

UNITED STATES OF AMERICA
BEFORE THE
OFFICE OF THRIFT SUPERVISION

In The Matter Of:)	
)	
HYDE PARK CO-OPERATIVE BANK)	Re: Resolution No. NE92-97
Hyde Park, Massachusetts)	Date: October 30, 1992
)	
OTS No. 04186)	
)	

STIPULATION AND CONSENT TO ISSUANCE
OF ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Northeast Regional Office ("Regional Director"), and the Hyde Park Co-operative Bank, Hyde Park, Massachusetts ("Hyde Park" or the "Institution"), stipulate and agree as follows:

1. Consideration

The OTS, based upon information reported to it, is of the opinion that grounds exist for it to initiate an administrative cease and desist proceeding against Hyde Park pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. 1818(b). Hyde Park, desiring to cooperate with the OTS and to avoid the time and expense of such administrative proceedings or litigation, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease and desist proceedings or litigation against Hyde Park with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

2. Jurisdiction

Hyde Park is a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) and Section 2(4) of the Home Owners' Loan Act, 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c)(2) of the FDIA, 12 U.S.C. § 1813(c)(2). Pursuant to Section 3(q)(4) of the FDIA, 12 U.S.C. §1813(q)(4), the Director of OTS is the "appropriate Federal banking agency" to maintain an enforcement proceeding against such a savings association. Therefore, Hyde Park is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

3. Consent

Hyde Park consents to the issuance by the OTS of the Order. It further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality

The Order is issued under Section 8(b) of the FDIA, 12 U.S.C. § 1818(b). Upon its issuance by the OTS, it shall be a final order, effective and fully enforceable by the OTS under Section 8(i) of the FDIA, 12 U.S.C. 1818(i).

5. Waivers

Hyde Park waives its right to a notice of charges and the administrative hearing provided by Section 8(b)(1) of the

type of indirect or contingent liability). Such ledger shall be maintained in a current status for all borrowers with other than one-to-four family owner-occupied residential loans and/or consumer loans.

I. Corrections of Violations

(15) The Institution shall, within ninety (90) days of the effective date of this Order, correct all violations of laws or regulations detailed on Pages A-2.1 and A-2.2 of the ROE.

J. Compliance with August 26, 1991 Cease and Desist Order

(16) The Institution shall take affirmative steps to ensure that within one hundred and twenty (120) days of the execution of this Order, it is in full compliance with the August 26, 1991 Cease and Desist Order, including, but not limited to, those elements detailed on pages A-1.1 to A-1.7 of the June 8, 1992 OTS ROE as not being in compliance.

K. Effective Date of Order

(17) This Order shall become effective upon execution by the Regional Director and shall remain effective and enforceable until such time as any provisions thereof shall have been modified, terminated, suspended, and /or set aside by the Regional Director.

THE OFFICE OF THRIFT SUPERVISION

/s/

Angel A. Vigna
Regional Director
Northeast Office

UNITED STATES OF AMERICA
BEFORE THE
OFFICE OF THRIFT SUPERVISION

In The Matter Of:)

HYDE PARK CO-OPERATIVE BANK)
Hyde Park, Massachusetts)

OTS No. 04186)

Re: Resolution No. NE92-97
Date: October 30, 1992

ORDER TO CEASE AND DESIST

WHEREAS, The Hyde Park Co-operative Bank, Incorporated, Hyde Park, Massachusetts ("Hyde Park" or the "Institution"), through its Board of Directors ("Board"), has executed a Stipulation and Consent to Issuance of Order to Cease and Desist, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS") acting through its Regional Director for the Northeast Regional Office ("Regional Director"); and

WHEREAS, the Institution, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b);

NOW THEREFORE, IT IS ORDERED that:

A. Transactions with Insiders and Associated Borrowers

(1) Within sixty (60) days of the execution of this Order, all directors and officers of the Institution shall provide Management with full documentation and disclosure of all "associated borrowers" of such directors and officers who

currently have loans at the Institution. For purposes of this Order, the term "associated borrowers" shall mean relatives by blood or marriage, and individuals or business entities with which the director or officer has business dealings. Such information shall be provided to management in the future if any associated persons apply for loans or other credit of any kind from the Institution.

(2) Within ninety (90) days of execution of this Order, the Board and Management shall develop and implement a comprehensive conflict of interest policy, consistent with the provisions Sections 23A, 23B, and 22(g) and (h) of the Federal Reserve Act, 12 U.S.C. §§ 371c, 371c-1, 375a and 375b, made applicable to savings associations by Section 11 of the Home Owners' Loan Act, 12 U.S.C. § 1468, and of the OTS regulations and policy statement regarding conflicts of interest, 12 C.F.R. §§ 563.41 and 563.43 and 12 C.F.R. § 571.7. Such policy shall incorporate limits on loans to officers, directors, and employees of the Institution and their associates, establish standards for director conduct when considering and voting on such loans or other transactions, and establish underwriting standards for such credits which shall be at least as rigorous as underwriting for any other credit accommodation provided by the Institution.

(3) The Institution shall not originate, refinance, extend or restructure any loan to: (a) any "affiliated person" of the Institution as defined by 12 C.F.R. 561.5; (b)

any trust in which the trustee or beneficiary thereof is an affiliated person of the Institution; (c) any employee of Geraghty Associates; or (d) any trust in which the trustee or beneficiary thereof is an employee of Geraghty Associates. This prohibition shall remain effective with respect to any transaction falling under this section until expressly revoked by the OTS Regional Deputy Director for the Boston Area Office ("Regional Deputy Director"). Individual transactions may be proposed to the Regional Deputy Director for approval, as exceptions to this prohibition, provided full disclosure of the transaction is made in advance, and a written notice of non-objection is received from the Regional Deputy Director.

(4) The Institution shall make every reasonable effort to remove, through payment or refinancing elsewhere, loan number 40391622 to Ann Geraghty, to purchase units in Clare Gardens Condominiums. Monthly progress reports shall be submitted to the Regional Deputy Director on or before the last day of each month, detailing the efforts made to achieve such removal.

B. In-substance Foreclosure Policy

(5) Within ninety (90) days of the execution of this Order, the Management and Board of Directors shall develop and implement an in-substance foreclosure ("ISF") policy and process that: (a) promptly identifies properties that have reached ISF status; (b) requires prompt reappraisal of such properties; and (c) assures prompt and accurate accounting treatment of the event.

C. Personnel

(6) Management and the Board shall cause to be hired, within sixty (60) days of the execution of this Order, an experienced collections officer.

D. Appraisals

(7) Within thirty (30) days of the execution of this Order, Management and the Board shall select and approve one or more competent and experienced commercial real estate appraisers. In addition, procedures shall be developed to review quality of the appraisals performed by such appraiser(s) and overall performance of the appraiser(s).

(8) Within sixty (60) days of the execution of this Order, Management and the Board shall obtain competently prepared appraisals, complying with the requirements of 12 C.F.R. § 564.4, for the following properties:

- (a) 60-68 Business Street, Hyde Park, MA
- (b) Unit 3R, 1 Melborne Place, Dorchester, MA
- (c) 48 Oak Street, Hyde Park, MA
- (d) 57 Moose Hill Road, East Walpole, MA
- (e) 20 Readville Street, Readville, MA
- (f) Jillian's Restaurant, Hyde Park, MA

E. Operating Expenses

(9) Within ninety (90) days of the execution of this Order, Management and the Board shall evaluate operating expenses of the Institution to determine the causes for such

overhead expenses being significantly higher than those for institutions of similar size in the OTS' Boston District. The Board and Management shall develop a strategy, including a series of sequential semi-annual goals, to reduce overhead expenses to a level not greater than 2.75% of average assets, no later than September 30, 1993.

F. Reserves and Classified Assets

(10) The Institution shall immediately charge-off or establish specific reserves against the \$275,000 classified as loss at the June 8, 1992 OTS Report of Examination "(ROE").

(11) After charging off the losses described in Paragraph (10) above, the Institution shall immediately increase its Genral Valuation Allowances ("GVA") to an amount of at least \$600,000. In addition, the Institution shall continue accruing \$10,000 monthly into the GVA. Management and the Board shall perform a detailed quarterly assessment of the adequacy of the GVA and enter upon its Board minutes the findings thereof and any adjustments to the reserve required thereby.

(12) Within 30 days of the close of each calendar quarter, the Board shall cause a progress report to be made to the Regional Deputy Director, reflecting the current status of each loan classified in the ROE. The progress report shall provide the following information for each loan classified in the ROE:

- (a) Loan number and borrower name;
- (b) Balance at ROE date and at date of progress report;
- (c) Payment status (current, past due, non-accrual, etc.);
- (d) Other relevant comments, such as collection efforts, loss potential, most recent date and valuation of collateral, date and summary of financial statements, and the like.

G. Investment Policy

(13) Within one hundred and twenty (120) days of the effective date of this Order, Management and the Board shall develop and implement an investment policy consistent with the guidelines contained in the OTS policy statement regarding investment policies, 12 C.F.R. § 571.19. Such policy shall be commensurate with the expertise of management, and the needs of an institution of Hyde Park's size and complexity.

H. Liability Ledger

(14) Within Ninety (90) days of the effective date of this Order, the Institution shall develop, and thereafter maintain, a comprehensive borrower credit ledger. The ledger shall provide, at a minimum, an accurate record of total credit to each borrower, from the Institution, in all loan types, including direct liability (whether as maker, co-maker, partner, or any other type of direct liability) and indirect liability (as endorser, guarantor, and any other

type of indirect or contingent liability). Such ledger shall be maintained in a current status for all borrowers with other than one-to-four family owner-occupied residential loans and/or consumer loans.

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