



{{9-30-94 p.C-2180}}

¶10,515] In the Matter of Fall River Five Cents Savings Bank, Fall River, Massachusetts, Docket No. FDIC-92-112b (4-20-92).

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 with inadequate capital; 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 failing to submit Reports of Condition and Income in accordance with instructions. *(This order was terminated by order of the FDIC dated 7-6-94; see ¶ 15,883.)*

- [.1] Management—Qualifications—Review
- [.2] Allowance for Loan and Lease Losses—Establish/Maintain
- [.3] Capital—Tier 1 Capital—Increase/Maintain—Methods
- [.4] Loans—Risk Position—Reduce—Written Plan Required
- [.5] Loans—Extensions of Credit—Existing Borrowers—Curtail
- [.6] Loans—Overdue—Accrual of Interest
- [.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

**FALL RIVER FIVE CENTS SAVINGS
BANK
FALL RIVER, MASSACHUSETTS
(Insured State Nonmember Bank)
ORDER TO CEASE
AND DESIST
FDIC-92-112b**

Fall River Five Cents Savings Bank, Fall River, 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 April 15, 1992, whereby solely for the purpose of this proceeding and without admitting or denying any allegation or implication of fact herein or the existence of any unsafe or unsound banking practices or violations of law or regulations, the Bank consented to the issuance of this ORDER TO 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), to the extent such parties are subject to this ORDER pursuant to the Act), cease and desist from the following unsafe or unsound banking practices and violations of law and/or regulations after the effective date of this ORDER:

- (a) operating with an excessive volume of adversely classified assets;

[{{6-30-92 p.C-2181}}](#)(b) engaging in deficient lending and collection practices;

(c) operating with inadequate equity capital for the kind and quality of assets held;

(d) engaging in violations of Federal Reserve Board Regulation O and Parts 323 and 327 of the FDIC's Rules and Regulations;

(e) engaging in management policies and practices in the lending area which are detrimental to the Bank;

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

(g) engaging in practices which result in inadequate operating income;

(h) 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;

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

(j) failing to submit Reports of Condition and Income in accordance with prevailing instructions.

IT IS FURTHER ORDERED that the Bank (and its institution-affiliated parties to the extent such parties are subject to this ORDER pursuant to the Act), take affirmative action, to the extent such actions have not already been taken prior to the effective date of this ORDER, as set forth below. However, for purposes of enforcement of this ORDER by the FDIC pursuant to section 8(i) of the Act, 12 U.S.C. § 1818(i), the Bank (and, to the extent they are subject to this ORDER pursuant to the Act, its institution-affiliated parties) will not be deemed to be in violation of any of the above provisions of subparagraphs (a) through (j), except to the extent 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. Each member of management shall have qualifications and experience commensurate with his or her duties and responsibilities at the Bank with proven ability in managing a bank of comparable size and experience in upgrading a low quality loan portfolio. Such persons shall be provided the necessary written authority to implement the 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 or maintain all aspects of the Bank in 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. The notification must include the name and backgrounds of any replacement personnel and must be provided prior to the individual's assuming the new position.

(b) In order to have and retain qualified management, within ninety (90) days from the effective date of this ORDER, the Board of Trustees shall cause to be developed 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 at the level of Vice President and above 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 per- [{{6-30-92 p.C-2182}}](#)sonnel with the requisite ability, experience and other qualifications, which the Board of Trustees determines are necessary to fill Bank officer positions at the level of Vice President and above 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. 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 responsive written comments received from the Regional Director or the Commissioner during such 30-day period following submission, 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 written comments received from 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 a majority of whose members 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 trustees, 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 continue 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 (for the purpose of this paragraph, the positions of chairman, clerk and courtesy senior vice president shall not be deemed to be officer positions, so long as the persons holding such offices are not in fact operating officers 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 \$1,000,000 or five (5.0) percent of the Bank's total equity capital and allowance for loan and lease losses, whichever is greater.

(e) The Bank's Board of Trustees shall continue to meet at least monthly. The Board shall continue to cause to be prepared 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 continue to 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 continue to be maintained and recorded on a timely basis.

[.2] 2. (a) 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 June 30, 1991 by \$3,000,000 at a minimum.

(b) Immediately after complying with paragraph 2(a), the Bank shall eliminate from its books, by charge-off, establishment of specific reserves or collection, all assets or portions of assets classified "Loss" and fifty (50.0) percent of all assets or portions of assets classified "Doubtful" in the FDIC's July 31, 1991 Report of Examination ("Examination"), which have not been previously collected or charged off. Reduction of these assets

[\[6-30-92 p.C-2183\]](#)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) 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 review the Bank's policy for determining the adequacy of the Bank's Reserve and make any appropriate changes to such policy as are necessary to result in 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 anticipated 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 at least quarterly 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, 1990 and the effective date of this ORDER, shall, at a minimum, reflect a Reserve 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 ten (10) 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) cause the Bank to provide for an adequate Reserve, and (3) cause the Bank to 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.

[.3] 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") 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 this 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 "Loss" within the Examination without further loss or liability to the Bank. Reductions to loans and leases classified "Loss" shall first be credited to the Bank's Reserve and, if the Board of Directors' 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;

[{{6-30-92 p.C-2184}}](#)(iii) the collection in cash of assets previously charged off;

(iv) the reduction of the overall size of the Bank through the sale of assets or other means;

(v) any combination of the above means; or

(vi) any other means acceptable to the Regional Director and the Commissioner.

(d) If the Bank's Tier 1 leverage capital ratio specified in paragraph 3(a)(i) declines below six (6.0) percent at any month end, the Bank, within thirty (30) days after the date on which 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 six (6) months 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 promptly implement the written plan in accordance with the terms thereof.

(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) In 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. section 230.506 or as hereafter amended, of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), 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 prospective purchaser of Bank securities, prior to the sale of the securities, 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. 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

prospective purchaser and/or subscriber of Bank securities 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 Board 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 Tier 1 capital by each of the methods specified in paragraphs 3(c)(i) through 3(c)(vi) of this ORDER.

[.4] 4. (a) Within ninety (90) days from the effective date of this ORDER, the Board of Trustees shall cause to be developed 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 \$250,000 which was classified "Substandard" or "Doubtful," in whole or in part, in the Examination as of July 31, 1991. In developing such plan, the Bank shall, at a minimum:

- (i) review the financial position of each such borrower, including source of repayment, repayment ability, and alternative repayment sources; and
- (ii) evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

Based upon such review and evaluation, the written plan of action shall: (A) establish target dollar levels to which the Bank shall reduce the aggregate dollar volume of "Substandard" or "Doubtful" classifications in the Examination within six (6) and twelve (12) months from the effective date of this ORDER; and (B) provide for the submission of written quarterly progress reports and monthly summary reports to the Bank's Board of Trustees, for review and notation in the Board minutes. Exhibit A provides the form for the quarterly progress report. As used in this paragraph 4, "reduce" means to (1) collect, (2) charge off or create a specific reserve against, or (3) improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC or the Massachusetts Banking Department. Payment of loans with the proceeds of the other loans made by the Bank, other than 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. 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 written responsive comments received by the Bank from the Regional Director or the Commissioner during such 30-day period following submission, 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 written comments received from 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 and its Trustees, officers and employees shall follow the written plan of action and/or any subsequent modification thereto.

[.5] 5. The Bank shall not extend or renew, directly or indirectly, credit to, or knowingly 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 the Examination, in whole or in part, "Loss," "Doubtful," or "Substandard," and is uncollected, unless a majority of the Bank's Board of Trustees first (1) determines that such advance is in the best interest of the Bank, (2) determines that the Bank has satisfied the requirements set out in paragraph 4(a) of this ORDER as to such borrower, and (3) approves such advance either individually or as part of the Bank's workout plan for the borrower. A written record of the Board of Trustees' determination and approval of any advance 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. The provisions of this paragraph shall not apply to any extension or renewal of credit pursuant to any binding commitment entered into by the Bank prior to the effective date of this ORDER. For purposes of this paragraph 5, an extension of credit shall be deemed to have been made "knowingly" for the benefit of a borrower if the Bank knew, or upon reasonable inquiry could have known, that the extension of credit was for the benefit of that borrower.

[.6] 6. The Bank shall continue its policy not to accrue interest on any loan that is, or becomes, ninety (90) days or more delinquent as to principal or interest, unless the loan is both well secured and in the process of collection. For purposes of this paragraph 6, "well secured" and "in the process of collection" shall have the same meaning as those terms have in the prevailing Instructions for the Reports of

Condition and Income. The Bank shall reverse on its books all previously accrued but uncollected interest on any loan that has ceased to accrue interest pursuant to this provision.

[.7] 7. Within thirty (30) days from the effective date of this ORDER, the Bank shall revise its written loan policy with attention to the deficiencies noted on page 6 of the Examination. The revised written loan policy shall be submitted to the Regional Director and the Commissioner for review and comment. 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 written responsive comments received by the Bank from the Regional Director or the Commissioner during such 30-day period follow- ~~{{6-30-92 p.C-2186}}~~ing submission, 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, and after consideration of any written responsive comments received from 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 revised written loan policies and/or any subsequent modification thereto.

[.8] 8. (a) Within ninety (90) 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. No sooner than thirty (30) days, but under no circumstances more than sixty (6) days after such submission, the Board of Trustees shall approve the written profit plan, taking into consideration any written responsive comments received by the Bank from the Regional Director or the Commissioner during such 30-day period following submission, 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 written responsive comments received from 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 profit plan and/or any subsequent modification thereto.

[.9] 9. (a) Within thirty (30) days from the effective date of this ORDER, the Bank shall develop a written funds management policy which shall include, at a minimum:

- (i) the Bank's liquidity needs and plans for meeting such needs on an on-going 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.

(b) The written funds management policy shall be submitted to the Regional Director and the Commissioner for review and comment. 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 written responsive comments received from the Regional Director or the Commissioner during such 30-day period following submission, 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 written

responsive comments received from 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 [{{3-31-94 p.C-2187}}](#) 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] 10. Within thirty (30) days from the effective date of this ORDER, the Bank shall revise the written investment policy to include goals and strategies for improving the quality of the Bank's investment portfolio and guidelines for options and for investment in money market preferreds. In addition, the revised investment policy shall address deficiencies noted on page 6 of the Examination. The revised written investment policy shall be submitted to the Regional Director and the Commissioner for review and comment. 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 plan, taking into consideration any written responsive comments received from the Regional Director or the Commissioner, 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 written responsive comments received from 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 plan and/or any subsequent modification thereto.

[.11] 11. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall develop and proceed to implement a program to correct all remediable technical exceptions with respect to appraisals on loans, and shall correct all remediable technical exceptions on loans, noted on pages 2-d through 2-d-7 of the FDIC's Report of Examination of the Bank as of July 31, 1991.

(b) Within (60) days from the effective date of this ORDER, the Bank shall formulate and implement a plan to reduce the concentration as noted on page 2-b of the FDIC's Report of Examination of the bank as of July 31, 1991 to less than twenty-five (25.0) percent of the Bank's total equity capital and its Reserve, provided that for purposes of this provision, money market preferreds shall not be included within the twenty-five (25.0) percent limitation.

[.12] 12. Within sixty (60) days from the effective date of this ORDER, the Bank shall develop and proceed to implement a program to eliminate and/or correct all remediable violations of law and regulations relating to appraisals as described on pages 6-b of the FDIC's Report of Examination of the Bank as of July 31, 1991. Within said period, the Bank shall eliminate and/or correct all other remediable violations of law and regulations described on said pages 6-b.

[.13] 13. Within forty-five (45) days from the effective date of this ORDER, and within forty (45) days from the end of each full calendar quarter following the effective date of this ORDER, the Bank shall furnish written progress reports to the Regional Director and the Commissioner detailing any action taken to secure compliance with this ORDER and the results thereof. 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, to the extent such parties are subject to this ORDER pursuant to the Act).

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 20th day of April, 1992.

Pursuant to delegated authority.