

{{11-30-01 p.C-4921}}

[¶11,708] **In the Matter of Peoples Bank, Mendenhall, Mississippi, Docket No.00-012b (5-5-00)**

A cease and desist order was issued, based on findings by the FDIC that it had reason to believe that respondent had engaged in unsafe and unsound practices. (*This order was terminated by order of the FDIC dated 9-27-01; see ¶16,292.*)

[.1] **Management—Qualifications Specified**

[.2] **Board of Directors—Potential Candidate List Prepared to be Nominated by Shareholders**

[.3] **Capital—Increase Required**

[.4] **Loan Loss Reserve—Establishment of or Increase Required**

[.5] **Assets—Adversely Classified Assets—Reduction Required**

[.6] **Loans—Extensions of Credit—To Borrowers with Existing Adversely Classified Credits**

[.7] **Loan Policy—Preparation or Revision of Policy Required**

[.8] **Loan Portfolio—Review and Grading System**

[.9] **Dividends—Dividends Restricted**

[.10] **Bank Secrecy Act—Implement Policy**

[.11] **Bank Operations—Final Payment of Demand Items Restricted**

[.12] **Shareholders—Disclosure of Cease and Desist Order Required**

**In the Matter of
PEOPLES BANK
MENDENHALL, MISSISSIPPI
(Insured State Nonmember Bank)**

ORDER TO CEASE AND DESIST

FDIC-00-012b

Peoples Bank, Mendenhall, Mississippi ("Insured Institution"), 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 Insured Institution and of its right to a hearing on the 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 {{11-30-01 p.C-4922}} 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 April 18, 2000, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Insured Institution consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it had reason to believe that the Insured Institution had engaged in unsafe or unsound banking practices and had committed violations of law 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 Insured Institution, its directors, officers, employees, agents, and other institution-affiliated parties (as that term is defined in Section 3(u) of the Act, 12 U.S.C. § 1813(u)), and its successors and assigns cease and desist from the following unsafe and unsound banking practices and violations of law and/or regulations:

- (a) Engaging in hazardous lending and lax collection practices;
- (b) Operating with a large volume of poor quality loans;
- (c) Operating with an inadequate allowance for loan and lease losses;
- (d) Operating with inadequate internal routine and controls policies;
- (e) Operating in such a manner as to produce low earnings;
- (f) Operating in contravention of Part 364 of the FDIC Rules and Regulations, 12 C.F.R. Part 364, and in violation of the Bank Secrecy Act, 31 U.S.C. §§ 5311-5326, and the FDIC's implementing regulations found at section 326.8 of the FDIC Rules and Regulations, 12 C.F.R. § 326.8;
- (g) Operating with active management that does not comply with, adhere to, or implement the policies and procedures which have been established and approved by the Bank's board of directors;
- (h) Operating with active management whose policies and practices are detrimental to the Insured Institution and jeopardize the safety of its deposits; and
- (i) Operating with a board of directors which has failed to provide adequate supervision over and direction to the active management of the Insured Institution.

IT IS FURTHER ORDERED that the Insured Institution, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

[.1] 1. (a) During the life of this ORDER, the Bank shall have management qualified to restore the Bank to a sound condition. Such management shall include a chief executive officer and an experienced senior lending officer responsible for supervising the Bank's overall lending function. To insure compliance with this paragraph:

(i) Within 60 days from the date of this ORDER, and continuing thereafter for the duration of this ORDER, the board of directors shall establish and implement a plan to recruit and hire a Chief Executive Officer and an experienced senior lending officer responsible for supervising the Insured Institution's overall lending function.

(ii) The chief executive officer and senior lending official may be the same individual.

(b) Present management shall be assessed on its ability to:

(i) Comply with the requirements of this ORDER;

(ii) Improve and thereafter maintain the Insured Institution in a safe and sound condition, including asset quality, capital adequacy, liquidity adequacy, earnings adequacy, and sensitivity to market risk; and

(iii) Comply with all applicable State and Federal laws and regulations.

(c) (i) During the life of this ORDER, the Insured Institution shall notify the Regional Director of the Memphis Regional Office ("Regional Director") and the Commissioner of the Department of Banking and Consumer Finance for the State of Mississippi ("Commissioner") in writing of any resignations and/or terminations of any members of its board of directors and/or any of its senior executive officer(s) within 15 days of such termination or resignation.

(ii) The Insured Institution may not add any individual to its board of directors or employ any individual as a senior executive officer without first complying with

Section 32 of the Act, 12 U.S.C. § 1831i and the Regional Director has not issued a notice of disapproval pursuant to Section 32 of the Act, 12 U.S.C. § 1831i.

(d) Within 30 days from the effective date of this ORDER, the board of directors shall establish a committee of the board of directors with the responsibility to ensure that the Insured Institution complies with the provisions of this ORDER. After the director's election set forth in paragraph 2, at least two-thirds of the members of such committee shall be independent, outside directors as defined herein. The committee shall report monthly to the entire board of directors, and a copy of the report and any discussion relating to the report or the ORDER shall be included in the minutes of the board of directors. Nothing contained herein shall diminish the responsibility of the entire board of directors to ensure compliance with the provisions of this ORDER.

(e) For the purposes of this ORDER, an "outside director" shall be an individual:

(i) Who shall not be currently employed, in any capacity, by the Insured Institution or its affiliates other than as a director of the Insured Institution or an affiliate;

(ii) Who shall not own or control more than 5 percent of the voting stock of the Insured Institution or its holding company;

(iii) Who shall not be indebted to the Insured Institution or any of its affiliates in an amount greater than 5 percent of the Insured Institution's equity capital and reserves and shall not have any adversely classified credit at the insured institution;

(iv) Who shall not be related by blood or marriage to any directors, principal shareholders of the Insured Institution or affiliates of the Insured Institution; and

(v) Who shall be a resident of, or engage in business in, any of the following counties: Simpson, Covington, Rankin, Smith, Jefferson Davis, Lawrence or Hinds.

[.2] 2. (a) Within 60 days from the effective date of this ORDER, the board of directors shall prepare and forward, to each shareholder of the Insured Institution, a list of potential candidates for nomination to the Insured Institution's board of directors at the next meeting of shareholders of the Insured Institution at which directors are to be elected. The list of candidates shall include individuals who are independent with respect to the Insured Institution, in such number that, if elected, would cause a majority of the board of directors to be comprised of outside directors as defined in 1(e) above. The actions taken in identifying potential candidates, including any communication with such individuals, shall be documented and made part of the minutes of the board of directors. Copies of these board minutes shall be provided to the Regional Director and the Commissioner within 75 days from the effective date of this ORDER. Provided, however if 2 outside directors become members of the board, before the 60th day of the effective date of this order, all dates in this subsection 2(a) shall be automatically extended 60 additional days.

(b) If the meeting of the shareholders of the Insured Institution at which directors of the Insured Institution are to be elected is regularly scheduled for more than 180 days from the date of this ORDER, then the board of directors shall take all necessary steps to convene a meeting for such elections before the expiration of 180 days from the date of this ORDER.

(c) At the meeting of the shareholders of the Insured Institution at which directors of the Insured Institution are to be elected, and at each succeeding meeting of the shareholders at which directors are to be elected, the members of the board of directors who are also shareholders shall nominate and support the election of candidates to the board of directors who are independent with respect to the Insured Institution and who have agreed to stand for election to the board of directors, in such number as is necessary to cause a majority of the board of directors to be, and to remain, comprised of outside directors as defined in 1(e) above.

[.3] 3. (a) During the life of this ORDER, the Insured Institution shall have and maintain Tier 1 capital equal to or greater than eight (8) percent of the Insured Institution's adjusted Part 325 total assets.

(b) Any increase in Tier 1 capital necessary to meet the ratio required by Paragraph 3(a) of this ORDER may be accomplished by the following:

(i) The sale of new securities in the form of common stock; or

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(ii) The direct contribution of cash by the directors or shareholders; or

(iii) Any other method acceptable to the FDIC and the Commissioner.

(c) If all or part of the increase in Tier 1 capital required by Paragraph 3(a) of this ORDER is accomplished by the sale of new securities, the board of directors of the Insured Institution shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Insured Institution's securities (including a distribution limited only to the Insured Institution's existing shareholders), the Insured Institution shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Insured Institution and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with the Federal securities laws. Prior to the implementation of the plan and, in any event, not less than 20 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the FDIC, Registration and Disclosure Unit, 550 17th Street, N.W., Room F-250, Washington, D.C. 20429 for review. Any changes requested to be made in the plan or materials by the FDIC shall be made prior to their dissemination. If the Regional Director and Commissioner allow any part of the increase in Tier 1 capital to be provided by the sale of noncumulative perpetual preferred stock, then all terms and conditions of the issue, including but not limited to those terms and conditions relative to the interest rate and any convertibility factor, shall be presented to the Regional Director and Commissioner for prior approval.

(d) In complying with the provisions of Paragraph 3 of this ORDER, the Insured Institution shall provide to any subscriber and/or purchaser of the Insured Institution's securities written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Insured Institution securities. The written notice required by this paragraph shall be furnished within 10 days from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Insured Institution's securities who received or was tendered the information contained in the Insured Institution's original offering materials.

(e) For purposes of this ORDER, the terms "Tier 1 capital" and "Part 325 total assets" shall have the meanings ascribed to them in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. § 325, and respectively, subsections 325.2(t), and 325.2(v), 12 C.F.R. §§ 325.2(t) and (v). The "Capital Calculations" schedule on page 58 of the Report of Examination provides the method for determining the ratio of Tier 1 capital to adjusted Part 325 total assets as required by this ORDER.

(f) The Insured Institution shall not lend funds directly or indirectly, whether secured or unsecured, to any purchaser of Insured Institution stock or to any investor by any other means for any portion of any increase in Tier 1 capital required herein.

[.4] 4. (a) Within 90 days from the effective date of this Order, the Insured Institution shall establish and shall thereafter maintain, through charges to current operating income, an adequate allowance for loan and lease losses. In determining the adequacy of the allowance for loan and lease losses, the board of directors of the Insured Institution shall at a minimum consider the following:

(i) Prevailing instructions contained in the Federal Financial Institutions Examination Council booklet entitled "Instructions-Consolidated Reports of Condition and Income";

(ii) The volume and mix of the existing loan portfolio, including the volume and severity of nonperforming loans and adversely classified credits, as well as an analysis of net charge-offs experienced on previously adversely classified loans;

(iii) The extent to which loan renewals and extensions are used to maintain loans on a current basis and the degree of risk associated with such loans;

(iv) The trend in loan growth, including any rapid increase in loan volume within a relatively short time period;

(v) General and local economic conditions affecting the collectibility of the Insured Institution's loans;

(vi) Previous loan loss experience by loan type, including the trend of net charge-

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offs as a percent of average loans over the past several years;

(vii) Off balance sheet credit risks;

(viii) The overall risk associated with each concentration of credit together with the degree of risk associated with each related individual borrower; and

(ix) Any other factors appropriate in determining future valuation reserves.

(b) Prior to the submission of any Report of Condition and Income, the board of directors of the Insured Institution shall review the adequacy of the Insured Institution's allowance for loan and lease losses. The minutes of the board meetings at which each review is undertaken shall indicate the results of the review, the amount of any increase to the reserve, and the basis for the amount of the allowance for loan and lease losses. The criteria for the review shall be as set forth in Paragraph 4(a) of this ORDER.

(c) Notwithstanding the provisions of Paragraph 4(a) and 4(b) above, the Insured Institution shall achieve, within 30 days of the effective date of this ORDER, an allowance for loan and lease losses, after charge-off of loans classified "Loss" as required in Paragraph 5(a) below, of not less than \$1,663,000.

(d) The requirements of Paragraph 4(c) above are not to be construed as a standard for future operations.

[.5] 5. (a) Within 10 days from the effective date of this ORDER, the Insured Institution shall eliminate from its books, by charge-off or collection, all assets classified "Loss" as of November 15, 1999, that have not been previously collected or charged-off. Reduction of these assets through proceeds of other loans made by the Insured Institution is not considered collection for the purpose of this paragraph.

(b) Within 60 days from the effective date of this ORDER, the Insured Institution shall formulate and submit to the Regional Director and the Commissioner for review and approval a written plan of action directed at lessening the Insured Institution's risk position in each line of credit which was classified "Substandard" as of November 15, 1999, and which aggregated \$100,000 or more. Such plan shall include, but not be limited to, the following:

(i) Target dollar levels to which the Insured Institution will reduce each line of credit or other asset within three months, six months, and twelve months from the effective date of this ORDER; and

(ii) Provisions for the submissions of monthly written progress reports under this Paragraph 5 to the Insured Institution's board of directors for review and recordation in the board minutes.

(c) As used in Paragraph 5, the word "reduce" means (1) to collect, (2) to charge off, or (3) to sufficiently improve the quality of assets adversely classified to warrant removing any adverse classification, as determined by the FDIC.

[.6] 6. (a) Beginning with the effective date of this ORDER, the Insured Institution shall not extend, directly or indirectly any credit to, or for the benefit of, any borrower who has a loan or other extension of credit with the Bank that has been charged off or classified, in whole or in part, "Loss" and is uncollected as of November 15, 1999. The requirements of this paragraph shall not prohibit the Bank from renewing (after collection in cash of interest due from the borrower) any credit already extended to any borrower. The requirements of this paragraph will not prohibit the Bank from extending additional credit to protect its current collateral position pursuant to an existing perfected lien after such extension has been approved by a majority of the Insured Institution's board of directors in advance and the Insured Institution's board of directors has detailed in the written minutes of the meeting how it has affirmatively determined all of the following:

(i) that the extension of credit is in full compliance with the Insured Institution's loan policy;

(ii) that it is necessary to protect the Insured Institution's interest or that the extension of credit is adequately secured; and

(iii) that all necessary loan documentation is on file, including current financial and cash flow information and satisfactory appraisal, title, and lien documents.

(b) Beginning with the effective date of this ORDER, the Insured Institution shall not make any further extension of credit to any borrower thereof whose loans in the aggregate exceed \$100,000 and are adversely classified "Substandard" as of November 15, 1999, unless such extension has been approved by a majority of the Insured Institution's board of directors in advance and the Insured Institution's board of directors has detailed in the written minutes of the meeting how it has affirmatively determined all of the following:

[[7-31-00 p.C-4926]] (i) that the extension of credit is in full compliance with the Insured Institution's loan policy; (ii) that it is necessary to protect the Insured Institution's interest or that the extension of credit is adequately secured; (iii) that based upon credit analysis the customer is deemed to be creditworthy; and (iv) that all necessary loan documentation is on file, including current financial and cash flow information and satisfactory appraisal, title, and lien documents. The minutes shall also include the following information about the extension of credit: (i) the amount adversely classified as of November 15, 1999; (ii) the current balance; (iii) the amount of credit requested; (iv) a description of the collateral and its value securing the credit; and (v) a full description of the documentation presented to the board of directors including the date of the borrower's most recent financial information and the borrower's current income or cash flow data.

(c) Beginning with the effective date of this ORDER, the Insured Institution shall not renew any loan without the full collection of interest due. The issuance of separate notes to the borrowing customer or a third party, the proceeds of which pay interest due, shall not satisfy the requirements of this paragraph unless these separate notes receive prior board approval in the same manner as outlined in Paragraph 6(b).

[.7] 7. (a) Within 90 days from the effective date of this ORDER, the Insured Institution shall revise, adopt, and implement its written loan policy to provide for the safe and sound administration of all aspects of the lending function. Such policy shall be revised to address, but is not necessarily limited to, establishing the following:

(i) Lending authority of each loan officer and lending authority of the loan or executive committee;

(ii) Responsibility of the board of directors in reviewing, ratifying, or approving loans;

(iii) Guidelines for the collection and maintenance of proper and adequate loan documentation as required by sound banking practiced prior to the disbursement of loan proceeds or the renewal of existing loans;

(iv) Guidelines under which unsecured loans will be granted;

(v) Maintenance and review of complete and current credit files on each borrower;

(vi) Guidelines for the identification of primary and secondary sources of repayment;

(vii) The establishment of and adherence to realistic amortization programs;

(viii) Guidelines for rates of interest and the terms of repayment for secured and unsecured loans;

(ix) Guidelines for granting renewals and extensions of loans;

(x) Limitations on the amount advanced in relation to the value of the collateral and the documentation including supportable collateral valuations required by the Insured Institution for each type of secured loan;

(xi) Guidelines for obtaining and reviewing real estate appraisals as well as for ordering reappraisals, when needed;

(xii) Appropriate and adequate collection procedures including, but not limited to, actions to be taken against borrowers who fail to make timely payments;

(xiii) Limitations on the extension of credit through overdrafts;

(xiv) Guidelines, which at a minimum, address the goals for portfolio mix and risk diversification and cover the Insured Institution's plans for monitoring and taking appropriate corrective action, if deemed necessary, on any concentrations that may exist;

(xv) Guidelines for developing proper underwriting criteria prior to the Bank entering any new lending area;

(xvi) Guidelines addressing the Insured Institution's loan review and grading system ("Watch list");

(xvii) Guidelines addressing the Insured Institution's review of the allowance for loan and lease losses;

(xviii) Guidelines for adequate safeguards to minimize potential environmental liability;

(xix) Prior approval of loans to directors, officers, and principal shareholders and their related interests in compliance with applicable laws and regulations; and

(xx) Procedures for allowing exceptions to the loan policy.

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The policy and its implementation shall be in a form and manner acceptable to the Regional Director and Commissioner as determined at subsequent examinations and/or visitations.

(b) Beginning with the effective date of this ORDER, the Insured Institution shall review and strengthen its collection policies and procedures to include actions to be taken against delinquent borrowers and adopt and implement a written policy for placing loans on nonaccrual status which conforms with the requirements contained in the Instructions for Preparation for Reports of Condition and Income published by the Federal Financial Institutions Examination Council.

(c) Effectively immediately, the Insured Institution shall require and obtain on all current and prospective loans current financial information that is adequate to support the outstanding (or proposed) indebtedness of each borrower. The Insured Institution shall also obtain the documents necessary to perfect the Insured Institution's lien position, evaluate its lien priority, and provide a supportable valuation for all collateral pledged. Financial information shall include all information as required under the loan policy. Collateral valuations shall be performed by an independent party or supported by purchase invoices. All applicable credit and collateral documentation and a comprehensive narrative supporting management's analysis shall be reviewed by the Loan Committee ("Committee") and documented in the Committee minutes. The Insured Institution shall also require realistic payment terms that match the borrower's source of repayment and obtain adequate collateral margins for all new loans granted and for all loans renewed subsequent to the effective date of this ORDER. Loans that contravene these guidelines shall be reported by the Committee to the board of directors with documentation provided to support the loan officer's reasoning for the underwriting exceptions. Evidence of the board of director's actions shall be documented in the board's minutes.

(d) Within 30 days from the date of this ORDER, the Insured Institution shall establish policies and procedures to monitor loan payment extensions. Each loan payment extension shall be supported by a written extension agreement. Management reports shall be produced at least quarterly indicating which loans have been extended, the length of the extension, the reason for the extension, whether interest was paid current, and the loan officer responsible for approving the extension. This report shall be presented to the board for review and documented in the minutes.

[.8] 8. (a) Within 90 days of the effective date of this ORDER, the board shall revise, adopt, and implement the internal loan review and grading system ("System") to periodically review the Insured Institution's loan portfolio and identify and categorize problem credits. At a minimum the System shall provide for:

(i) The identification of the overall quality of the loan portfolio;

- (ii) The identification and amount of each delinquent loan;
 - (iii) An identification or grouping of loans that warrants the special attention of management;
 - (iv) For each loan identified, a statement of the amount and an indication of the degree of risk that the loan will not be fully repaid according to its terms and the reason(s) why the particular loan merits special attention;
 - (v) An identification of credit and collateral documentation exceptions;
 - (vi) The identification and status of each violation of law, rule or regulation;
 - (vii) An identification of loans not in conformance with the Insured Institution's lending policy and exceptions to the Insured Institution's lending policy;
 - (viii) An identification of insider loan transactions; and
 - (ix) A mechanism for reporting periodically, no less than quarterly, to the board of directors on the status of each loan identified and the action(s) taken by management.
- (b) A copy of the reports submitted to the board, as well as documentation of the action taken by the Insured Institution to collect or strengthen assets identified as problem credits, shall be kept with the minutes of the board of directors.

[.9] 9. The Insured Institution shall not pay cash dividends in any amount except as follows:

- (a) That such declarations and payments are made in accordance with applicable State and Federal laws and regulations;

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- (b) That after payment of such dividends, the ratio of Tier 1 capital to adjusted Part 325 total assets of the Insured Institution will be not less than eight (8) percent;
- (c) That such declaration and payment of dividends shall be approved in advance by the board of directors of the Insured Institution; and
- (d) That such declaration and payment of dividends shall be approved in advance, in writing, by the Regional Director and the Commissioner, which approval shall not be unreasonably withheld.

[.10] 10. (a) Within 60 days after the effective date of this ORDER, the Bank shall develop and implement a written Bank Secrecy Act Compliance Program in accordance with the provisions of section 326.8(c)(2) of the FDIC Rules and Regulations, 12 C.F.R. § 326.8(c)(2), to ensure monitoring and independent testing for compliance with the provisions of the Bank Secrecy Act, 31 U.S.C. §§ 5311-5326, which is conducted by Bank personnel or by an outside party, and to provide training to appropriate personnel as required by 12 C.F.R. § 326.8(c)(4).

(b) The Bank Secrecy Act Compliance Program shall designate a senior Bank official who shall be responsible for coordinating and monitoring day-to-day compliance with the Bank Secrecy Act, 31 U.S.C. §§5311-5326.

(c) The board of directors shall approve the written Bank Secrecy Act Compliance Program and/or any subsequent modification thereto, which approval shall be recorded in the minutes of the board of directors. Thereafter, the Bank and its successors and assigns shall follow the written Bank Secrecy Act Compliance Program and/or subsequent modifications thereto.

[.11] 11. (a) Beginning with the effective date of this ORDER, the Bank shall not permit final payment of any demand item on any customer account that when aggregated with all other overdrafts to that customer, exceed or would exceed, directly or indirectly, \$5,000, unless payment of the demand item has been reviewed and approved in advance by the Bank's board of directors. The board's review should include whether final payment of the demand item complies with the Bank's loan policy regarding overdrafts. The board of directors shall include in the minutes of the meeting where the review is undertaken, its conclusions, approvals denials, recommendations, and reasons for the approval of any final payment that creates an overdraft that does not fully comply with the Bank's loan policy.

(b) Beginning with the effective date of this ORDER, the Bank shall not extend credit, directly or indirectly, the proceeds of which will be used to eliminate an overdraft.

[.12] 12. Following the effective date of this ORDER, the Insured Institution shall send to its shareholders or otherwise furnish a description of this ORDER, (i) in conjunction with the Insured Institution's next shareholder communication, and also (ii) in conjunction with its notice or proxy statement preceding the Insured Institution's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Supervision, Registration and Disclosure Unit, 550 17th Street, N.W., Room F-250, Washington, D.C. 20429 for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

13. On the thirtieth day after the end of each calendar quarter following the effective date of this ORDER, the Insured Institution shall furnish written progress reports to the Regional Director detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. The Insured Institution's Board of Directors shall review all reports prior to submission. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director has released the Insured Institution in writing from making further reports.

The provisions of this ORDER shall be binding upon the Insured Institution, its directors, officers, employees, agents, successors, assigns, and other institution-affiliated parties of the Insured Institution.

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

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as any provision of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC.

Pursuant to delegated authority.

Dated: May 5, 2000.