

FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.

In the Matter of	)	
	)	
LUANA SAVINGS BANK	)	NOTICE OF CHARGES
LUANA, IOWA	)	AND OF HEARING
	)	FDIC-21-0022b
(Insured State Nonmember Bank)	)	
	)	

The Federal Deposit Insurance Corporation (FDIC) has reasonable cause to believe that LUANA SAVINGS BANK, LUANA, IOWA (Bank), has engaged in unsafe or unsound banking practices and, unless restrained, will continue to engage in such practices in conducting the business of the Bank. The FDIC institutes this proceeding for the purpose of determining whether an appropriate order should be issued against the Bank under the provisions of 12 U.S.C. § 1818(b)(1). The FDIC hereby issues this NOTICE OF CHARGES AND OF HEARING (NOTICE) pursuant to the provisions of the Federal Deposit Insurance Act (Act), 12 U.S.C. §§ 1811-1831aa, and the FDIC’s Rules of Practice and Procedure, 12 C.F.R. Part 308, and alleges as follows:

**JURISDICTION AND DEFINITIONS**

1. The Bank is a corporation existing and doing business under the laws of the State of Iowa and has its principal place of business in Luana, Iowa. At all times pertinent to the charges herein, the Bank is and has been a “State nonmember bank” within the meaning of 12 U.S.C. § 1813(e)(2); an “insured depository institution” within the meaning of 12 U.S.C. § 1813(c)(2); and subject to the Act, 12 U.S.C. §§ 1811-1831aa, the Rules and Regulations of the FDIC, 12 C.F.R. Chapter III (Rules), and the laws of the State of Iowa.

2. The FDIC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q)(2) with respect to the Bank, and the FDIC has jurisdiction over the Bank and the subject matter of this proceeding.

3. If, in the opinion of the FDIC, an insured depository institution is engaging or has engaged in an unsafe or unsound practice in conducting the business of such depository institution or is violating or has violated any law, rule, or regulation, the FDIC may issue and serve upon the depository institution a NOTICE for the purposes of determining whether a CEASE AND DESIST ORDER (ORDER) should be entered against the insured depository institution pursuant to 12 U.S.C. § 1818(b).

#### **UNSAFE AND UNSOUND PRACTICES**

4. The Bank was examined by the FDIC and the Iowa Division of Banking, and a joint report of examination was prepared based on the following Bank financial information as of September 30, 2020 (2020 ROE):

- (a) Total assets equaled \$1,739,561,000;
- (b) Total loans and leases equaled \$1,345,763,000;
- (c) Total deposits equaled \$1,165,772,000;
- (d) Brokered deposits equaled \$791,069,000; and
- (e) Tier 1 capital equaled \$160,303,000.

5. The Bank’s 2020 ROE reflects that the Bank has been operating in a less than satisfactory manner with respect to its management, liquidity, sensitivity to market risk, and capital, and as such has been engaged in unsafe or unsound practices pursuant to 12 U.S.C. § 1818(b)(8).

## **MANAGEMENT**

6. The Bank has engaged in unsafe or unsound practices by operating with Bank management whose practices are detrimental to the Bank and jeopardize the safety of its deposits as set forth in the 2020 ROE for the following non-exclusive reasons:

- (a) The Bank's Board of Directors (Board) has failed to provide effective corporate governance related to the Bank's management of risk.
- (b) The Board has allowed the Bank's Chairman of the Board, President, and Chief Executive Officer (President) to almost exclusively drive strategic direction of the Bank without development of a comprehensive strategy, without adherence to Bank policy or procedure, and without measurement of risk and subsequent monitoring of risk.
- (c) The Board has failed to hold management accountable when operating the Bank outside of established policy, by allowing management to repeatedly exceed policy limits without strategies to regain policy compliance and by increasing or removing policy limits to accommodate management's additional risk.
- (d) The Board has allowed the Bank's risk profile to escalate without adequate and appropriate compensating controls, by failing to expand liquidity monitoring practices to more closely manage potential cash flow deficiencies, and by failing to increase capital to offset elevated risk.
- (e) The Board has allowed management to implement practices that caused a deterioration of the Bank's liquidity and interest rate risk positions.
- (f) The President repurchased approximately \$244 million in loans from the

Federal Home Loan Bank of Des Moines (FHLB) without accurately representing the transactions and their permissibility to the Board.

- (g) The President, without Board consultation, also withheld full payment of amounts due to the FHLB in December 2020. The President's actions resulted in a \$14.5 million penalty to the Bank and a suspension from borrowing funds from the FHLB, which adversely impacted Bank capital and liquidity.
- (h) The Board has failed to maintain an independent audit committee.
- (i) The Bank operated with an insufficient number of directors from November 2020 through March 2021, in contravention of Iowa banking laws.

7. For the reasons set forth in paragraph 6, the Bank has been engaging in unsafe or unsound practices by operating without adequate supervision and direction by the Board.

### **LIQUIDITY**

8. The Bank has engaged in unsafe or unsound practices by operating with an excessive level of liquidity risk as its funds management practices are inadequate and liquidity levels are deficient; this is evidenced by the following non-exclusive reasons set forth in the 2020 ROE:

- (a) The Bank has relied on excessive amounts of wholesale funding to fund aggressive loan growth. As of September 30, 2020, the Bank had brokered deposits of \$791,069,000 and FHLB borrowings of \$397,200,000, which represented 45 percent and 23 percent of total assets, respectively.

- (b) With this funding structure, the Bank's total assets grew 100 percent between December 31, 2016, and September 30, 2020, and total loans grew 97 percent, which included 166 percent growth in commercial real estate (CRE) loans.
- (c) The Bank's wholesale funding sources have represented at least 60 percent of total assets since year-end 2016.
- (d) The Bank's liquidity risk monitoring practices were limited to static ratio analysis and historic month-to-date and year-to-date cash flow reports. The Bank's controls for liquidity risk were not based on cash flow projections, which is inadequate based on the Bank's reliance on wholesale funding sources to fund long-term asset growth.
- (e) The Bank's liquidity risk tolerance was unacceptable as the Bank's policy limit for the Net Non-Core Funding Dependence Ratio was 75 percent.
- (f) The Bank's contingency funding plan was deficient in that it did not identify the types of stress events that the Bank may face, including the loss of access to brokered deposit funding sources or deposit interest rate restrictions.
- (g) The FHLB forced payment of the Bank's borrowing lines and has reduced access to contingent funding sources, which has increased the Bank's reliance on brokered deposits.

### **SENSITIVITY TO MARKET RISK**

9. The Bank has engaged in unsafe or unsound practices by operating with an excessive level of sensitivity to market risk, as evidenced by the following non-exclusive reasons set forth in the 2020 ROE:

- (a) The Bank's capital does not provide adequate support for management's market risk strategy of funding long-term, fixed rate loans with short- and medium-term wholesale sources.
- (b) The Bank's poor control over interest rate risk has led to a declining Net Interest Margin.
- (c) The Bank failed to implement an adequate interest rate risk measurement and monitoring system as it adjusted interest rate risk model assumptions frequently without documented support for the adjustments.
- (d) The Bank frequently exceeded Board approved policy limits for changes to Economic Value of Equity (EVE) and in 2020 management removed certain EVE limits without prior Board discussion.

### **CAPITAL**

10. The Bank has engaged in unsafe or unsound practices by operating with insufficient capital levels to support the Bank's risk profile as set forth in the 2020 ROE:

- (a) The Bank's risk profile has increased due to its reliance on wholesale funding, interest rate risk exposure, and aggressive loan growth. The Bank's loan portfolio has become more focused on large lending relationships and CRE credits. Compared to its traditional small lending relationships and agricultural credits, these credit types present higher levels of inherent risk and are increasingly underwritten in exception to Bank policy and without an adequate loan risk identification program.
- (b) The Bank funds 45 percent of total assets, including 59 percent of total loans and leases, from brokered deposits. The Bank's reliance on brokered deposits

to fund CRE credits requires a higher level of capital to mitigate the risk of the Bank falling below well capitalized.

- (c) Despite the Bank's efforts to increase capital, it has failed to raise capital levels commensurate with its increasing risk profile.

### **PRAYER FOR RELIEF**

11. By virtue of each of the paragraphs set forth above, the FDIC has determined that the Bank has engaged in unsafe or unsound banking practices and prays that an appropriate ORDER be issued against the Bank pursuant to 12 U.S.C. § 1818(b)(1) in the form attached hereto and incorporated by reference as EXHIBIT A.

### **PROCEEDING**

Notice is hereby given that the hearing on the NOTICE will be held in Cedar Rapids, Iowa, commencing 60 days from the date of service of this NOTICE on the Bank, or on such date or at such place as may be set by the parties to this action and the Administrative Law Judge appointed to hear this matter, for the purpose of taking evidence on the above-mentioned charges in order to determine whether an appropriate Order should be issued under the Act requiring the Bank: (1) to cease and desist from unsafe or unsound banking practices herein specified; and/or (2) to take affirmative action to correct the conditions resulting from such practices.

The hearing will be held before an Administrative Law Judge to be assigned by the Office of Financial Institution Adjudication pursuant to 5 U.S.C. § 3105. The hearing will be public and, in all respects, will be conducted in compliance with the provisions of the Act and the FDIC Rules of Practice and Procedure. The Bank is hereby directed to file an Answer to this NOTICE within 20 days from the date of service of this NOTICE on the Bank, as provided by 12 C.F.R. § 308.19. The original and one copy of all papers to be filed or served in this proceeding

shall be filed with the Office of Financial Institution Adjudication, 3501 N. Fairfax Drive, Suite VS-D8116, Arlington, Virginia, 22226-3500, pursuant to section 308.10 of the FDIC's Rules of Practice and Procedure, 12 C.F.R. § 308.10. Respondent is encouraged to file any answer electronically with the Office of Financial Institution Adjudication at [ofia@fdic.gov](mailto:ofia@fdic.gov).

Copies of all papers filed or served in this proceeding shall be served upon Debra A. Decker, Administrative Officer, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429-9990; Seth P. Rosebrock, Assistant General Counsel, and Sam Ozeck, Supervisory Counsel, Enforcement Section, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429-9990; and Sonya L. Allen, Regional Counsel, Federal Deposit Insurance Corporation, Kansas City Regional Office, 1100 Walnut St. Ste. 2100, Kansas City, Missouri 64106.

Pursuant to delegated authority.

Dated at Kansas City, Missouri, this 21st day of July 2021.

/s/ \_\_\_\_\_  
John R. Jilovec  
Deputy Regional Director  
Kansas City Regional Office  
Division of Risk Management Supervision  
Federal Deposit Insurance Corporation



EXHIBIT A

FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.

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In the Matter of )  
 )  
LUANA SAVINGS BANK )  
LUANA, IOWA )  
 )  
(Insured State Nonmember Bank) )  

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ORDER TO  
CEASE AND DESIST  
FDIC-21-0022b

IT IS ORDERED that Luana Savings Bank, Luana, Iowa (Bank), its directors, officers, employees, agents, and other institution-affiliated parties (as that term is defined in Section 3(u) of the Federal Deposit Insurance Act, 12 U.S.C. § 1813(u)), and its successors and assigns, cease and desist from the following unsafe or unsound banking practices:

- (a) Operating the Bank without adequate supervision and direction by the Bank's board of directors (Board);
- (b) Operating the Bank with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;
- (c) Operating the Bank with inadequate liquidity, in light of the Bank's asset and liability mix;
- (d) Operating the Bank with an excessive level of sensitivity to market risk based on the Bank's funding strategy; and
- (e) Operating the Bank with an inadequate level of capital for the type of assets held.

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

**1. Board of Directors.**

(a) Within 180 days from the effective date of this ORDER, the Bank must expand the Board so that a majority of the Board is comprised of independent, outside directors. Outside directors are defined as individuals that are neither employed by the Bank nor are family members of the Bank's insiders, including the chairman, president, chief executive officer, and principal shareholder. Family members of the insiders include individuals related by blood or marriage such as parents, siblings, children, grandchildren, nieces, and nephews.

(b) The Board must also:

- (i) Be composed of equal outside representation from the Bank's primary markets of Luana, Iowa and Des Moines, Iowa, with at least two outside directors that have direct experience and expertise within the Des Moines, Iowa market; and
- (ii) Receive training provided by a third party to obtain sufficient knowledge of banking practices and associated risks. Areas covered by the training must include, at a minimum, liquidity, interest rate risk, corporate governance, and fiduciary responsibility.

(c) Within 30 days from the effective date of this ORDER, the Board must provide a plan to the Regional Director of the FDIC's Kansas City Regional Office (Regional Director) to address this provision.

**2. Board Oversight.**

Within 60 days from the effective date of this Order, the Board must submit a written plan (Oversight Plan) to the Regional Director for review and comment to strengthen Board oversight of the management and operations of the Bank. Within 30 days of receipt of all comments from the Regional Director, the Board must address those comments in the Oversight

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Plan or document the reasons for not addressing the comments, approve the Oversight Plan, and record the approval in its minutes. The Oversight Plan must include the following:

- (i) Actions the Board will take to address supervisory recommendations contained within the December 7, 2020, Report of Examination;
- (ii) Processes to update the plan to address supervisory recommendations contained in any future Reports of Examination;
- (iii) Actions the Board will take to improve the Bank's condition and maintain effective control over, and supervision of, liquidity management, interest rate risk, lending, growth, and legal matters;
- (iv) Steps to improve the information and reports that will be regularly assessed by the Board in its oversight of the operations and management of the Bank, including information on the Bank's liquidity management, interest rate risk, lending, growth, and legal matters; and
- (v) Enhanced succession planning for key executive positions, specifically for the chief executive officer, president, chief financial officer, and executive vice president positions.

**3. Assessment of Management.**

(a) Within 30 days from the effective date of this ORDER, the Board must engage an independent third-party consultant (Consultant) considered acceptable to the Regional Director and provide documented due diligence analysis to the Regional Director to support that the selected Consultant possesses the appropriate expertise and qualifications to analyze and assess the Board's corporate governance, including its ability to effectively manage and assess risk, and perform its fiduciary responsibilities without reliance on any one dominant bank official. The Consultant must assess the Board and management's ability to: (i) comply with the requirements

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of this ORDER; (ii) comply with applicable laws and regulations; (iii) restore all aspects of the Bank to a safe and sound condition; and (iv) operate the Bank in a safe and sound manner. Prior to engagement with the Consultant, a copy of the Consultant's proposed engagement letter and a description of the Consultant's expertise and qualifications must be provided to, and deemed acceptable by, the Regional Director. The contract or engagement letter, at a minimum, must include:

- (i) A description of the work to be performed under the contract or engagement letter, the fees for each significant element of the engagement, and a maximum aggregate fee;
  - (ii) The responsibilities of the Consultant;
  - (iii) Identification of the specific procedures to be used when carrying out the work to be performed;
  - (iv) The qualifications of the Consultant's employee(s) who are to perform the work;
  - (v) A provision for unrestricted access by the FDIC to the Consultant's workpapers;
  - (vi) A statement that the Consultant is not affiliated in any manner with the Bank; and
  - (vii) The requirement that the Consultant's analysis and assessment (Consultant's Study) be summarized in a written report to the Board within 90 days of the date of the engagement letter is deemed acceptable by the Regional Director.
- (b) Within 30 days of receipt of the Consultant's Study, the Board must prepare, and submit to the Regional Director, an acceptable written management plan (Management Plan)

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that: (i) addresses the findings of the Consultant's Study; (ii) presents a plan of action in response to each recommendation from the Consultant's Study, and a time frame for completing each action; and (iii) establishes procedures to review and update the Management Plan at least annually from the effective date of this ORDER.

(c) A copy of the Consultant's Study and Management Plan and any subsequent modifications thereto must be submitted to the Regional Director for review and comment. Within 30 days from receipt of all comments from the Regional Director, the Board must address those comments in the Management Plan or document the reasons for not addressing the comments, approve the Management Plan, and record the approval in its minutes. Thereafter, the Board must ensure that the Management Plan is fully implemented within the specified time frames, and provide documentation of management's progress towards implementing the Management Plan in all Progress Reports required under this ORDER. In the event the Management Plan, or any portion thereof, is not implemented, the Board must immediately advise the Regional Director, in writing, of specific reasons for deviating from the Management Plan.

**4. Liquidity Funds Management/Contingency Funding Plan.**

(a) While this ORDER is in effect, the Bank must not exceed a maximum Net Non-Core Funding Dependence Ratio (funding ratio), as defined by the most current version of the Uniform Bank Performance Report User's Guide, of 40 percent.

(b) Within 30 days from the effective date of this ORDER, the Board must revise written liquidity and contingency funding policies and plans (Liquidity Policies) to address the supervisory recommendations regarding liquidity in the Report of Examination. The Liquidity Policies must require the Bank to conform to the funding ratio established by paragraph (a) of this provision.

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(c) The Board must develop a plan (Liquidity Plan) for achieving the threshold established by paragraph (a) of this provision. The Board must submit the Liquidity Plan to the Regional Director for review and comment within 90 days of the effective date of this ORDER. Within 30 days of receipt of all comments from the Regional Director, the Board must address those comments in the Liquidity Plan or document the reasons for not addressing comments, approve the Liquidity Plan, and record the approval in its minutes. Thereafter, the Bank must implement and fully comply with the Liquidity Plan.

(d) The Bank must prepare a written liquidity analysis and projections for the sources and uses of funds, including but not limited to the following:

(i) *Sources:*

- i. Listing of loans and investment securities available for participation or sale and a list of committed purchasers;
- ii. Listing of projected pay offs or pay downs of loans;
- iii. Listing of all funding sources and borrowings and level of commitments/availability; and
- iv. Projection and breakdown of deposit growth from non-brokered deposits and sources.

(ii) *Uses:*

- i. Listing and timing of contractually binding loan commitments that are expected to be funded;
- ii. Projections for known maturities of anticipated brokered deposit withdrawals; and
- iii. Projections, including best- and worst-case scenarios, of large public/private deposit withdrawals.

(iii) *Projections and Contingency Plans:*

- i. Projections for curtailing loan growth and reducing the total asset size of the Bank; and
- ii. Specific contingency plans in the event that anticipated events do not materialize, or in case of some other liquidity emergency.

(e) The written liquidity analysis and projections required by paragraph (d) of this provision must be assessed by Bank management, updated as necessary, and reported to the Board on a monthly basis with discussion documented in the Board's minutes.

**5. Brokered Deposits and Deposit Interest Rate Pricing.**

(a) While this ORDER is in effect, the Board must ensure compliance with brokered deposit restrictions and deposit interest rate pricing restrictions, as detailed in Section 337 of the FDIC Rules and Regulations, that apply to less than well capitalized insured depository institutions.

(b) Within 30 days from the effective date of this ORDER, the Board must develop a written plan (Brokered Deposit and Deposit Pricing Plan) for compliance with this ORDER and Section 337. The Brokered Deposit and Deposit Pricing Plan must detail the composition of the Bank's brokered deposits by maturity and outline the means and timeline by which compliance with Section 337 will be accomplished.

(c) The Board must submit the Brokered Deposit and Deposit Pricing Plan to the Regional Director for review and comment upon its completion. Within 30 days of receipt of all comments from the Regional Director, the Board must address those comments in the Brokered Deposit and Deposit Pricing Plan or document the reasons for not addressing the comments, approve the Brokered Deposit and Deposit Pricing Plan, and record the approval in its minutes.

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Thereafter, the Bank must implement and fully comply with the Brokered Deposit and Deposit Pricing Plan.

**6. Sensitivity to Market Risk.**

(a) Within 30 days of the effective date of this ORDER, the Board must revise its Funds Management Policy to address the supervisory recommendations for Sensitivity to Market Risk in the Report of Examination, including interest rate risk limits for earnings at risk and economic value of equity (EVE), as well as change management processes for interest rate risk model assumptions. The Funds Management Policy must require the Bank to run rate shock scenarios for +/- 300 and +/- 400 basis point changes and must establish appropriate risk limits, with documented support, for all required rate change scenarios. The established risk limits for EVE must not exceed 40 percent for a +/- 400 basis point rate change scenario.

(b) Upon completion, the Bank's revised Funds Management Policy must be submitted to the Regional Director for review and comment. Within 30 days of receipt of any such comments from the Regional Director, the Board must address those comments in the revised Funds Management Policy or document the reasons for not addressing the comments, approve the Funds Management Policy, and record the approval in its minutes. Thereafter, the Bank must implement and fully comply with the Funds Management Policy.

(c) Within 30 days from the Board's approval of the revised Funds Management Policy, the Board must develop a written plan to reduce the Bank's interest rate risk (Interest Rate Risk Plan) in a manner that complies with the Bank's Funds Management Policy and in particular includes:

- (i) Specific goals for reducing interest rate risk and methods by which those goals will be achieved;
- (ii) At least quarterly reporting to the Board of the results of the interest rate risk



model; and

- (iii) Implementation of a multi-year income simulation or alternate analysis that provides adequate information to the Board on the potential effects of rate changes in future years.

(d) Upon completion, the Interest Rate Risk Plan must be submitted to the Regional Director for review and comment. Within 30 days of receipt of any such comments from the Regional Director, the Board must address any comments in the Interest Rate Risk Plan, approve the Interest Rate Risk Plan, and record the approval in its minutes. Thereafter, the Bank must implement and fully comply with the Interest Rate Risk Plan.

**7. Minimum Capital Requirements.**

(a) While this ORDER is in effect, the Bank must have and maintain a “Leverage Ratio” (as defined in Part 324 of the FDIC’s Rules and Regulations, 12 C.F.R. § 324) equal to at least 10 percent after establishing an appropriate Allowance for Loan and Lease Losses (ALLL).

(b) Should the Leverage Ratio drop below the minimum required by paragraph (a) of this provision, the Board must immediately notify the Regional Director and within 45 days:

- (i) Increase capital in an amount sufficient to comply with paragraph (a) of this provision, or
- (ii) Submit a written plan to the Regional Director, describing the primary means and timing by which the Bank will increase its Leverage Ratio to meet or exceed the minimum requirements of paragraph (a) of this provision, as well as a contingency plan, in the event the primary sources of capital are not available (Capital Plan). Within 30 days of receipt of any comments on the Capital Plan from the Regional Director, the Board must address those comments in the Capital Plan or document the reasons for not addressing the

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comments, approve the Capital Plan, and record the approval in its minutes.

Thereafter, the Bank must implement and fully comply with the Capital Plan.

(c) Any increase in Tier 1 Capital necessary to meet the requirements of paragraph (a) of this provision may not be accomplished through a deduction from the ALLL without the prior written approval from the Regional Director.

**8. Restriction on Certain Payments.**

While this ORDER is in effect, the Bank is not permitted to declare or pay dividends, nor is it allowed to incur or pay management fees and bonuses for executive officers (as defined by Federal Reserve Regulation O, 12 C.F.R. § 215.2(e)(1)), without the prior written approval of the Regional Director. The Regional Director must receive all requests for prior approval at least 30 days prior to the proposed action, and each request must contain an analysis and description of the impact such dividend, management fee, or bonus would have on the Bank's capital, income, and liquidity positions. Requests to incur or pay management fees, or declare or pay bonuses, must also describe the Bank's rationale for incurring and making such payments.

**9. Disclosure of ORDER to Shareholders.**

Following the ORDER's effective date, the Bank must provide a copy or otherwise furnish a description of this ORDER to its shareholders: (i) in conjunction with the Bank's next shareholder communication if sent within 90 days of the ORDER's effective date or by special mailing if no other shareholder communication is sent within 90 days after the ORDER's effective date; and (ii) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. Any description must fully describe the ORDER in all material respects. Such description and any accompanying communication, statement, or notice must be sent to the FDIC, Division of Risk Management Supervision, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429, for review at

least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC must be made prior to dissemination of the description, communication, notice, or statement.

**10. Progress Reports Detailing Compliance with ORDER.**

(a) Within 30 days of the end of the first calendar quarter following the effective date of this ORDER, and within 30 days of the end of each calendar quarter thereafter, the Board must furnish written progress reports to the Regional Director detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. The Board must document its full review and approval of these reports prior to submission. Such written progress reports must provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER, including at a minimum:

- (i) Descriptions of the identified weaknesses and deficiencies;
- (ii) Provision(s) of the ORDER pertaining to each weakness or deficiency;
- (iii) Actions taken or in-process for addressing each deficiency;
- (iv) Results of the corrective actions taken;
- (v) The Bank's status of compliance with each provision of the ORDER; and
- (vi) Appropriate supporting documentation.

(b) Progress reports may be discontinued when the Regional Director has, in writing, released the Board from making additional reports.

**11. Binding Effect.**

This ORDER will be effective on the date of issuance. The provisions of this ORDER will be binding on the Bank, its institution-affiliated parties, and any successors and assigns thereof.

EXHIBIT A

The provisions of this ORDER do not bar, estop, inhibit, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties. The provisions of this ORDER will 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.

This ORDER is issued and thus effective this \_\_\_\_ day of \_\_\_\_\_, 2021.

Issued Pursuant to Delegated Authority.