

UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
COMPTROLLER OF THE CURRENCY

In the Matter of: ) AA-EC-2013-105  
Colombo Bank )  
Rockville, Maryland )

**CONSENT ORDER**

**WHEREAS**, the Comptroller of the Currency of the United States of America (“Comptroller”), through his authorized representative, has supervisory authority over the Bank<sup>1</sup>;

**WHEREAS**, the Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a Stipulation and Consent to the Issuance of a Consent Order (“Stipulation and Consent”), dated December 4, 2013, that is accepted by the Comptroller through his duly authorized representative; and

**WHEREAS**, by this Stipulation and Consent, which is incorporated by reference, the Bank, has consented to the issuance of this Consent Order (“Order”) by the Comptroller.

**NOW, THEREFORE**, pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

COMPLIANCE COMMITTEE

(1) The Compliance Committee shall continue to consist of at least three (3) directors of which at least two (2) shall not be employees, former employees, or controlling shareholders of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new

<sup>1</sup> The Bank resulted from the November 27, 2013 merger of Colombo Bank, Rockville, Maryland (“Colombo”) into Independence Federal Savings Bank, Washington, D.C. (“Independence”).

member shall be immediately submitted in writing to the Director of Special Supervision (“Director”). The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Order.

(2) The Compliance Committee shall meet at least monthly.

(3) Within sixty (60) days of the date of this Order, and every ninety (90) days thereafter, or within such other time period as the Director requires in writing, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

(a) a description of the actions needed to achieve full compliance with each Article of this Order, Bank personnel responsible for implementing the corrective actions, and the timeframes for completion;

(b) actions taken to comply with each Article of this Order; and

(c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee's reports, with any additional comments by the Board, to the Director on a quarterly basis or within such other time period as the Director may require in writing.

## ARTICLE II

### BUSINESS/STRATEGIC PLAN

(1) The Bank shall comply with the written Business/Strategic Plan for the Bank submitted to the Director September 27, 2013.

(2) Significant<sup>2</sup> subsequent amendments or revisions to the Business/Strategic Plan shall be submitted to the Director for review and prior written determination of no supervisory

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<sup>2</sup> A significant deviation from the Business/Strategic Plan includes, but is not limited to: a change in the Bank’s marketing strategies, products and services, marketing partners, underwriting practices and standards, credit administration, account management, collection strategies or operations, fee structure or pricing, accounting processes and practices, or funding strategy, any of which, alone or in the aggregate, may have a material impact on

objection. At the next Board meeting following receipt of the Director's written determination of no supervisory objection, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the Business/Strategic Plan.

(3) The Bank may not initiate any action that deviates significantly from the Business/Strategic Plan (that has received a supervisory no-objection from the Director and that has been adopted by the Board) without a written determination of no supervisory objection from the Director. The Board must give the Director advance and written notice of its intent to deviate significantly from the Business/Strategic Plan, along with an assessment of the impact of such change on the Bank's condition, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the change in the Business/Strategic Plan.

(4) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Business/Strategic Plan and shall include a description of the actions the Board will require the Bank to take to address any shortcomings, which shall be documented in the Board meeting minutes. Upon completion of its evaluation, the Board shall submit a copy to the Director.

(5) The Board shall review and update the Business/Strategic Plan at least annually and more frequently if necessary or if requested by the Director in writing, and in compliance with the provisions of Paragraph two (2) of this Article.

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the Bank's operations or financial performance; or any other changes in personnel, operations, or external factors that may have a material impact on the Bank's operations or financial performance.

ARTICLE III  
CAPITAL PLAN

(1) The Bank shall maintain the following minimum capital ratios (as defined in 12 C.F.R. Parts 165 and 167):

- (a) Tier 1 capital to adjusted total assets ratio at least equal to eight percent (8%); and
- (b) Total risk-based capital at least equal to twelve percent (12%).

(2) The requirement in this Order to meet and maintain a specific capital level means that the Bank may not be deemed to be “well-capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6, pursuant to 12 C.F.R. Part 165, pursuant to 12 C.F.R. § 165.4(b)(1)(iv).

(3) Within thirty (30) days of the date of this Order, the Board shall implement an effective internal capital planning process to assess the Bank’s capital adequacy in relation to its overall risks and to ensure maintenance of appropriate capital levels, which shall in no event be less than the requirements of paragraph one (1) of this Article. The capital planning process shall be consistent with OCC Bulletin 2012-16 (June 7, 2012), *Guidance for Evaluating Capital Planning and Adequacy*, and shall ensure the integrity, objectivity, and consistency of the process through adequate governance. The Board shall document the initial capital planning process and thereafter review and document the capital planning process at least annually or more frequently if requested by the Director in writing.

(4) The capital-related provisions of the written Business/Strategic Plan in Paragraph one (1) of Article II shall also serve as the Bank’s Capital Plan (“Capital Plan”).

(5) The Bank may declare or pay a dividend or make a capital distribution only:

- (a) when the Bank is in compliance with its approved written Capital Plan and would remain in compliance with its approved written Capital Plan immediately following the declaration or payment of any dividend or the capital distribution; and

(b) following the approval of the OCC, pursuant to 12 C.F.R. Part 163, Subpart E.

(6) The Board shall review and update the Bank's written Capital Plan at least annually and more frequently if required by the Director in writing. Revisions to the Bank's written Capital Plan shall be submitted to the Director for a prior written determination of no supervisory objection. The revised Capital Plan shall, at a minimum:

(a) include specific plans for the maintenance of adequate capital, which shall in no event be less than the requirements of paragraph one (1) of this Article;

(b) identify and evaluate all material risks;

(c) determine the Bank's capital needs in relation to material risks and strategic direction;

(d) identify and establish a strategy to maintain capital adequacy and strengthen capital if necessary and establish a contingency or back-up capital plan commensurate with the Bank's overall risk and complexity;

(e) include detailed quarterly financial projections; and

(f) include specific plans detailing how the Bank will comply with restrictions or requirements set forth in this Order that will have an impact on the Bank's capital.

(7) At the next Board meeting following receipt of the Director's written determination of no supervisory objection, the Board shall adopt and the Bank (subject to Board review and ongoing monitoring) shall immediately implement and thereafter ensure adherence to the written Capital Plan and any amendments or revisions thereto.

(8) At least monthly, the Board shall review financial reports and earnings analyses that evaluate the Bank's performance against the goals and objectives established in the written Capital Plan, as well as the Bank's written explanation of significant differences between the actual and projected balance sheet, income statement, and expense accounts, including

descriptions of extraordinary and/or nonrecurring items. This review shall include a description of the actions the Board will require the Bank to take to address any deficiencies. At least quarterly the Board shall prepare a written evaluation of the Bank's performance against the written Capital Plan, which shall include a description of the actions the Board will require the Bank to take to address any deficiencies. The Board's monthly reviews and preparation of the quarterly written evaluations shall be documented in the Board meeting minutes. The Board shall retain a copy of these monthly reviews and Board meeting minutes and shall forward a copy of these quarterly written evaluations and Board meeting minutes to the Director within ten (10) days of completion of its quarterly written evaluations.

(9) If the Bank fails to maintain the capital ratios required by paragraph one (1) of this Article or fails to implement a Capital Plan to which the Director has provided a written determination of no supervisory objection, then the Bank may, in the Director's sole discretion, be deemed undercapitalized for purposes of this Order. The Bank shall take such corrective measures as the OCC may direct in writing from among the provisions applicable to undercapitalized depository institutions under 12 U.S.C. § 1831o(e) and 12 C.F.R. Part 165 for Federal savings associations. For purposes of this requirement, an action "necessary to carry out the purpose of this section" under 12 U.S.C. § 1831o(e)(5) shall include restoration of the Bank's capital to the minimum ratios required by this Order, and any other action deemed advisable by the OCC to address the Bank's capital deficiency or the safety and soundness of its operations.

#### ARTICLE IV

##### CONCENTRATION RISK MANAGEMENT

(1) The Board shall adhere to its written concentration risk management program for identifying, monitoring, and controlling risks associated with concentrations of credit and ensure that it addresses all concentrations of credit-related corrective actions in the most recent Report

of Examination<sup>3</sup> (“ROE”) and is consistent with the guidance set forth in OCC Bulletin 2006-46 (December 6, 2006), *Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices: Interagency Guidance on CRE Concentration Management*, and the “Concentrations of Credit” booklet of the *Comptrollers’ Handbook* (December 13, 2011).

(2) Management and the Board shall:

(a) perform quarterly portfolio-level stress tests or sensitivity analysis to quantify the impact of changing economic conditions on asset quality, earnings, and capital; and

(b) provide quarterly reports to the Board, which shall at a minimum include the following:

(i) a summary of concentration levels, by type and sub-type;

(ii) a summary of the Bank’s market analysis;

(iii) strategies implemented to ensure or obtain compliance when concentrations approach or exceed Board-approved limits; and

(iv) a summary of changes in risk levels by concentration type and sub-type, with discussion of recommended changes in credit administration procedures (i.e., underwriting practices, risk rating, monitoring, training).

## ARTICLE V

### APPRAISALS OF OTHER REAL ESTATE OWNED

(1) The Board shall adhere to its written real estate appraisal program relating to other real estate owned (“OREO”) and collateral dependent impaired loans to ensure that it addresses all corrective actions in the most recent ROE relating to OREO and conforms to all applicable laws, rules, regulations, and regulatory guidance.

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<sup>3</sup> All references to Reports of Examination in this Order include, as applicable, both Independence and Colombo Reports of Examination.

- (2) At a minimum, the Bank's real estate appraisal program shall continue to:
- (a) require that each OREO property or collateral dependent impaired loan receive a timely appraisal;
  - (b) require appraisals be ordered within thirty (30) days following the event triggering the appraisal requirement, for delivery to the Bank within sixty (60) days of the date the appraisal was ordered;
  - (c) require a written analysis for each OREO property that compares the cost to carry the property against the financial benefits of a near-term sale of the property;
  - (d) require written documentation supporting each appraisal review and analysis be retained in the file for each OREO property or collateral dependent impaired loan, along with the appraisal; and
  - (e) require at least annual re-appraisals of each OREO property or collateral dependent impaired loan.

## ARTICLE VI

### PROBLEM ASSET MANAGEMENT

(1) The Bank shall take immediate and continuing action to protect its interests in those assets criticized as "doubtful," "substandard," or "special mention" in the most recent ROE, in any subsequent ROE, by any internal or external loan review, or in any list provided to management by the OCC Examiners during any examination.

(2) The Board shall immediately implement and thereafter ensure adherence to a written program designed to reduce the level of the Bank's criticized assets. The program shall include, but not be limited to, the following:

- (a) reporting of classified asset levels by type to the Board or a designated committee thereof every month;

(b) reporting of special mention asset levels by type to the Board or a designated committee thereof every month; and

(c) developing strategies for reducing levels of classified and special mention assets by asset type.

(3) The Board's program shall continue to include developing individual workout plans designed to eliminate the basis of criticism and protect the Bank's interest, for all criticized assets, credit relationships or parcels of OREO with a carrying value of five hundred thousand dollars (\$500,000) or more, and will require the Board to review and adopt, quarterly, the individual workout plans. Each individual workout plan shall cover an entire credit relationship and shall include, at a minimum, analysis and documentation of the following, as applicable:

(a) origination date, original and current balance, stated purpose of the loan, name(s) of the borrower(s), name(s) of the guarantor(s), and the original expected sources of repayment;

(b) identification of the individual(s) responsible for managing the criticized asset and completing the requirements of the written plan and the originating and current loan officers, if different;

(c) identification of the current expected primary and secondary sources of repayment and an analysis of their adequacy;

(d) the number of extensions or modifications granted for the loan, including a determination of whether the loan is considered a Troubled Debt Restructuring as set forth in Accounting Standards Codification ("ASC") Subtopic 310-40 "Receivables – Troubled Debt Restructurings by Creditors" (formerly Financial Accounting Standards Board ("FASB") Statement No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," as amended by FASB Statement No. 114, "Accounting by

Creditors for Impairment of a Loan") and the Consolidated Reports of Condition and Income ("Call Report") instructions;

(e) a description of the basis for criticism, current risk rating, charge-off history, and past-due and accrual status, with supporting comments for each;

(f) the current value of supporting collateral, results of inspections, and the Bank's current lien position on such collateral, and all other documentation necessary to support the collateral valuation;

(g) an analysis of current and satisfactory credit information, including analysis of borrower's and guarantor's global cash flow, and of business cash flow where loans are to be repaid from operations;

(h) the proposed action(s) to eliminate the basis of criticism, a discussion of changes since the prior report, and the time frame for eliminating said basis of criticism, including, if appropriate, an exit strategy;

(i) trigger dates for positive borrower actions or for loan officers or other responsible staff to reassess the strategy, enact collection plans, and make appropriate downgrades or place the loan on nonaccrual;

(j) a determination whether the loan should be placed on nonaccrual and/or is impaired, and the amount of any impairment, consistent with FASB ASC 310-10 "Receivables - Overall – Subsequent Measurement – Impairment" ("FASB ASC 310-10");

(k) a historical record of the action(s) taken to protect the Bank's interests in the asset that, at a minimum, includes the date of the action, the identity of the party who took the action(s), and the rationale for any departure from approved proposed action(s);  
and

(l) include for loans made for the purpose of constructing upon or developing real estate:

(i) project development status, including the percentage complete and the estimated cost to complete unfinished projects;

(ii) a comparison of construction and development costs to the budgeted amount;

(iii) a comparison of sales activity to the original sales projections;

(iv) amount of initial interest reserve and the amount of any subsequent additions to the reserve; and

(v) other significant information relating to the project.

(4) The Board shall conduct a review, on at least a quarterly basis, to:

(a) determine management's adherence to each individual workout or action plan;

(b) evaluate the effectiveness of each individual workout or action plan; and

(c) approve revisions to the plans or alternative actions.

(5) A copy of each quarterly review shall be forwarded to the Director.

(6) Effective immediately, the Bank may not extend credit, directly or indirectly, including renewals, extensions, capitalization of accrued interest, or overdrafts to a borrower whose loans or other extensions of credit are criticized internally, in the ROE, in any subsequent ROE, in any internal or external loan review, or in any list provided to management by OCC Examiners and whose aggregate loans or other extensions of credit equal or exceed five hundred thousand dollars (\$500,000), unless and until the Board, or a designated committee thereof, finds and documents in writing that each of the following conditions is met:

(a) the extension of additional credit is necessary to promote the best interests of the Bank;

(b) the Bank has performed a written credit and collateral analysis as required by paragraph three (3)(f) through (h) of this Article, and, if necessary, the proposed action referred to in paragraph three (3)(k) of this Article is revised, as appropriate; and

(c) the Board's formal plan to collect or strengthen the criticized asset will not be compromised by the extension of credit.

(7) A copy of the findings and approval of the Board or designated committee thereof shall be maintained in the credit file of the affected borrower.

(8) Within ninety (90) days of the date of this Order, the Board shall ensure that a program is in place to hold loan officers and other responsible employees accountable for adherence to policies and procedures adopted pursuant to paragraph three (3) of this Article, including, but not limited to, consideration of such adherence (or failure to adhere) in periodic performance reviews and compensation decisions.

## ARTICLE VII

### ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) The Board shall adhere to its written policies and procedures for maintaining an adequate allowance for loan and lease losses (“ALLL”) in accordance with U.S. generally accepted accounting principles (“GAAP”). The Bank’s ALLL policies and procedures shall continue to be consistent with the guidance set forth in the Federal Financial Institutions Examination Council’s (“FFIEC”) (i) “Interagency Policy Statement on the Allowance for Loan and Lease Losses”, OCC Bulletin 2006-47 (December 13, 2006) (“Interagency Statement”); and (ii) “Interagency Guidance on ALLL Estimation Practices for Junior Liens”, OCC Bulletin 2012-6 (January 31, 2012), and shall, at a minimum, include:

(a) procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with GAAP, including FASB ASC 310-10;

(b) procedures for segmenting the loan portfolio and estimating loss on groups of loans that are consistent with GAAP, including FASB ASC 450-20 “Loss Contingencies,” and that shall require the Bank to document its estimation of credit losses and its analysis of the nine qualitative factors set forth in the Interagency Statement;

(c) procedures for validating the ALLL methodology;

(d) a process for summarizing and documenting, for the Board’s prior review and approval, the amount to be reported in the Call Reports for the ALLL; and

(e) a process to ensure that all official and regulatory reports filed by the Bank accurately reflect an adequate ALLL balance as of the date that such reports are submitted and that any difference between the ALLL balance as determined by the analysis required by this Article and the Bank’s actual ALLL balance shall be remedied through appropriate account adjustments in the quarter in which the difference is discovered, prior to filing the Call Report.

(2) The Board shall submit a copy of any subsequent amendments or changes to the ALLL policies and procedures, to the Director.

## ARTICLE VIII

### LIQUIDITY MANAGEMENT

(1) Within thirty (30) days of the date of this Order, the Board or a designated committee thereof shall implement a liquidity policy that results in adherence to a comprehensive liquidity risk management program (“Program”). This Program must include assessing, on an ongoing basis, the Bank’s current and projected funding needs and ensuring that sufficient funds or access to funds exist to meet those needs and is appropriate in light of the Bank’s risk profile, Business/Strategic Plan pursuant to Article II, Capital Plan pursuant to Article III, and the “Liquidity” booklet (June 2012) of the *Comptroller’s Handbook*. This Program must also

include a contingency funding plan (“CFP”) that allows the Bank to operate with adequate liquidity in the event of extraordinary demands against its funding base. At a minimum, the CFP shall be consistent with the guidance outlined in the “Liquidity “booklet (June 2012) of the *Comptroller’s Handbook*.

(2) Within ten (10) days of the beginning of each calendar month, the Bank shall prepare a monthly report identifying current liquidity requirements and sources for the month and projecting liquidity requirements and sources for the upcoming six-month period (“Monthly Liquidity Report”). Copies of each Monthly Liquidity Report shall be forwarded to the Director within fifteen (15) days of the beginning of each calendar month.

## ARTICLE IX

### VIOLATIONS OF LAW

(1) The Board shall require and the Bank shall promptly take all necessary steps to correct each violation of law, rule, or regulation cited in the most recent ROE or any subsequent ROE, or brought to the Board’s or the Bank’s attention in writing by management, regulators, auditors, loan review, or other compliance efforts. Within thirty (30) days after a violation is cited or brought to the Board’s or the Bank’s attention, the Bank shall provide to the Board a list of any violations that have not been corrected. This list shall include an explanation of the actions taken to correct the violation, the reasons why the violation has not yet been corrected, and a plan to correct the violation by a specified date.

(2) The progress reports required by Article I of this Order shall include the date and manner in which each correction has been effected during that reporting period.

(3) Within ninety (90) days of the date of this Order, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to:

(a) specific procedures to prevent future violations as cited in the most recent ROE;  
and

(b) general procedures addressing compliance management that incorporate internal control systems and education of employees regarding laws, rules, and regulations applicable to their areas of responsibility.

## ARTICLE X

### OTHER PROVISIONS

(1) Although the Bank is by this Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Director, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) In each instance in this Order in which the Board is required to ensure adherence to and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

(a) ensure that the Bank has sufficient processes, management, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Order, and that Bank management and personnel have sufficient training and authority to execute their duties under this Order;

(b) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Order;

(c) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;

(d) follow-up on any non-compliance with such actions in a timely and appropriate manner; and

(e) require corrective action be taken in a timely manner of any non-compliance with such actions.

(3) Each citation or referenced guidance included in this Order includes any subsequent guidance that replaces, supersedes, amends, or revises the cited law, regulation, or guidance.

(4) The provisions of this Order are effective upon issuance by the Comptroller through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller, through his authorized representative.

(5) Except as otherwise expressly provided herein, any time limitations imposed by this Order shall begin to run from the effective date of this Order.

(6) If the Bank requires a waiver or suspension of any provision or an extension of any timeframe within this Order, the Board shall submit a written request to the Director asking for relief. Any written requests submitted pursuant to this Article shall include a statement setting forth in detail, with relevant supporting documentation, the special facts and circumstances that support the waiver or suspension of any provision or an extension of a timeframe within this Order.

(7) The Director's decision concerning a request submitted pursuant to paragraph six (6) of this Article is final and not subject to further review.

(8) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(9) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon it by the several laws of the United

States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(10) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

(11) All reports or plans that the Bank or Board has agreed to submit to the Director pursuant to this Order shall be forwarded, by overnight mail or via email, to the following:

Director for Special Supervision  
Comptroller of the Currency  
400 7<sup>th</sup> Street, S.W.  
Suite 3E-218, MS 8E-12  
Washington, DC 20219

*with a copy to:*  
Associate Deputy Comptroller  
Comptroller of the Currency  
340 Madison Avenue, 5<sup>th</sup> Floor  
New York, NY 10173

(12) The OCC and Colombo entered into a Consent Order dated July 9, 2012 ("2012 Colombo Order"). This Order replaces the 2012 Colombo Order in its entirety and, therefore, the 2012 Colombo Order is hereby terminated. Provided, however, that the Bank and its institution-affiliated parties remain liable for any breach of the 2012 Colombo Order preceding its termination.

(13) The OCC and Independence entered into a Consent Order dated August 27, 2012 ("2012 Independence Order"). This Order replaces the 2012 Independence Order in its entirety and, therefore, the 2012 Independence Order is hereby terminated. Provided, however, that the Bank and its institution-affiliated parties remain liable for any breach of the 2012 Independence Order preceding its termination.

IT IS SO ORDERED, this 4th day of December, 2013.

/signed

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Michael R. Brickman  
Director for Special Supervision

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
COMPTROLLER OF THE CURRENCY**

In the Matter of: )  
Colombo Bank )  
Rockville, Maryland )

AA-EC-2013-105

**STIPULATION AND CONSENT TO THE ISSUANCE  
OF A CONSENT ORDER**

**WHEREAS**, Colombo Bank, Rockville, Maryland (“Colombo”) was merged into Independence Federal Savings Bank, Washington, D.C. (“Independence”) effective November 27, 2013, and the merged entity was renamed Colombo Bank, Rockville, Maryland (“Bank”);

**WHEREAS**, Colombo’s management operates the Bank adhering to the plans, programs, policies, and procedures existing at Colombo at the time of the merger;

**WHEREAS**, Colombo’s Board of Directors (“Board”) constitutes a majority of the members of the Ban’s Board at the time of the merger;

**WHEREAS**, the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”) intends to initiate cease and desist proceedings against the Bank, pursuant to 12 U.S.C. § 1818;

**WHEREAS**, the Bank, in the interest of compliance and cooperation consents to the issuance of a Consent Order, dated December 4, 2013 (“Order”), by executing this Stipulation and Consent to the Issuance of a Consent Order;

**NOW THEREFORE**, in consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

## ARTICLE I

### JURISDICTION

(1) The Bank is a Federal Savings Association within the meaning of 12 U.S.C. § 1462(3) and an insured depository institution within the meaning of 12 U.S.C. § 1813(c).

(2) The Comptroller is "the appropriate Federal banking agency" regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an "insured depository institution" within the meaning of 12 U.S.C. § 1818(b)(1).

## ARTICLE II

### AGREEMENT

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees that said Order shall be deemed an "order issued with the consent of the depository institution" as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i).

(3) Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(i), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(4) The Bank declares that no separate promise or inducement of any kind has been made by the Comptroller, or by his agents or employees, to cause or induce the Bank to consent to the issuance of the Consent Order and/or execute the Consent Order.

(5) The Bank also expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities.

(6) The terms and provisions of this Stipulation and the Consent Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Stipulation or the Consent Order, express or implied, shall give to any person or entity, other than the parties hereto, and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Stipulation or the Consent Order.

### ARTICLE III

#### WAIVERS

- (1) The Bank, by signing this Stipulation and Consent, hereby waives:
- (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
  - (b) any and all procedural rights available in connection with the issuance of the Order;
  - (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 19
  - (d) all rights to seek any type of administrative or judicial review of the Order; and
  - (e) any and all rights to challenge or contest the validity of the Order.

### ARTICLE IV

#### CLOSING PROVISIONS

(1) The provisions of this Stipulation and Consent Order shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any

time, he deems it appropriate to do so to fulfill the responsibilities placed upon it by the several laws of the United States of America.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

/signed  
\_\_\_\_\_  
Michael R. Brickman  
Director for Special Supervision

12/4/2013  
\_\_\_\_\_  
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/signed \_\_\_\_\_ 12/4/2013  
Morton A. Bender Date

/signed \_\_\_\_\_ 12/4/2013  
Nelson Deckelbaum Date

/signed \_\_\_\_\_ 12/4/2013  
Edward W. Gold Date

/signed \_\_\_\_\_ 12/4/2013  
Lisa Gordon-Hagerty Date

/signed \_\_\_\_\_ 12/4/2013  
Gilbert F. Kennedy III Date

/signed \_\_\_\_\_ 12/4/2013  
James S. Regan Date

/signed \_\_\_\_\_ 12/4/2013  
Edward R. Reilly Date