

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matters of)
)
ALGIERS HOMESTEAD ASSOCIATION,)
New Orleans, Louisiana;)
HUGH E. HUMPHREY, JR., the)
president and a director)
of Algiers Homestead)
Association, New Orleans,)
Louisiana;)
HUGH E. HUMPHREY, III, a)
director of Algiers)
Homestead Association,)
New Orleans, Louisiana;)
BLAINE S. KERN, a director of)
Algiers Homestead)
Association, New Orleans,)
Louisiana;)
EUGENE LE BOEUF, a director of)
Algiers Homestead)
Association, New Orleans,)
Louisiana)
THOMAS L. ARNOLD, a director of)
Algiers Homestead)
Association, New Orleans,)
Louisiana)

Re: Resolution No. DAL-91-36

Dated: May 28, 1991

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 Midwest Region, OTS and Algiers Homestead Association, New Orleans, Louisiana ("Association") and Hugh E. Humphrey, Jr., Hugh E. Humphrey, III, Blaine S. Kern, Eugene Le Boeuf, and Thomas L. Arnold ("Directors"), stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against the Association and the Directors pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 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)). The Association and the Directors desire to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist, hereby stipulate and agree to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease-and-desist litigation against the Association and the Directors with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

2. Jurisdiction.

(a) The Association is a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act of 1933, as amended by FIRREA. Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(c)).

(b) Hugh E. Humphrey, Jr. is, and, during times relevant to this case, was the president and a director, and thus an institution affiliated party, of the Association within the meaning of 12 U.S.C. § 1813(u).

(c) Hugh E. Humphrey, III, is, and, during times relevant to this case, was a director, and thus an institution affiliated party, of the Association within the meaning of 12 U.S.C. § 1813(u).

(d) Blaine S. Kern is, and, during times relevant to this case, was a director, and thus an institution affiliated party, of the Association within the meaning of 12 U.S.C. § 1813(u).

(e) Eugene Le Boeuf is, and, during times relevant to this case, was a director, and thus an institution affiliated party, of the Association within the meaning of 12 U.S.C. § 1813(u).

(f) Thomas L. Arnold is, and, during times relevant to this case, was a director, and thus an institution affiliated party, of the Association within the meaning of 12 U.S.C. § 1813(u).

(g) Pursuant to Section 3 of the FDIA, as amended by FIRREA, the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such a savings association and its institution-affiliated parties. Therefore, the Association and the Directors are subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against them pursuant to Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)).

3. Consent. The Association and the Directors consent to the issuance by the OTS of the Order. They further agree to comply with the terms of the Order upon issuance and stipulate 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 Midwest Region, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(1) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(1)).

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Re: Resolution No. DAL-91-36

Dated: May 28, 1991

ORDER TO CEASE AND DESIST

WHEREAS, Algiers Homestead Association, New Orleans, Louisiana ("Institution"), through its directors, and Hugh E. Humphrey, Jr., Hugh E. Humphrey, III, Blaine S. Kern, Eugene Le Boeuf, and Thomas L. Arnold ("Directors") have 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 Midwest Region or his successor or designee ("Regional Director"); and

WHEREAS, the Institution and Directors, in the Stipulation, have 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 the Directors and the Institution and its directors, officers, employees, agents and service corporations shall cease and desist from any violation of, or the aiding and abetting of any violation of 12 C.F.R. §§ 528.6 and 563.160.

IT IS FURTHER ORDERED that:

1. Within sixty (60) days of the effective date of this Order, the Institution shall review its assets and the identification and rating of classified assets and other assets it deems to be criticized or subject to special mention in accordance with the classification standards set forth in Sections 563.46, 563.160, and 571.26 of the Rules and Regulations for the Office of Thrift Supervision ("OTS Rules and Regulations"), 12 C.F.R. §§ 563.46, 563.160, and 571.26, and shall submit a status report of each classified and "special mention" asset in writing to the Regional Director and to the Institution's board of directors ("Board of Directors") within thirty (30) days from completion of this initial review. The Institution shall subsequently review its assets in accordance with this paragraph on a monthly basis, and shall submit a status report in writing on the results of the asset review to the Regional Director and to the Board of Directors by the thirtieth (30th) day following each calendar month. The Directors shall each use their best efforts to ensure that the Institution complies with the terms of this paragraph.

2. Within sixty (60) days of the effective date of this Order, the Institution shall submit to the Regional Director for review and comment a new asset classification policy. This new asset classification policy shall be in compliance with the classification standards set forth in Sections 563.46, 563.160, and 571.26 of the OTS Rules and Regulations, 12 C.F.R. §§ 563.46, 563.160, and 571.26. The Institution shall amend this new asset classification policy as requested by the Regional Director and shall implement and comply with this new asset classification policy as so amended. The Institution shall not amend its new asset classification policy without the prior written direction or prior written consent of the Regional Director, and shall certify to the Regional Director upon his request that the Institution is substantially in full compliance with its new asset classification policy. The Directors shall each use their best efforts to ensure that the Institution complies with the terms of this paragraph.

3. Within sixty (60) days of the effective date of this Order, the Institution shall submit to the Regional Director a resolution of the Board of Directors reflecting the adoption of a new General and Specific Valuation Allowance Policy ("GVSA Policy"). The new GVSA Policy shall ensure that adequate general valuation allowances and adequate specific valuation allowances are maintained by the Institution and shall require that the Institution comply with the requirements of 12 C.F.R. § 563.160 and the guidelines of 12 C.F.R. § 571.26. The Institution shall amend this new GVSA Policy as directed in writing by the Regional Director and shall implement and comply with this new GVSA Policy, as so amended if amended. The Institution shall not amend this revised

GVSA Policy except as authorized in writing by the Regional Director. The Directors shall each use their best efforts to ensure compliance with the terms of this paragraph.

4. Within thirty (30) days of the effective date of this Order, the Institution shall establish general and specific allowances as recommended in the Limited Scope Examination of the Institution by OTS as of October 24, 1990. The Directors shall each use their best efforts to ensure that the Institution complies with the terms of this paragraph.

5. All personnel of the Institution who make entries in the Institution's loan application register shall be trained by an agent of the Institution in the requirements of 12 C.F.R. § 528.6(d). In the case of each employee, such training shall occur on or before the latter of either thirty (30) days after the effective date of this Order or the date of the employee's first entry into the Institution's loan application register.

6. Both management of the Institution and the Board of Directors shall review the Institution's loan application register no less than once during each calendar month beginning with the first full calendar month after the effective date of this Order. In the case that the management of the Institution or the Board of Directors finds any error(s) in the loan application register, the Institution shall take all actions appropriate to remedy such error(s).

7. Within thirty (30) days of the effective date of this Order, the Institution, through its Board of Directors, shall adopt written policies and procedures to require annual review of all adjustable-rate mortgage loans held by the Institution and submit them to the Regional Director for review and

approval. The Institution shall amend such written policies and procedures as directed in writing by the Regional Director, shall implement and comply with such written policies and procedures as so amended, and shall not amend such written policies and procedures except as directed in writing or approved in writing by the Regional Director.

8. Within thirty (30) days of the effective date of this Order, the Institution shall cause all of its adjustable-rate mortgage loans to be reviewed to determine whether all contractual adjustments have been made to them and whether appropriate notices of adjustments have been made to borrowers and shall, within that time, make all such contractual adjustments and notices that have not been made.

9. The Institution's Board of Directors shall take all steps necessary to ensure that the Institution complies with the terms of this Order.

10. Reference in this Order to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the date of this Order pursuant to Section 401(h) of the FIRREA, § 401(h), 103 Stat. 183 (1989), and references to successor provisions as they become applicable.

11. All technical words or terms used in this Order, for which meanings are not specified or otherwise provided by the provisions of this Order, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 Code of Federal Regulations, and any such technical words or terms used in this Order and undefined in said Code of Federal Regulations, shall have this Order and

