

(b) Pursuant to Section 3 of the FDIA, as amended by FIRREA, the Director of the OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such a savings association. Therefore, Litchfield Community 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, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)).

3. Consent. Litchfield Community 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, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)). Upon its issuance by the Regional Director for the Chicago District Office, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(i)).
5. Waivers. Litchfield Community waives its right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)), and further waives any right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(h)), or otherwise to challenge the validity of the Order.

WHEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the OTS, by and through its Regional Director for the Chicago District Office, OTS, and Litchfield Community, by a majority of its directors, execute this Stipulation and Consent to Issuance of Order to Cease and Desist.

OFFICE OF THRIFT SUPERVISION

LITCHFIELD COMMUNITY SAVINGS
AND LOAN ASSOCIATION
BY A MAJORITY OF ITS
DIRECTORS

By: /S/
Stuart M. Brafman
Regional Director
Chicago District Office

 /S/
Wayne Braue

 /S/
Carol Radtke

 /S/
Russell Roberts

 /S/
Howard Hartke

 /S/
Olind McPherson

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)
)
Litchfield Community Savings and)
Loan Association, #7326)
Litchfield, Illinois)
_____)

Re: Resolution No. CHI-90-25

Date: January 30, 1991

ORDER TO CEASE AND DESIST

WHEREAS, Litchfield Community Savings and Loan Association ("Litchfield Community"), 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 Chicago District Office; and

WHEREAS, Litchfield Community, 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, as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (to be codified at 12 U.S.C. § 1818(b)).

NOW THEREFORE, IT IS ORDERED THAT Litchfield Community and its directors, officers, employees, agents, and service corporations shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or the aiding and abetting of any violation of:

1. (a) 12 C.F.R. § 563.170(c), pertaining to establishment and maintenance of books and records;
- (b) 12 C.F.R. § 563.176, pertaining to interest rate risk management procedures; and
- (c) 12 C.F.R. § 571.3, pertaining to interest rate risk management.

IT IS FURTHER ORDERED, unless Litchfield Community has received prior written approval from the OTS Manager subsequent to the date of this document and pursuant to paragraph 35 of this document, that:

IT IS FURTHER ORDERED THAT:

Recordkeeping

2. Within 60 days, the Board shall adopt policies and procedures which establish and maintain such accounting and other records as will provide an accurate, complete, and timely record of all business transacted by Litchfield Community, such policies and procedures may be modified from time to time by the Board in its discretion, following the Board's review of changes recommended by Litchfield Community's independent auditors. The following list depicts the various specific minimum actions which these policies and procedures shall address in the area of books and records:
 - (a) all general and subsidiary ledger accounts shall be updated on a timely basis and reconciled at least monthly;
 - (b) all transactions shall be properly recorded on the general ledger;
 - (c) all bank accounts shall be reconciled monthly and unreconciled items shall be charged-off after three calendar months;
 - (d) the minutes of all Board meetings shall be maintained and shall adequately reflect any actions at such meetings, including the review of any reports by the Board; and
 - (e) Litchfield Community shall maintain accurate and complete loan registers.
3. Within 30 days, the Board shall document that the Board members are receiving adequate information and reports on the operations of Litchfield Community to enable them to fulfill their fiduciary responsibilities and other responsibilities under law. Within 30 days, a copy of a completed list of the information and reports that the Board is to receive shall be forwarded to the OTS Manager.
4. Upon completion of the list, the Board shall require the management of Litchfield Community to produce on a continuous basis all reports on the list the Board has identified as necessary, such reports to be subject to change from time to time as circumstances change, as determined by the Board in its discretion and with prior written notification to the OTS Manager.

Collection Procedures

5. By March 31, 1991, the Board shall implement and maintain a written plan designed to improve and strengthen collection efforts and a copy of this plan shall be forwarded to the

OTS Manager. The plan shall include, at a minimum:

- (a) a reduction of loans 90 days or more delinquent to no more than 5 percent of total loans by December 31, 1991, net of specific reserves;
- (b) to seek recovery of charged-off assets; and
- (c) any exceptions to this plan must receive prior written approval from the OTS Manager.

Criticized Assets

- 6. Within 25 days from the last day of each month, the Board shall submit a report to the OTS Manager detailing all assets criticized by the Board pursuant to Litchfield Community's asset classification policy and OTS Reports of Examination. This report shall include at a minimum:
 - (a) an update of the current status of loans 90 days delinquent or more;
 - (b) an update of the current status of real estate in judgment and real estate owned;
 - (c) an update of Litchfield Community's collection efforts to reduce criticized assets;
 - (d) a list of general and specific reserves established as a result of the monthly review of criticized assets; and
 - (e) an update of the estimated date that all criticized assets will be improved to a nonclassified status.

General Valuation Allowances

- 7. By March 31, 1991, the Board shall submit to the OTS Manager for approval its methodology and rationale for determining adequate general valuation allowances on classified and non-classified assets.
- 8. Within 15 days after OTS Manager approval, the Board shall establish and maintain general valuation allowances as calculated by Litchfield Community's methodology.
- 9. Within 25 days from the last day of each calendar quarter, beginning with the December 31, 1990 quarter, the Board shall review its methodology for calculating general valuation allowances for appropriateness and this review shall be documented in the Board meeting minutes. Within 15 days of this review, any changes to the methodology shall be submitted for approval to the OTS Manager.