

**UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION**

_____)	
In the Matter of)	Order No.: CN 09-05
)	
GUARANTY BANK)	Effective Date: March 11, 2009
)	
Milwaukee, Wisconsin)	
OTS Docket No. 17936)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, GUARANTY BANK, Milwaukee, Wisconsin, OTS Docket No. 17936 (Association), by and through its Board of Directors (Board) has executed a Stipulation and Consent to Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 USC § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Central Region (Regional Director), is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

1. The Association and its directors, officers, and employees shall cease and desist from any unsafe and unsound practice addressed in the OTS Report of Examination dated July 7, 2008 of

the Association (ROE), that precipitated the diminished capital levels, poor earnings, high level of classified assets, and inadequate policies and procedures.

Asset Quality

2. a. Within sixty (60) days, the Board shall approve a schedule of quarterly reduction targets for reducing the level of adversely classified assets at the Association. Within five (5) days of Board approval, the Board shall send a copy of the quarterly reduction targets to the Regional Director for review and comment. The Board shall revise the reduction targets within ten (10) days of receiving the Regional Director's written comments, if any, and implement the quarterly reduction targets immediately thereafter. The Board shall send a copy of the revised quarterly reduction targets approved by the Board to the Regional Director within five (5) days of Board approval.

b. On a quarterly basis beginning with the quarter ending June 30, 2009, the Board shall compare scheduled reduction targets of adversely classified assets to actual results. As part of the comparison and variance analysis required pursuant to this subparagraph, the Board shall determine whether there are material deviations between the scheduled reduction targets and actual results. The Board shall prepare a written report describing any material deviations between the scheduled reduction targets and actual results (Quarterly Classified Assets Variance Report).

c. Within forty-five (45) days after the close of each quarter, the Board shall provide the Regional Director with a copy of the Quarterly Classified Assets Variance Report required by this paragraph.

3. a. Within forty-five (45) days, the Board shall review and approve revisions to the Association's allowance for loan and lease losses (ALLL) Policy to conform the Association's

practices and methodology to the Interagency Policy Statement on ALLL (OTS CEO Memo 250, dated December 13, 2006).

b. Within five (5) days of Board approval, the Board shall forward a copy of the revised ALLL Policy to the Regional Director for review and comment. The Board shall revise the ALLL Policy within ten (10) days of receiving the Regional Director's comments, if any, and implement the revised policies immediately thereafter. The Board shall send a copy of the final ALLL Policy approved by the Board to the Regional Director within five (5) days of Board approval.

c. On a quarterly basis beginning with the quarter ending March 31, 2009, within thirty (30) days after each quarter end, the Board shall review the adequacy of the Association's ALLL, including a review of the then current market conditions and the reasonableness of the Association's inputs and assumptions in relation to current economic data and trends. As part of its review of the Association's ALLL, the Board shall assess the adequacy of the Association's loan repurchase reserves, including a review of the Association's loan repurchases as a percent of loans sold and actual losses from the repurchased loans. The Board's review, including the factors considered and the conclusions reached in determining the adequacy of the ALLL, shall be fully documented in the appropriate Board meeting minutes.

4. a. Within forty-five (45) days, the Board shall review and approve revisions to the Association's Asset Classification Program. At a minimum, the revised Asset Classification Program shall consider the comments contained in the ROE and shall conform to 12 CFR § 560.160; Section II G of Appendix A to the Safety and Soundness Standards of 12 CFR Part 570; Section 260 of the OTS Examination Handbook; the Revised Uniform Retail Credit Classification and Administration Policy (OTS CEO Memo 128, dated July 27, 2000); and the

Uniform Agreement on the Classification of Assets and Appraisals of Securities Held by Banks and Thrifts (OTS CEO Memo 200, dated June 15, 2004).

b. Within five (5) days of Board approval, the Board shall forward a copy of the revised Asset Classification Program to the Regional Director for review and comment. The Board shall revise the Asset Classification Program within ten (10) days of receiving the Regional Director's comments, if any, and implement the revised Asset Classification Program immediately thereafter. The Board shall send a copy of the final Asset Classification Program approved by the Board to the Regional Director within five (5) days of Board approval.

c. On a quarterly basis beginning with the quarter ending March 31, 2009, within thirty (30) days after each quarter end, the Board shall assess the overall quality of the Association's assets and review actions taken by management to promptly identify assets with credit weaknesses in compliance with its Asset Classification Program, including a review of the then current market conditions and the reasonableness of the Association's assumptions in relation to current economic data and trends. The Board's review, including the factors considered and the conclusions reached in determining the adequacy of the Association's prompt identification of assets with credit weaknesses shall be fully documented in the appropriate Board meeting minutes.

5. As of the Effective Date, the Association shall file Thrift Financial Reports (TFR) with the OTS that accurately reflect the financial condition of the Association as of the end of the period for which the TFR is filed. Any deficiency in the adequacy of the Association's ALLL, asset classifications, or loan repurchase reserves as determined by the Board during its quarterly reviews shall be remedied in the calendar month it is discovered.

6. As of the Effective Date, the Association shall not acquire or make any new loan or acquire or issue any new line of credit secured by one-to-four family residential real estate unless the Association's mortgage lien is in first position. The Association may fund any such loans-in-process and legally binding loan commitments outstanding as of the Effective Date subject to the growth restriction in paragraph 12 below.

Capital

7. As of June 30, 2009, the Association shall have and maintain (i) a Tier 1 (Core) Capital Ratio of at least eight percent (8 %) and (ii) a Total Risk-Based Capital Ratio of at least twelve percent (12 %) after establishing an appropriate ALLL.

8. As of the Effective Date, the Board shall (i) review the Association's capital levels at each regular monthly Board meeting, and (ii) direct Association management to continually assesses the sufficiency of the Association's capital levels relative to its risk profile, including but not limited to such risks as, classified asset levels, ALLL and specific valuation allowance (SVA) amounts, dollar volume and portfolio concentrations of various loan types, and core earnings. The trends in such risks shall also be reviewed and monitored by the Board. The Board's review of capital adequacy shall be fully detailed in the Board meeting minutes.

Business Plan

9. a. The Board shall approve revisions to the Association's current business plan (Business Plan), to include the requirements contained within this Order and the comments contained within the ROE, and at a minimum, inclusion of the following:

- i. Defined strategies for capital preservation and enhancement commensurate with the risk profile of the Association and the capital maintenance requirement of paragraph 7 above;
- ii. Defined asset concentration limits expressed as a percentage of Core Capital plus ALLL;
- iii. Detailed strategies designed to achieve and sustain earnings;

- iv. Detailed strategies to stress-test and adjust earnings forecasts based on continuing operating results, economic conditions and credit quality of the loan portfolio; and
- v. Detailed pro forma balance sheets and income statements for a rolling three-year period on a quarterly basis beginning with January 1, 2009.

b. By April 30, 2009, the Board shall forward a copy of the revised Business Plan to the Regional Director for review and comment. The Board shall revise the Business Plan within thirty (30) days of receiving the Regional Director's comments, if any, and implement the Business Plan immediately thereafter. The Board shall send a copy of the final Business Plan approved by the Board to the Regional Director within five (5) days of Board approval.

c. On a quarterly basis, beginning with the first quarter following the receipt of the Regional Director's comments on or non-objection to the Business Plan, the Board shall compare projected operating results contained within the Business Plan to actual results (Quarterly Business Plan Variance Report). As part of the variance analysis required pursuant to this subparagraph, the Board shall determine if there are material deviations between the projections contained in the Business Plan and actual results and prepare a written report describing any material deviations between the projections contained in the Business Plan and actual results.

d. Within forty-five (45) days of the close of each quarter, the Board shall provide the Regional Director with a copy of the Quarterly Business Plan Variance Report required by this paragraph.

Affiliate Transactions Restrictions

10. a. Effective immediately, the Board shall finalize a written agreement governing all cost-sharing transactions between the Association and its affiliates (Intercompany Cost-Sharing Agreement), including but not limited to the following items:

- i. A requirement that affiliates promptly pay the Association the fair market cost of using the Association's premises or other property, equipment and/or personnel, which shall not be less than the cost to the Association of each such item or expense;
- ii. A requirement that the Association pay no more than the fair market cost of using an affiliate's premises or other property, equipment and/or personnel; and
- iii. A requirement that the Association's Board no less than annually approves the Intercompany Cost-Sharing Agreement.

b. By April 30, 2009, the Board shall forward a copy of the Intercompany Cost-Sharing Agreement to the Regional Director for review and comment. The Board shall revise the Intercompany Cost-Sharing Agreement within ten (10) days of receiving the Regional Director's comments, if any, and implement the Agreement immediately thereafter. The Board shall send a copy of the final Intercompany Cost-Sharing Agreement approved by the Board to the Regional Director within five (5) days of Board approval.

c. The Association may not engage in transactions with any affiliate without the prior written non-objection of the Regional Director, except: (i) exempt transactions under 12 CFR Part 223; and (ii) intercompany cost-sharing transactions identified in the final Intercompany Cost-Sharing Agreement implemented in compliance with subparagraphs 10 (a) and (b) above. The Association shall provide advance written notice to the Regional Director of any proposed affiliate transaction that includes a full description of the transaction.

Fair Lending Compliance Program

11. a. Within sixty (60) days, the Board shall adopt a written Fair Lending Compliance Program for the Association. The Fair Lending Compliance Program shall require fair lending

detective controls for loans originated and purchased, appropriate management information systems, quality or compliance reviews, audits, self-testing of specific product lines, regression analysis, statistical modeling, and as appropriate, comparative file reviews. The Fair Lending Compliance Program shall be designed to ensure compliance with the Equal Credit Opportunity Act, 15 USC § 1601 et seq. and its implementing regulations at Regulation B of the Board of Governors of the Federal Reserve System, 12 CFR Part 202, the Fair Housing Act, 42 USC § 3601 et seq. and its implementing regulations at 24 CFR Part 100, and the OTS Nondiscrimination Regulation, 12 CFR Part 528.

b. Within five (5) days of Board approval, the Board shall forward a copy of the Fair Lending Compliance Program to the Regional Director for review and comment. The Board shall revise the Program within ten (10) days of receiving the Regional Director's comments, if any, and implement the revised Fair Lending Compliance Program immediately thereafter. The Board shall send a copy of the final Fair Lending Compliance Program policy approved by the Board to the Regional Director within five (5) days of Board approval.

Restriction on Asset Growth

12. Effective immediately, without the prior written approval of the Regional Director and consistent with the requirements and provisions of OTS Regulatory Bulletin 3b, the Association may not increase its total assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the quarter until such time as new growth projections are approved in the Business Plan in compliance with paragraph 9 above.

Notice of Change of Director or Senior Executive Officer

13. The Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers set forth in 12 CFR Part 563, Subpart H. Specifically, the

Association must notify OTS at least thirty (30) days before adding or replacing any member of its Board, employing any person as a Senior Executive Officer, or changing the responsibilities of any Senior Executive Officer so that the person would assume a different Senior Executive Officer position.

Golden Parachute Restrictions

14. The Association shall not make any golden parachute payment, as that term is defined in 12 CFR § 359.1(f), or any prohibited indemnification payment, as that term is defined in 12 CFR § 359.1(l), unless, with respect to each such payment, the Association has complied with the requirements of 12 CFR Part 359 and, as to indemnification payments, 12 CFR § 545.121.

Notice of Contractual Arrangements Involving Compensation

15. The Association shall not enter into, renew, extend or revise any contractual arrangement related to compensation or benefits with any director or Senior Executive Officer of the Association, unless it first: (a) provides a minimum of thirty (30) days advance notice of the proposed transaction to the Regional Director; and (b) receives a written notice of non-objection from OTS pursuant to OTS Regulatory Bulletin 27b and OTS Examination Handbook § 310. The Association's notice to the Regional Director shall include a copy of the proposed employment contract or compensation arrangement, or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement, or arrangement submitted to OTS fully complies with the requirements of 12 CFR Part 359, 12 CFR §§ 563.39 and 563.161(b), and 12 CFR Part 570-Appendix A.

Contracts Outside of the Normal Course of Business

16. The Association and its subsidiaries shall not enter into any third-party contracts outside of the normal course of business without prior written non-objection of OTS. To seek such non-objection, the Association shall provide thirty (30) days advance written notice to the Regional Director of any such proposed contract. At a minimum, such notice shall set forth the Association's reasons for seeking the contract and shall transmit a copy of the proposed contract pursuant to OTS Thrift Bulletin 82a and OTS Examination Handbook § 310.

Dividend Restriction

17. The Association and its subsidiaries shall not declare or pay a dividend or make any other capital distribution, as that term is defined in 12 CFR § 563.141, without receiving the prior written approval of the Regional Director. The Association's written request for approval shall be submitted at least thirty (30) days prior to the proposed date of dividend declaration or payment.

Brokered Deposits and Interest Rate Restrictions

18. As of the Effective Date, the Association shall not accept brokered deposits except in compliance with 12 CFR § 337.6(b)(2) without obtaining prior written approval of the Federal Deposit Insurance Corporation (FDIC). The Association shall comply with the interest rate restrictions contained in 12 CFR § 337.6. The Association shall provide the Regional Director with (a) a copy of any waiver request from the Association to the FDIC and (b) a copy of the response received from the FDIC to any request for such waiver from the Association.

Effective Date, Incorporation of Stipulation

19. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration

20. This Order shall remain in effect until terminated, modified or suspended, by written notice of such action by OTS, acting by and through its authorized representatives.

Time Calculations

21. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

22. The Regional Director may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices

23. All submissions, including progress reports, to OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

24. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- a. **To OTS:**
Thomas A. Barnes, Regional Director
Office of Thrift Supervision
One South Wacker Drive, Suite 2000
Chicago, Illinois 60606
Facsimile: (312) 917-5002

- b. **To the Association:**
Douglas S. Levy, President & Chief Executive Officer
Guaranty Bank
4000 West Brown Deer Road
Milwaukee, Wisconsin 53209-1121
Facsimile: (414) 355-1610

No Violations Authorized

25. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____/s/_____
Thomas A. Barnes
Regional Director, Central Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

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In the Matter of)	Order No.: CN 09-05
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GUARANTY BANK)	Effective Date: March 11, 2009
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Milwaukee, Wisconsin)	
OTS Docket No. 17936)	
_____)	

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Central Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed **GUARANTY BANK**, Milwaukee, Wisconsin, OTS Docket No. 17936 (Association) that OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 USC § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraph 1 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

1. Jurisdiction

- a. The Association is a “savings association” within the meaning of 12 USC § 1813(b) and 12 USC § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 USC § 1813(c); and
- b. Pursuant to 12 USC § 1813(q), the Director of OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 USC § 1818(b).

2. OTS Findings of Fact

Based upon the July 7, 2008 OTS comprehensive examination of the Association, OTS finds that the Association has engaged in unsafe and unsound banking practices that precipitates diminished capital levels, poor earnings, a high level of classified assets, and inadequate policies and procedures.

3. Consent

The Association consents to the issuance by OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

4. Finality

The Order is issued by OTS under 12 USC § 1818(b) and upon the Effective Date it shall be a final order, effective and fully enforceable by OTS under the provisions of 12 USC § 1818(i).

5. Waivers

The Association waives the following:

- a. The right to be served with a written notice of OTS's charges against it as provided by 12 USC § 1818(b) and 12 CFR Part 509;
- b. The right to an administrative hearing of OTS's charges as provided by 12 USC § 1818(b) and 12 CFR Part 509;
- c. The right to seek judicial review of the Order, including, without limitation, any such right provided by 12 USC § 1818(h), or otherwise to challenge the validity of the Order; and
- d. Any and all claims against OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes or otherwise.

6. OTS Authority Not Affected

Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar or otherwise prevent OTS from taking any other action affecting the Association if at any time OTS deems it appropriate to do so to fulfill the responsibilities placed upon OTS by law.

7. Other Governmental Actions Not Affected

The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 6 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than OTS.

8. Miscellaneous

- a. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order;
- b. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise;
- c. All references to OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;
- d. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order;
- e. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters; and
- f. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by OTS, acting through its Regional Director or other authorized representative.

9. Signature of Directors/Board Resolution

- a. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation.

b. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting.

WHEREFORE, the Association, by its directors, executes this Stipulation.

**GUARANTY BANK
Milwaukee, Wisconsin**

By: _____ /s/
Gerald J. Levy
Chairman

_____/s/
Michael Bamberger, Director

_____/s/
Jill Levy Belconis, Director

_____/s/
Peter S. Grossman, Director

_____/s/
Charles M. Hill, Sr., Director

_____/s/
Douglas S. Levy, Director

_____/s/s
Victoria Husted Medvec, Director

_____/s/
Wendy Selig Prieb, Director

_____/s/
Bruce W. Wynn, Director

Accepted by:

OFFICE OF THRIFT SUPERVISION

By: _____ /s/
Thomas A. Barnes
Regional Director, Central Region

Date: See Effective Date on page 1