

{{3-31-04 p.C-5594}}

¶11,972] In the Matter of Raritan State Bank, Raritan, Illinois, Docket No. 02-090b (9-27-02).

(This order was terminated by order of the FDIC dated 1-15-04; see ¶16,368.)

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.

[.1] Capital—Maintain Tier 1 Capital

[.2] Management—Qualifications Specified

[.3] Management—Management Plan Required

[.4] Dividends—Dividends Restricted

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

[.6] Assets—Charge-off or Collection

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

[.8] Loans—Risk Position—Reduction of Adversely Classified Lines of Credit Required

[.9] Technical Exceptions—Correction of Technical Exceptions Required

{{11-30-02 p.C-5595}}

[.10] Loans—Overdue—Written Plan for Reduction Required

[.11] Loan Policy—Independent Review Required

[.12] Loan Committee—Duties Specified

[.13] Loan Policy—Preparation or Revision of Policy Required

[.14] Violations of Law—Correction of Violations Required

[.15] Audit—Program Required

[.16] Bank Operations—Internal Controls, Correction of Weaknesses Required

[.17] Profit Plan and Budget—Preparation of Required

[.18] Reconciliation of Books and Records—Maintain

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

[.20] Board of Directors—Program to Review Compliance with Cease and Desist Order Required

In the Matter of
RARITAN STATE BANK
RARITAN, ILLINOIS
(Insured State Nonmember Bank)
ORDER TO CEASE AND DESIST

FDIC-02-090b
 OBRE No. 2002-BBTC-38

Raritan State Bank, Raritan, 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 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 under 38 Ill. Adm. Code, section 392.30, regarding hearings before the Office of Banks and Real Estate for the State of Illinois ("OBRE"), 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") and OBRE dated September 24, 2002, whereby, solely for the purpose of this proceeding and without admitting or denying the charges of unsafe or unsound banking practices and violations of laws and regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and OBRE.

The FDIC and OBRE considered the matter and determined that there was reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws or regulations. The FDIC and OBRE, 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 laws and regulations:

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; and
- Other poor credit administration practices.

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

C. Violating laws and regulations, including:

- Section 16(6) of the Illinois Banking Act, 205 ILCS 5/16(6), which requires [{{11-30-02 p.C-5596}}](#) suitable records be kept of all bank transactions.
- Section 215.5(d)(4) of Regulation O of the Board of Governors of the Federal Reserve System ("Regulation O"), 12 C.F.R. §215.5(d)(4), which requires that a "due and payable" clause be included in certain extensions of credit to executive officers.
- Section 326.8 of the FDIC Rules and Regulations, 12 C.F.R. §326.8, which requires each bank to develop a Bank Secrecy Act compliance program.
- Section 450.4 of the Department of the Treasury regulation implementing the Government Securities Act, 17 C.F.R. §450.4, which requires a bank to comply with certain custodial holding requirements.

D. Operating with an excessive level of adversely classified assets.

E. Operating with inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held.

F. Operating with inadequate internal routines and controls.

G. Operating with an inadequate audit program.

H. Failing to keep accurate books and records.

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

J. 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 or regulation.

K. Operating with inadequate earnings to maintain acceptable levels of capital.

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

[.1]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 and noncumulative perpetual preferred stock constituting Tier 1 capital under Part 325; or

(ii) The elimination of all or part of the assets classified "Loss" as of March 4, 2002, 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

(iii) The collection in cash of assets previously charged off; or

(iv) The direct contribution of cash by the directors and/or the shareholders of the Bank; or

(v) Any other means acceptable to the Regional Director of the Chicago Regional Office of the FDIC ("Regional Director") and the Commissioner of Banks and Real Estate for the State of Illinois ("Commissioner"); 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 new securities, the board of directors of the Bank shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held by or controlled by them in favor of said 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, the materials used in the sale of the securities shall be submitted to

[{{11-30-02 p.C-5597}}](#)

the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429, and to OBRE, 500 E. Monroe, Suite 900, Springfield, Illinois 62701, for review. Any changes requested to be made in the materials by the FDIC and OBRE shall be made prior to their dissemination.

(d) 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. The written notice required by this paragraph shall be furnished within 10 calendar days of 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.

(e) 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]2. (a) Within 90 days from the effective date of this ORDER, the Bank shall have and retain qualified management. At a minimum, such management shall include:

- (i) A senior lending officer with an appropriate level of lending, collection, and loan supervision experience for the type and quality of the Bank's loan portfolio; and
- (ii) A qualified senior operations officer.

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 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 and Commissioner in writing of any changes in any Bank director or senior executive officer. 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 and OBRE, 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. Further, the Bank shall request and obtain the Commissioner's written approval prior to the addition of any individual to the board of directors and the employment of any individual as a senior executive officer.

[.3]3. (a) Within 30 days from the effective date of this ORDER, the Bank shall retain a bank consultant acceptable to the Regional Director and Commissioner. 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 and Commissioner 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;
[{{11-30-02 p.C-5598}}](#)
- (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 60 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 positions needed to properly manage and supervise the affairs of the Bank, with emphasis placed on loan administration and collection needs, as well as operations;
- (ii) Evaluation of all Bank officers and staff members 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
- (iii) 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 positions identified by this paragraph of this ORDER.

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

[.4]4. As of the effective date of this ORDER, the Bank shall pay no cash dividends which would result in a Tier 1 capital ratio of less than 7.0 percent, without the prior written consent of the Regional Director and Commissioner.

[.5]5. (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 extension 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.

[.6]6. 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 March 4, 2002, that have not been previously collected or charged off. 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.

[.7]7. Prior to submission or publication of all Reports of Condition and Income required by the FDIC and OBRE after the effective date of this ORDER, the board of directors of the Bank shall review the adequacy of the Bank's allowance for loan and lease losses ("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 Federal Financial Institutions Examination Council Instructions for Reports of Condition and Income and any analysis of the Bank's ALLL provided by the FDIC and OBRE.

[.8]8. (a) Within 60 days from the effective date of this ORDER, the bank shall formulate and submit to the Regional Director and Commissioner for review and comment a written plan to reduce the Bank's risk position in each asset in excess of \$100,000 which is classified "Substandard" in the Report
[{{11-30-02 p.C-5599}}](#)

of Examination of the Bank conducted jointly by OBRE and FDIC as of March 4, 2002 ("Joint Report"). 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 12 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 or OBRE.

(d) Within 30 days from the receipt of any comment from the Regional Director and Commissioner, and after the adoption of any recommended changes, the Bank shall approve the written plan, which approval shall be recorded in the minutes of the board of directors' meeting. Thereafter, the Bank shall implement and follow this written plan.

[.9]9. Within 90 days from the effective date of this ORDER, the Bank shall correct the technical exceptions listed in the Joint Report.

[.10]10. Within 30 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. A copy of the written plan shall be submitted to the Regional Director and Commissioner upon its completion. Said plan shall include, but not be limited to, provisions which:

(a) Prohibit the extension of credit for the payment of interest;

(b) Prohibit the extension of loan maturities without the full collection (in cash) of accrued and unpaid interest;

(c) Delineate areas of responsibility for the lending and collections staff;

(d) Establish acceptable guidelines for the collection of delinquent credits; and

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

[.11]11. Within 60 days from the effective date of this ORDER, the Bank shall cause an independent loan review to be completed that, at a minimum, will cover the following areas:

(a) Credit quality;

(b) Sufficiency of credit and collateral documentation;

(c) Proper lien perfection;

(d) Proper approval by the loan officer and loan committee; and

(e) Compliance with internal policies and procedures, as well as applicable laws and regulations.

[.12]12. As of the effective date of this ORDER, the Bank's loan committee shall meet at least monthly, and shall at a minimum, perform the following functions:

(a) 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 said exceptions are in the Bank's best interest. The written explanation shall be included in the minutes of the corresponding committee meeting.

(b) Review and monitor the status of repayment and collection of overdue and maturing loans,

loans classified "Substandard" in the Joint Report, and loans included on the Bank's internal watch list.

(c) Review and give prior written approval for all advances, renewals, or extensions of credit to any borrower or the borrower's related interest(s) when the aggregate volume of credit extended to the borrower and the borrower's related interest(s) exceeds \$200,000. For purposes of this ORDER, the term "related interest" is defined pursuant to section 215.2(n) of Regulation O, 12 C.F.R. §215.2(n).

(d) Maintain written minutes of the committee meetings, including a record of the review and status of the aforementioned

{{11-30-02 p.C-5600}}

loans. Such minutes shall be made available at the next Bank board of directors' meeting.

[.13]13. (a) Within 60 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 and Commissioner 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) Incorporating collateral valuation requirements, including: maximum loan-to-collateral-value limitations; a requirement that the valuation be completed prior to a commitment to lend funds; a requirement for periodic updating of valuations; and a requirement that the source of valuations be documented in Bank records;

(iv) 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, in the Joint Report, or by the FDIC or OBRE 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.

(c) Within 30 days from the receipt of any comments from the Regional Director and Commissioner, and after the adoption 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. In addition, the Bank shall inform the Regional Director and Commissioner, in writing, of the manner in which it intends to implement this policy and ensure compliance therewith. Thereafter, the Bank shall implement and follow the amended written loan policy.

[.14]14. Within 30 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law and regulation listed in the Joint Report. In addition, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

[.15]15. (a) Within 30 days from the effective date of this ORDER, the Bank's board of directors shall adopt and implement a comprehensive written audit program. At a minimum, the audit program shall provide that:

(i) Internal audits shall be conducted monthly, with written reports of audit findings presented directly to the Bank's board of directors;

(ii) The findings contained in the monthly internal audit reports and any actions taken as a result of the findings shall be recorded in the minutes of the meetings of the board;

(iii) External audits of the Bank's financial statements and operating procedures shall be performed annually by an independent public accounting firm; and

(iv) The findings of the external audit report and any actions taken as a result of those findings shall be recorded in the minutes of the meetings of the board of directors.

(b) Within 90 days from the effective date of this ORDER, the Bank shall cause an external audit of its financial statements and a review of its internal controls to be performed by an independent public accounting firm acceptable to the Regional Director and Commissioner.

[{{\fs17 12-31-02\fs17 p.C-5601}}](#)

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

(i) A description of the work to be performed under the 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.

(d) During the life of this ORDER, the Bank shall forward copies of any external audit reports it receives to the Regional Director and Commissioner within 10 days from its receipt of such reports.

[.16]16. Within 30 days from the effective date of this ORDER, the Bank shall correct the deficiencies in internal routines and controls which are listed in the Joint Report. Additionally, the Bank shall establish policies to prevent the recurrence of the deficiencies noted.

[.17]17. (a) Within 30 days from the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and Commissioner for review and comment a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar year 2003. 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 and Commissioner upon its completion.

(b) 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.

[.18]18. (a) Within 30 days from the effective date of this ORDER, the Bank shall have fully reconciled its correspondent bank accounts and balanced all asset and liability accounts. Written documentation of the reconciliations and any related entries to the financial statements shall be retained for future regulatory review. Such documentation shall include, at a minimum, the date the item was originally

processed, the dollar amount of the item, the original description, the research done to clear the item (including copies of any supporting documents), and the manner in which the item was cleared (such as a correcting entry or charge-off).

(b) Within 30 days from the effective date of this ORDER and every 30 days thereafter, any debits outstanding over 90 days in Bank's correspondent bank accounts shall be immediately eliminated from the Bank's books.

[.19]19. Following the effective date of this ORDER, the Bank and Raritan State Bancorp, Inc. ("Bank Holding Company") shall send to their shareholders or otherwise furnish a description of this ORDER: (1) in conjunction with the Bank's and the Bank Holding Company's next shareholder communications; and (2) in conjunction with the Bank's and the Bank Holding Company's notice or proxy statements preceding their next shareholder meetings. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, notice or statement shall be sent to the FDIC Registration and Disclosure Section, 550 17th Street, N.W., Washington, D.C. 20429, and to OBRE, 500 E. Monroe, Suite 900, Springfield, Illinois 62701, for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC or OBRE shall be made prior to dissemination of the description, communication, notice or statement. Form 10-k and Form 10-QSB filings by the Bank Holding Company with the Securities and Exchange Commission
[{{12-31-02 p.C-5602}}](#)

describing this ORDER may be submitted for review under this paragraph.

[.20]20. (a) Within 90 days from the effective date of this ORDER, the Bank's board of directors shall have in place a program that will provide for monitoring of the Bank's compliance with this ORDER.

(b) Following the required date of compliance with subparagraph (a) of this paragraph, the Bank's board of directors shall review the Bank's compliance with this ORDER and record its review in the minutes of each regularly scheduled board of directors' meeting.

(c) Within 10 days after each board meeting following the effective date of this ORDER, the Bank shall submit to the Commissioner and the Regional Director the board packet from said board meeting.

21. 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 and Commissioner 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 and Commissioner have, in writing, released the Bank from making further reports.

The effective date of this ORDER shall be 10 calendar days after its issuance by the FDIC and OBRE.

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 and OBRE.

Pursuant to delegated authority.

Dated: September 27, 2002.