect.

(ii) For purposes of this ORDER, the terms "Tier 1 capital" and "total assets" shall have the meanings ascribed to them in the revised Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325, which became effective April 10, 1991.

(b) In calculating the Bank's Tier 1 leverage capital ratio under paragraph 3(a) initially, the Bank shall first comply fully with paragraphs 2(a) and (b) of this ORDER. Thereafter, such ratio and its component parts shall be determined only after the Bank has made such additions to its Reserve so as to bring the Reserve into compliance with the prevailing requirements of the Instructions and charged off any losses identified subsequent to the Examination.

(c) Any increase in the Tier 1 leverage capital ratio made by the Bank in order to meet the requirements of paragraph 3(a) of the ORDER may be accomplished by:

- (i) the sale of new offerings of common stock or perpetual preferred stock;
- (ii) the collection of all or part of assets classified: (A) "Loss" as of October 21, 1991, without loss or liability to the Bank, or (B) "Doubtful" as of October 21, 1991, without loss or liability to the Bank, provided any collection on such assets shall first be applied to that portion of the asset which was not charged off pursuant to paragraph 2 of this ORDER. Reductions to loans [{{8-31-92 p.C-2367}}](#) and leases classified "Loss" and "Doubtful" shall first be credited to the Bank's Reserve and, if the Board of Trustees' review of the adequacy of the Reserve required by paragraph 2 of this ORDER indicates that such Reserve has a balance in excess of that required for adequacy, any such excess may be transferred to equity capital through a negative provision to the Reserve;
- (iii) the collection in cash of assets previously charged off;
- (iv) any combination of the above means; or
- (v) any other means acceptable to the Regional Director and the Commissioner.

(d) If the Tier 1 leverage capital ratio specified in paragraph 3(a)(i) declines below six (6.0) percent, the Bank, within sixty (60) days after the date on which the said ratio so declined, shall submit a written plan to the Regional Director and the Commissioner for increasing such ratio up to or in excess of six (6.0) percent within one hundred eighty (180) days after the written plan is implemented. Thereafter, the Bank shall continue to maintain its Tier 1 leverage capital ratio at or in excess of such level as calculated herein while this ORDER is in effect. Upon approval by the Regional Director and the Commissioner, the Bank shall immediately implement the written plan.

(e) In addition to the requirements of paragraphs 3(a)-(d), 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 Rules and Regulations, 12 C.F.R. Part 325, App. A.

(f) If all or part of any increase in capital made by the Bank in order to meet the requirements of this paragraph 3 involves an offering, other than an offering deemed not to be a public securities offering pursuant to 17 C.F.R. § 230.506 as currently in effect or as hereafter amended, of the Bank's securities, the Bank shall prepare detailed offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and of this ORDER as well as the circumstances giving rise to the offering, and any other material disclosures necessary to comply with the Federal securities laws. Prior to the sale of the securities, and, in any event not less than twenty (20) days prior to the dissemination of such materials, the materials used in the sale of the securities shall be submitted to the FDIC, Registration and Disclosure Section, Washington, D.C. 20429, for review. Any changes requested to be made in the materials by the FDIC shall be made prior to their dissemination.

(g) In complying with the provisions of paragraph 3(f) of this ORDER, the Bank shall provide to any subscriber and/or purchaser of Bank stock, written notice of any planned or existing development or other change which is materially different from the information reflected in any offering materials used in connection with the sale of Bank securities if such development or change occurs or is planned prior to the closing of such offering. The written notice required by this paragraph 3(g) shall be furnished within ten (10) calendar days from the date such material development or change was planned or occurred, whichever is earlier, to every purchaser and/or subscriber of Bank stock who received or was tendered

the information contained in the Bank's original offering materials.

(h) The Bank's Board of Trustees shall maintain in its minutes a written record of all actions taken by the Bank to comply with the capital requirements of paragraphs 3(a) through 3(g) of this ORDER, including, at a minimum, any action to increase its capital by each of the methods specified in paragraphs 3(c)(i) through 3(c)(v) of this ORDER.

[.5] 4. (a) Within ninety (90) days from the effective date of this ORDER, the Board of Trustees shall develop a written plan of action to lessen the Bank's risk position with respect to each borrower who or which had outstanding principal debt owing to the Bank in excess of \$200,000, and each parcel of other real estate with book value in excess of \$200,000, which was classified "Substandard" or "Doubtful," in whole or in part, as of October 21, 1991 or at any subsequent examination. In developing such plan, the Bank shall, at a minimum:

(i) in the case of loans, review the financial position of each such borrower, including source of repayment,

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repayment ability, and alternative repayment sources, and evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position; and

(ii) in the case of other real estate, evaluate the property and provide cost/ benefit analyses of holding the property versus current liquidation value.

Based upon such review and evaluation, the written plan of action shall: (A) within six (6) and twelve (12) months from the effective date of this ORDER, establish target dollar levels to which the Bank shall reduce the aggregate dollar volume of "Substandard" or "Doubtful" classifications as of October 21, 1991 as well as any additional assets that are in need of criticism according to internal Bank review; and (B) provide for the submission of written quarterly progress reports to the Bank's Board of Trustees for review and notation in the Board minutes for any such assets over \$200,000 (Exhibit A provides the form for the quarterly progress report); and also provide for submission of written monthly summary progress reports to the Board of Trustees for review and notation in the Board minutes. As used in this paragraph 4, "reduce" means to (1) collect, (2) charge off, or (3) improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC and the Division of Banks, Commonwealth of Massachusetts. Payment of loans with the proceeds of the other loans made by the Bank, other than loans to qualified third-party borrowers, will not constitute "reduction" or "collection" for purposes of this ORDER.

(b) The written plan of action described by paragraph 4(a) shall be submitted to the Regional Director and the Commissioner for review and comment within ninety (90) days from the effective date of this ORDER. No sooner than thirty (30) days, but under no circumstances more than sixty (60) days after such submission, the Board of Trustees shall approve the written plan of action, taking into consideration any regulatory comments, and such approval shall be recorded in the minutes of the Board of Trustees. Subsequent modifications to the written plan may be made only after giving the Regional Director and the Commissioner written notice of the proposed modification, and after consideration of any responsive comments submitted by the Regional Director and/or the Commissioner within thirty (30) days from their receipt of the notice of proposed modification. No such modification shall become effective until approved by the Board of Trustees, and such approval shall be recorded in the minutes of the Board of Trustees. The Bank, its trustees, officers and employees shall follow the written plan of action and/or any subsequent modification thereto.

[.6] 5. The Bank shall not extend or renew, directly or indirectly, credit to, or for the benefit of, any borrower who or which has a loan or other extension of credit with the Bank that has been charged off or classified, in whole or in part, "Loss," "Doubtful," or "Substandard," and is uncollected, unless (a) the Bank is obligated to make the advance by a binding, enforceable contract that was in force on October 21, 1991, or (b) a majority of the Bank's Board of Trustees first (1) determines that such extension or renewal is in the best interest of the Bank, (2) determines that the Bank has satisfied the requirements set out in paragraph 4 of this ORDER as to such borrower, and (3) gives approval for such extension or renewal, either individually or by approving a schedule or project budget with which the advance is consistent. A written record of the Board of Trustees' determination and approval of any extension or renewal under the terms of this paragraph 5 shall be maintained in the credit file of the affected borrower(s) as well as the minutes of the Board of Trustees.

[.7] 6. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall revise its written

loan policy, which revision shall include, at a minimum:

- (i) the guidelines under which unsecured loans will be granted;
- (ii) the maintenance and review of complete and current credit files on each borrower;
- (iii) maintenance of written, individual loan file comments by officers;
- (iv) guidelines to ensure credit standards are the same for participations purchased as for loans originated by the Bank;
- (v) requirement that the Bank's Board of Investment approve all additional extensions of credit to loans that are in-

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- ternally classified as well as those loans classified by regulatory authorities;
- (vi) maintenance of written documentation detailing rationale for the initial loan approval;
- (vii) requirements of periodic aging reports and on site inspections for account receivable and inventory loans;
- (viii) requirements for loan officers to certify advance requests and provide status updates prior to making advances on construction loans;
- (ix) requirements for periodic rent rolls and operating statement, at least annually, for non-owner occupied properties;
- (x) requirements for receipt of annual financial statements for all borrowers;
- (xi) procedures to ensure that all loans have well defined repayment programs; and
- (xii) expansion of appraisal guidelines to effect full compliance with Part 323 of the FDIC's Rules and Regulations, 12 C.F.R. Part 323.

(b) The revised written loan policy shall be submitted to the Regional Director and the Commissioner for review and comment within sixty (60) days from the effective date of this ORDER. No sooner than thirty (30) days, but under no circumstances more than sixty (60) days after such submission, the Board of Trustees shall approve the revised written loan policy, taking into consideration any regulatory comments, and such approval shall be recorded in the minutes of the Board of Trustees. Subsequent modifications to the revised written loan policy may be made only after giving the Regional Director and the Commissioner written notice of the proposed modification. No such modification shall become effective until approved by the Board of Trustees, and such approval shall be recorded in the minutes of the board of Trustees. The Board of Trustees shall consider any responsive comments submitted by the Regional Director and/or the Commissioner within thirty (30) days from their receipt of the notice of proposed modification. The Bank, its trustees, officers and employees shall follow the revised written loan policy and/or any subsequent modification thereto.

[.8] 7. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall develop a written profit plan consisting of goals and strategies for improving the earnings of the Bank, which written profit plan shall include, at a minimum:

- (i) identification of the major areas in, and means by, which the Board of Trustees will seek to improve the Bank's operating performance;
- (ii) realistic and comprehensive budgets;
- (iii) a budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections; and
- (iv) a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components.

(b) The written profit plan shall be submitted to the Regional Director and the Commissioner for review and comment within sixty (60) days from the effective date of this ORDER. No sooner than thirty (30) days, but under no circumstances more than sixty (60) days after such submission, the Board of Trustees shall approve the written profit plan, taking into consideration any regulatory comments, and such approval shall be recorded in the minutes of the Board of Trustees. Subsequent modifications to the written profit plan may be made only after giving the Regional Director and the Commissioner written notice of the proposed modification, and after consideration of any responsive comments submitted by the Regional Director and/or the Commissioner within silude, at a minimum:

- (i) the Bank's liquidity needs and plans for ensuring that such needs are met on an ongoing basis;
- (ii) goals and strategies for managing and/or improving the Bank's interest rate risk exposure;

(iii) monitoring of the interest rate sensitivity of present investments and deposits and projections of the types of investments and deposits to improve such liquidity position; and

(iv) coordination of the Bank's loan, investment, operating, and budget and profit planning policies with the written funds management policy.

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[.9] (b) The revised written funds management policy shall be submitted to the Regional Director and the Commissioner for review and comment within thirty (30) days from the effective date of this ORDER. No sooner than thirty (30) days, but under no circumstances more than sixty (60) days after such submission, the Board of Trustees shall approve the written funds management policy, taking into consideration any regulatory comments, and such approval shall be recorded in the minutes of the Board of Trustees. Subsequent modifications to the written funds management policy may be made only after giving the Regional Director and the Commissioner written notice of the proposed modification, and after consideration of any responsive comments submitted by the Regional Director and/or the Commissioner within thirty (30) days from their receipt of the notice of proposed modification. No such modification shall become effective until approved by the Board of Trustees, and such approval shall be recorded in the minutes of the Board of Trustees. The Bank, its trustees, officers and employees shall follow the written funds management policy and/or any subsequent modification thereto.

[.10] 9. Within thirty (30) days from the effective date of this ORDER, the Bank shall develop a revised written investment policy consisting of goals and strategies for improving the quality of the Bank's investment portfolio, including adoption of clear guidelines for investment in common stock issues. The written investment policy shall be submitted to the Regional Director and the Commissioner for review and comment with such thirty-day period. No sooner than thirty (30) days, but under no circumstances more than sixty (60) days after such submission, the Board of Trustees shall approve the written investment policy, taking into consideration any regulatory comments, and such approval shall be recorded in the minutes of the Board of Trustees. Subsequent modifications to the written investment policy may be made only after giving the Regional Director and the Commissioner written notice of the proposed modification, and after consideration of any responsive comments submitted by the Regional Director and/or the Commissioner within thirty (30) days from their receipt of the notice of proposed modification. No such modification shall become effective until approved by the Board of Trustees, and such approval shall be recorded in the minutes of the Board of Trustees. The Bank, its trustees, officers and employees shall follow the written investment policy and/or any subsequent modification thereto.

[.11] 10. Within ninety (90) days from the effective date of this ORDER, the Bank shall correct the remediable technical exceptions on loans noted on page 2-c of the Examination.

[.12] 11. Within ninety (90) days from the effective date of this ORDER, the Bank shall eliminate and/or correct all remediable violations of law and regulations committed by the Bank as described on page 6-a of the Examination.

[.13] 12. Within thirty (30) days from the end of each calendar quarter, the Bank shall furnish written progress reports to the Regional Director and the Commissioner detailing the form and manner of any action taken to secure compliance with this ORDER and the results thereof. The progress reports shall include copies of the most recent quarterly criticized asset reports and summary report described in paragraph 4(a) and Exhibit A of this ORDER. In addition, the Bank shall furnish such reports on request of either the Regional Director or the Commissioner. All progress reports and other written responses to this ORDER shall be reviewed by the Board of Trustees of the Bank and made a part of the minutes of the Board meeting.

This ORDER shall become effective ten (10) days from the date of its issuance.

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

This ORDER has been reviewed and concurred in by the Commissioner.

This ORDER supersedes the Memorandum of Understanding entered into among and between the Bank, the FDIC and the Commissioner dated May 9, 1991.

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 by the FDIC.

Dated at Needham, Massachusetts this 4th day of June, 1992.

Pursuant to delegated authority.

