

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of	)	ORDER TO CEASE AND DESIST
	)	
BEARDSTOWN SAVINGS, S.B.	)	
BEARDSTOWN, ILLINOIS	)	FDIC-07-063b
	)	
(Insured State Nonmember Bank)	)	
	)	

Beardstown Savings S.B., Beardstown, Illinois ("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, rule, or regulation alleged to have been committed by the Bank, and of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with representatives of the Federal Deposit Insurance Corporation ("FDIC") dated April 26, 2007, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of law, rule, or regulation, the Bank 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 Bank had engaged in unsafe or unsound banking practices and had violated laws, rules, 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, its 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 or unsound banking practices and violations of law, rule, or regulation:

A. Engaging in hazardous lending and lax collection practices, including, but not limited to:

- The failure to obtain proper loan documentation;
- The failure to obtain adequate collateral;
- The failure to establish and monitor collateral margins of secured borrowers;
- The failure to establish and enforce adequate loan repayment programs;
- The failure to obtain current and complete financial information;

- The failure to maintain an effective watch list and loan grading system;
- The failure to enforce loan policy guidelines;
- The failure to properly report all new loans to the Board; and
- The failure to enter Contracts for Deed on reasonable terms.

B. Operating with an inadequate level of capital protection for the kind and quality of assets held.

C. Violating law, rule, or regulation, including:

Regulation O

- The prior approval requirements for loans to bank insiders as set forth in section 215.4(b) of Regulation O of the Board of Governors of the Federal Reserve System ("Regulation O") 12 C.F.R. § 215.4(b).
- The other purpose loan requirements for loans to executive officers as set forth in section 215.5(c) of Regulation O of the Board of Governors of the Federal Reserve System ("Regulation O") 12 C.F.R. § 215.5(c).
- The recordkeeping requirements of section 215.8 of Regulation O of the Board of Governors of the

Federal Reserve System ("Regulation O"), 12 C.F.R. § 215.8.

Part 304

- The requirements for accurate reporting of Consolidated Reports of Condition and Income (Call Reports) as provided in section 304.3 of the FDIC Rules and Regulations, 12 C.F.R. § 304.3.

Part 309

- The restrictions for disclosure of FDIC examination findings as set forth in section 309.6 of the FDIC Rules and Regulations, 12 C.F.R. § 309.6.

Part 353

- The reporting requirements of filed Suspicious Activity Reports (SARs) to the Board as set forth in section 353.3 of the FDIC Rules and Regulations, 12 C.F.R. § 353.3.

Part 362

- The acquisition of an equity investment of a type that is not permissible for a national bank as prohibited in section 362.3 of the FDIC Rules and Regulations, 12 C.F.R. § 362.3.

U.S. Treasury Regulations

- The customer identification requirements of section 103.121(b)(3)(i)(B) of the Treasury Department's Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulation, 31 C.F.R. § 103.121.

D. Operating with an excessive level of adversely classified assets, delinquent loans, and nonaccrual loans.

E. Operating with excessive loan losses.

F. Operating with an inadequate loan policy.

G. Operating with an inadequate allowance for loans and lease losses ("ALLL") for the volume, kind, and quality of loans and leases held.

H. Operating with an inadequate methodology for determining its ALLL.

I. Operating with improper accounting practices for Contracts for Deed, Other Real Estate, and Loans.

J. Operating in such a manner as to result in poor earnings.

K. Operating with a board of directors which has failed to provide adequate supervision over and direction to the management of the Bank to prevent unsafe or unsound banking practices and violations of law, rule, or regulation.

L. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

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

1. (a) Within 30 days from the last day of each calendar quarter following the effective date of this ORDER, the Bank shall determine from its Report of Condition and Income its level of Tier 1 capital as a percentage of its total assets ("capital ratio") for that calendar quarter. If the capital ratio is less than 7.0 percent, the Bank shall, within 60 days of the date of the required determination, increase its capital ratio to not less than 7.0 percent calculated as of the end of that preceding quarterly period. For purposes of this ORDER, Tier 1 capital and total assets shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations ("Part 325"), 12 C.F.R. Part 325.

(b) Any such increase in Tier 1 capital may be accomplished by the following:

(i) The sale of common stock or other capital contribution as part of a conversion from mutual to stock form of

ownership or mutual holding company
reorganization as approved by the FDIC;
or

- (ii) The sale of noncumulative perpetual preferred stock constituting Tier 1 capital under Part 325 or additional common stock if and after the Bank has converted to stock form or reorganized as a mutual holding company, as approved by the FDIC; or
- (iii) The elimination of all or part of the assets classified "Loss" as of January 16, 2007, without loss or liability to the Bank, provided any such collection on a partially charged-off asset shall first be applied to that portion of the asset which was not charged off pursuant to this ORDER; or
- (iv) The collection in cash of assets previously charged off; or
- (v) Any other means acceptable to the Regional Director of the Chicago Regional Office of the FDIC ("Regional Director"); or

(vi) Any combination of the above means.

(c) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of common stock as part of a conversion from mutual to stock form of ownership or mutual holding company reorganization, the conversion shall be only as approved by the FDIC pursuant to Parts 303 and 333, and the reorganization shall be only as approved by the FDIC pursuant to Parts 303 and 333.

(d) If all or part of the increase in capital required by this paragraph is to be accomplished by the sale of additional common stock or of noncumulative perpetual preferred stock constituting Tier 1 capital under Part 325 after the Bank has convert to stock form or reorganized as a mutual holding company, the board of directors of the Bank shall adopt and implement a plan for the sale of the securities, including the voting of any shares owned or proxies held by or controlled by them in favor of the plan. Should the implementation of the plan involve public distribution of Bank 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 the circumstances giving rise to the offering, and other material disclosures necessary to comply with Federal and State 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 or earlier if applicable law requires, the materials used in the sale of the securities shall be submitted to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429 for its review. Any changes requested to be made in the materials by the FDIC shall be made prior to their dissemination.

(e) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or purchaser of Bank 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 Bank securities and shall provide notice or information as otherwise required by applicable law. The written notice required by this paragraph shall be furnished as required by any other applicable law, but in no case not less than 10 calendar days before the date any material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber of

the Bank's original offering materials and as otherwise required by any other applicable law.

(f) The capital ratio analysis required by this paragraph shall not negate the responsibility of the Bank and its board of directors for maintaining throughout the year an adequate level of capital protection for the kind, quality and degree of market depreciation of assets held by the Bank.

2. (a) During the life of this ORDER, the Bank shall have and thereafter retain qualified management. Each member of management shall have the qualifications and experience commensurate with his or her duties and responsibilities at the Bank. 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, rules, and regulations; and
- (iv) restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy,

earnings, and management effectiveness.

(b) During the life of this ORDER, the Bank shall notify the Regional Director in writing of any changes in any of the Bank's directors or senior executive officers. For purposes of this ORDER, "senior executive officer" is defined as in section 32 of the Act ("section 32"), 12 U.S.C. § 1831(i), and section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. § 303.101(b), and includes any person identified by the FDIC, whether or not hired as an employee, with significant influence over, or who participates in, major policymaking decisions of the Bank.

(c) Prior to the addition of any individual to the board of directors or the employment of any individual as a senior executive officer, the Bank shall comply with the requirements of section 32 and Subpart F of Part 303 of the FDIC Rules and Regulations, 12 C.F.R. §§ 303.100-303.104.

3. (a) Within 30 days from the effective date of this ORDER, the Bank shall retain a bank consultant acceptable to the Regional Director. The consultant shall develop a written analysis and assessment of the Bank's management and staffing needs ("Management Plan") for the purpose of providing qualified management for the Bank.

(b) The Bank shall provide the Regional Director with a copy of the proposed engagement letter or contract with the consultant for review before it is executed. The contract or engagement letter, at a minimum, should include:

- (i) A description of the work to be performed under the contract or engagement letter;
- (ii) The responsibilities of the consultant;
- (iii) An identification of the professional standards covering the work to be performed;
- (iv) Identification of the specific procedures to be used when carrying out the work to be performed;
- (v) The qualifications of the employee(s) who are to perform the work;
- (vi) The time frame for completion of the work;
- (vii) Any restrictions on the use of the reported findings; and
- (viii) A provision for unrestricted examiner access to workpapers.

(c) The Management Plan shall be developed within

90 days from the effective date of this ORDER. The Management Plan shall include, at a minimum:

- (i) Identification of both the type and number of officer and staff positions needed to properly manage and supervise 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 all Bank officers to determine whether these individuals possess the ability, experience and other qualifications required to perform present and anticipated duties, including adherence to the Bank's established policies and practices, and restoration and maintenance of the Bank in a safe and sound condition; and
- (iv) A plan to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications to fill those officer or staff member positions

identified by this paragraph of this
ORDER.

(d) The Management Plan shall be submitted to the Regional Director for review and comment upon its completion. Within 30 days from the receipt of any comments from the Regional Director and after the consideration of any recommended changes, the Bank shall approve the Management Plan, and record its approval in the minutes of the board of directors' meeting. Thereafter, the Bank, its directors, officers, and employees shall implement and adhere to the Management Plan and/or any subsequent modification.

4. (a) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extensions of credit (including any portion thereof) that has been charged off the books of the Bank or classified "Loss" so long as such credit remains uncollected.

(b) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified "Substandard" or is listed for Special Mention and is

uncollected unless the Bank's board of directors has adopted, prior to such extension of credit, a detailed written statement giving the reasons why such extension of credit is in the best interest of the Bank. A copy of the statement shall be placed in the appropriate loan file and shall be incorporated in the minutes of the applicable board of directors' meeting.

5. As of the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" as of January 16, 2007 that have not been previously collected or charged off. Any such charged-off asset shall not be rebooked without the prior written consent of the Regional Director. Elimination or reduction of these assets with the proceeds of other Bank extensions of credit is not considered collection for the purpose of this paragraph.

6. (a) Within 10 days from the effective date of this ORDER, the Bank shall replenish its allowance for loan and lease losses ("ALLL") in the amount of at least \$430,000.

(b) Within 30 days from the effective date of this ORDER, the Bank shall make an additional provision for loan and lease losses which, after review and consideration by the board of directors, reflects the potential for further

losses in the remaining loans or leases classified "Substandard" and all other loans and leases in its portfolio. In making this determination, the board of directors shall consider the Federal Financial Institutions Examination Council ("FFIEC") Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC.

(c) Within 30 days from the effective date of this ORDER, the December 31, 2006 Reports of Condition and Income shall be amended and refiled to reflect a provision for loan and lease losses and an ALLL which are adequate considering the condition of the Bank's loan portfolio, and which, at a minimum, incorporate the adjustments required by this paragraph.

(d) Prior to submission or publication of all Reports of Condition and Income required by the FDIC after the effective date of this ORDER, the board of directors of the Bank shall review the adequacy of the Bank's ALLL, provide for an adequate ALLL, and accurately report the same. The minutes of the board meeting at which such review is undertaken shall indicate the findings of the review, the amount of increase in the ALLL recommended, if any, and the basis for determination of the amount of ALLL provided. In making these determinations, the board of

directors shall consider the FFIEC Instructions for the Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC.

(e) While this ORDER is in effect, the Bank shall submit the analysis supporting the determination of the adequacy of its ALLL to the Regional Director. These submissions may be made as part of the written progress reports required in this ORDER.

(f) ALLL entries required by this paragraph shall be made prior to any Tier 1 capital determinations required by this ORDER.

(g) While this ORDER is in effect, the Bank shall submit to the Regional Director a copy of all Reports of Condition and Income filed with the FDIC, including those Reports filed pursuant to this paragraph.

7. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director for review and comment a written plan to reduce the Bank's risk position in each asset in excess of \$50,000 which is classified "Substandard" in the FDIC Report of Examination as of January 16, 2007. 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.

(b) Such plan shall include, but not be limited to:

- (i) Dollar levels to which the Bank shall reduce each asset within six months from the effective date of this ORDER; and
- (ii) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(c) As used in this paragraph, "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.

(d) Within 30 days from the receipt of any comment from the Regional Director, and after consideration of any recommended changes, the Bank shall approve the written

plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and adhere to this written plan.

8. Within 60 days from the effective date of this ORDER, the Bank shall correct all deficiencies in the loans listed for "Special Mention" in the FDIC Report of Examination as of January 16, 2007.

9. Within 90 days from the effective date of this ORDER, the Bank shall correct the technical exceptions listed in the FDIC Report of Examination as of January 16, 2007.

10. (a) Within 90 days from the effective date of this ORDER, the Bank shall adopt and implement a written plan for the reduction and collection of delinquent loans. The plan shall include, but not be limited to, provisions which:

- (i) Prohibit the extension of credit for the payment of interest;
- (ii) Prohibit the extension of loan maturities without the full collection of accrued and unpaid interest;
- (iii) Delineate areas of responsibility for loan officers;
- (iv) Establish acceptable guidelines for the

collection of delinquent credits;

(v) Establish dollar levels to which the Bank shall reduce delinquencies within six and twelve months from the effective date of this ORDER; and

(vi) Provide for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors.

(b) A copy of the written plan shall be submitted to the Regional Director upon its completion. As used in this paragraph, "reduce" means to collect payments or repossess and sell collateral and apply the proceeds to the loan. Reduction through the use of renewals or extensions of payments or maturity dates is not an acceptable means to "reduce" the volume of delinquent loans.

11. (a) As of the effective date of this ORDER, the Bank's loan committee shall meet on a regular basis between board meetings, and shall include at least two directors who are "independent". For purposes of this ORDER, "independent" is defined as any director who is not an officer of the Bank.

(b) The loan committee shall, at a minimum, perform the following functions:

- (i) Evaluate, grant and/or approve loans in accordance with the Bank's loan policy amended to comply with this ORDER. The loan committee shall provide a thorough written explanation of any deviations from the loan policy, which explanation shall address how the exceptions are in the Bank's best interest. The written explanation shall be included in the minutes of the corresponding committee meeting.
- (ii) Review and monitor the status of repayment and collection of overdue and maturing loans, as well as all loans classified "Substandard" in the FDIC Report of Examination as of January 16, 2007, or that are included on the Bank's internal watch list.
- (iii) Review all applications for new loans and renewals of existing loans to Bank directors, executive officers, and their related interests, and prepare a

written opinion as to whether the credit is in conformance with the Bank's loan policy and all applicable laws, rules, and regulations. Such applications, renewals, and written opinions shall be referred to the Bank's board of directors for consideration.

- (iv) Maintain written minutes of the committee meetings, including a record of the review and status of the aforementioned loans. Such minutes shall be made available at the next Bank board of directors' meeting.

12. (a) Within 90 days from the effective date of this ORDER, and annually thereafter, the board of directors of the Bank shall review the Bank's loan policy and procedures for adequacy and, based upon this review, shall make all appropriate revisions to the policy necessary to strengthen lending procedures and abate additional loan deterioration. The revised written loan policy shall be submitted to the Regional Director for review and comment upon its completion.

(b) The initial revisions to the Bank's loan policy required by this paragraph, at a minimum, shall include provisions:

- (i) Establishing review and monitoring procedures to ensure that all lending personnel are adhering to established lending procedures and that the directorate is receiving timely and fully documented reports on loan activity, including any deviations from established policy;
- (ii) Requiring that all extensions of credit originated or renewed by the Bank be supported by current credit information and collateral documentation, including lien searches and the perfection of security interests; have a clearly defined and stated purpose; and have a predetermined and realistic repayment source and schedule. Credit information and collateral documentation shall include current financial information, profit and loss

statements or copies of tax returns, and cash flow projections, and shall be maintained throughout the term of the loan;

- (iii) Requiring loan committee review and monitoring of the status of repayment and collection of overdue and maturing loans, as well as all loans classified "Substandard" in the FDIC Report of Examination as of January 16, 2007;
- (iv) Requiring the establishment of commercial lending guidelines;
- (v) Requiring the establishment of guidelines for the prudent financing of Contracts for Deed;
- (vi) Requiring loan repayment terms that correspond to the cash flow capacity of the borrower;
- (vii) Requiring documentary support for debt to income ratios;
- (viii) Requiring the presentation of a computer-generated report of all new loans at each monthly Board meeting;

- (ix) Requiring the establishment and maintenance of a loan grading system and internal loan watch list;
- (x) Requiring a written plan to lessen the risk position in each line of credit identified as a problem credit on the Bank's internal loan watch list;
- (xi) Prohibiting the capitalization of interest or loan-related expenses unless the board of directors provides, in writing, a detailed explanation of why the deviation is in the best interest of the Bank;
- (xii) Requiring that extensions of credit to any of the Bank's executive officers, directors, or principal shareholders, or to any related interest of such person, be thoroughly reviewed for compliance with all provisions of Regulation O;
- (xiii) Requiring a nonaccrual policy in accordance with the Federal Financial Institutions Examination Council's

Instructions for the Consolidated
Reports of Condition and Income;

- (xiv) Requiring accurate reporting of past due loans to the loan committee on at least a monthly basis;
- (xv) Establishing standards for extending unsecured credit;
- (xvi) Incorporating collateral valuation requirements, including: (A) maximum loan-to-collateral-value limitations; (B) a requirement that the valuation be completed prior to a commitment to lend funds; (C) a requirement for periodic updating of valuations; and (D) a requirement that the source of valuations be documented in Bank records;
- (xvii) Establishing standards for initiating collection efforts;
- (xviii) Establishing guidelines for timely recognition of loss through charge-off;
- (xix) Prohibiting the extension of a maturity date, advancement of

additional credit or renewal of a loan to a borrower whose obligations to the Bank were classified "Substandard" or "Loss," whether in whole or in part, as of January 16, 2007, or by the FDIC in a subsequent Report of Examination, without the full collection in cash of accrued and unpaid interest, unless the loans are well secured and/or are adequately supported by current and complete financial information, and the renewal or extension has first been approved in writing by a majority of the Bank's board of directors;

- (xx) Establishing officer lending limits and limitations on the aggregate level of credit to any one borrower which can be granted without the prior approval of the Bank's loan committee;
- (xxi) Requiring that complete and independent collateral appraisals be conducted prior to extending secured credit, including the financing of

Contracts for Deed, and upon acquiring
Other Real Estate; and

(xxii) Requiring that periodic collateral
valuations be performed for all
secured loans and Contracts for Deed
listed on the Bank's internal watch
list, criticized in any internal or
outside audit report of the Bank, or
criticized in any regulatory report of
examination of the Bank.

(c) Within 60 days from the receipt of any
comments from the Regional Director, and after
consideration of any recommended changes, the board of
directors shall approve the written loan policy and any
subsequent modification thereto, which approval shall be
recorded in the minutes of a board of directors' meeting.
Thereafter, the Bank shall implement and adhere to the
amended written loan policy. The Bank shall inform the
Regional Director in writing, of the manner in which it
intends to implement this policy and ensure compliance
therewith.

13. (a) Within 30 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law, rule, and regulation listed in the FDIC Report of Examination as of January 16, 2007.

(b) Within 60 days from the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws, rules, and regulations.

14. (a) Within 90 days from the effective date of this ORDER, the Bank shall adopt and implement a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar years 2007 and 2008. The plan required by this paragraph shall contain formal goals and strategies, consistent with sound banking practices, to reduce discretionary expenses and to improve the Bank's overall earnings, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components. A copy of the plan shall be submitted to the Regional Director upon its completion.

(b) The written profit plan shall address, at a Minimum, strategies to improve the Bank's earnings, both short term and long term.

(c) Within 30 days from the end of each calendar quarter following completion of the profit plan and budget required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meeting at which such evaluation is undertaken.

15. (a) Within 10 days from the effective date of this ORDER, the Bank shall retain a certified public accounting firm acceptable to the Regional Director to perform a review of the bank's accounting procedures for Contracts for Deed, Other Real Estate, and Loans.

(b) The Bank shall provide the Regional Director with a copy of the proposed engagement letter or contract with the accounting firm for review before it is executed. The contract or engagement letter, at a minimum, should include:

- (i) A description of the work to be performed under the contract or engagement letter;
- (ii) The responsibilities of the accounting firm;

- (iii) An identification of the professional standards covering the work to be performed;
 - (iv) Identification of the specific procedures to be used when carrying out the work to be performed;
 - (v) The qualifications of the employee(s) who are to perform the work;
 - (vi) The time frame for completion of the work;
 - (vii) Any restrictions on the use of the reported findings; and
 - (viii) A provision for unrestricted examiner access to work papers.
- (c) At a minimum, the examination shall determine:
- (i) Whether the Bank should account for each Contract for Deed as Other Real Estate or a Loan;
 - (ii) How to properly account for payments or income on Contracts for Deed;
 - (iii) Which, if any, expenses can be capitalized to the balance of Contracts for Deed, Other Real Estate, and Loans.

(d) The Bank shall require, as part of its agreement with the accounting firm retained to perform the review, that the accounting firm complete the review within 90 days from the effective date of this ORDER. The accounting firm's initial written report, whether in draft or final form, shall be submitted concurrently to the Regional Director and the Bank.

(e) Within 10 days from the Bank's receipt of the accounting report, the Bank shall consider recommendations made therein.

16. Within 30 days from the effective date of this ORDER, the Bank shall establish a compliance committee comprised of at least three directors who are not officers of the Bank. The committee shall monitor compliance with this ORDER and, within 30 days from the effective date of this ORDER and every 30 days thereafter, shall submit to the board of directors for consideration at its regularly scheduled meeting a written report detailing the Bank's compliance with this ORDER. The compliance report shall be incorporated into the minutes of the board of directors' meeting. Establishment of this committee does not in any way diminish the responsibility of the entire board of directors to ensure compliance with the provisions of this ORDER.

17. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director has, in writing, released the Bank from making further reports.

18. Except as otherwise directed in this ORDER, submissions to the Regional Director under this ORDER shall be sent to Sylvia H. Plunkett, Regional Director, Federal Deposit Insurance Corporation, 500 West Monroe Street, Suite 3500, Chicago, Illinois 60661.

The effective date of this ORDER shall be immediately upon its issuance by the FDIC.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time

as, any provision has been modified, terminated, suspended,
or set aside by the FDIC.

Pursuant to delegated authority.

Dated: May 1, 2007.

Sylvia Plunkett
Regional Director
Chicago Regional Office
Federal Deposit Insurance
Corporation