

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

In the Matter of	)	Order No.: CN 09-31
	)	
<b>SECOND FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHICAGO</b>	)	Effective Date: October 13, 2009
	)	
Chicago, Illinois	)	
OTS Docket No. 00679	)	

**AMENDED ORDER TO CEASE AND DESIST**

**WHEREAS, SECOND FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHICAGO**, Chicago, Illinois, OTS Docket No. 00679 (Association), by and through its Board of Directors (Board) has executed a Stipulation and Consent to Issuance of Amended Order to Cease and Desist (Stipulation); and

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

**WHEREAS**, pursuant to delegated authority, the OTS Regional Director for the Central Region (Regional Director), is authorized to issue amended orders to cease and desist where a savings association has consented to the issuance of an amended order.

**NOW, THEREFORE, IT IS ORDERED that:**

### **Compliance with Laws, Rules, and Regulations.**

1. The Association and its institution-affiliated parties, as that term is defined in 12 U.S.C. § 1813(u), and its successors and assigns shall cease and desist from all unsafe or unsound practices, including operating with an inadequate level of capital protection for the volume, type and quality of assets held by the Association.

### **Amendment of Existing Order.**

2. This Amended Order supplements and amends OTS Order No. CN 09-09, previously issued by the OTS against the Association on March 23, 2009, and which remains in full force and effect. OTS Order No. CN 09-09 is amended by the addition of the following:

#### **Capital.**

25. (a) Effective immediately, the Association shall maintain: (i) a Tier 1 (Core) Capital Ratio of at least seven percent (7 %); and (ii) a Total Risk-Based Capital Ratio of at least eleven percent (11%) after the funding of an adequate Allowance for Loan and Lease Losses (ALLL).

(b) By March 31, 2010, the Association shall meet 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 the funding of an adequate Allowance for Loan and Lease Losses (ALLL).

(c) The requirement in subparagraph (b) above to meet and maintain a specific capital level means that the Association may not be deemed to be “well-capitalized” for purposes of 12 U.S.C. §1831o and 12 C.F.R. Part 565, pursuant to 12 C.F.R. § 565.4(b)(1)(iv).

26. (a) In the event the Association does not meet the capital ratios required by

Subparagraphs 25(a) or (b) above or at any time when requested in writing by the Regional Director, the Board shall prepare and submit within fifteen (15) days a Contingency Plan acceptable to the Regional Director.

(b) The Contingency Plan required by this Paragraph 26 shall detail the actions to be taken, with specific time frames, to achieve one of the following results within sixty (60) days after implementation of the Contingency Plan: (i) merger with or acquisition by another federally insured depository institution or holding company thereof; or (ii) voluntary liquidation by filing an appropriate application with the OTS in conformity with federal laws and regulations. The Contingency Plan shall be implemented by the Association immediately upon notification by the Regional Director to implement the Contingency Plan.

(c) By the first (1st) and fifteenth (15th) day of each month following implementation of the Contingency Plan, the Association shall provide a written status report (Contingency Plan Status Report) to the Regional Director detailing the Association's actions taken and progress in executing the Contingency Plan. The Contingency Plan Status Report shall discuss and include documents regarding any contacts with investment bankers, due diligence efforts, offers relating to an acquisition or a merger, the execution of a letter of intent or an agreement relating to the acquisition or merger of the Association, and/or the termination of negotiations with a potential acquirer.

**Brokered Deposits.**

27. The Association shall comply with the requirements of 12 C.F.R. § 337.6(b)(2) and shall not, without obtaining the prior written waiver of the FDIC pursuant to 12

C.F.R. § 337.6(c): (i) accept, renew or roll over any brokered deposit, as that term is defined at 12 C.F.R § 337.6(a)(2); or (ii) act as a deposit broker, as that term is defined at 12 C.F.R. § 337.6(a)(5).

**Effective Date of Amended Order, Incorporation of Stipulation.**

3. This Amended 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.

**IT IS SO ORDERED.**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_ /s/  
Daniel T. McKee, Regional Director  
Central Region

Date: See Effective Date on page 1

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

In the Matter of	)	Order No.: CN 09-31
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<b>SECOND FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHICAGO</b>	)	Effective Date: October 13, 2009
	)	
Chicago, Illinois	)	
OTS Docket No. 00679	)	
	)	

**STIPULATION AND CONSENT TO ISSUANCE OF  
AMENDED 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) issued an Order to Cease and Desist (OTS Order No. CN 09-09) (Order) against **SECOND FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHICAGO**, Chicago, Illinois, OTS Docket No. 00679 (Association) pursuant to 12 U.S.C. § 1818(b) that became effective on March 23, 2009 (Order);

**WHEREAS**, the Regional Director, pursuant to delegated authority, is authorized to amend the Order where the Association has consented to the issuance of an amended order to cease and desist; and

**WHEREAS**, the Association desires to cooperate with the OTS to avoid the time and expense of an administrative cease and desist proceeding by entering into this Stipulation and Consent to Issuance of Amended Order to Cease and Desist (Stipulation) and, without admitting

or denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

**Jurisdiction.**

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c); and

2. Pursuant to 12 U.S.C. § 1813(q), the Director of the 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 the OTS to initiate and maintain an administrative cease-and-desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

**OTS Findings of Fact.**

3. Based upon the May 11, 2009 limited examination of the Association, the OTS finds the Association is currently engaged in unsafe or unsound practices, including operating with an inadequate level of capital protection for the volume, type and quality of assets held by the Association.

**Consent.**

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

**Finality.**

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

**Waivers.**

6. The Association waives the following:

(a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;

(b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;

(c) the right to seek judicial review of the Amended Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Amended Order; and

(d) any and all claims against the 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 Amended Order, whether arising under common law, federal statutes or otherwise.

**OTS Authority Not Affected.**

7. Nothing in this Stipulation or accompanying Amended Order shall inhibit, estop, bar or otherwise prevent the 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 the OTS by law.

**Other Governmental Actions Not Affected.**

8. The Association acknowledges and agrees that its consent to the issuance of the

Amended Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 7 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 the OTS.

**Miscellaneous.**

9. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Amended Order.

10. If any provision of this Stipulation and/or the Amended 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.

11. All references to the OTS in this Stipulation and the Amended Order shall also mean any of the OTS's predecessors, successors, and assigns.

12. The section and paragraph headings in this Stipulation and the Amended Order are for convenience only and shall not affect the interpretation of this Stipulation or the Amended Order.

13. The terms of this Stipulation and of the Amended 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.

14. The Stipulation and Amended Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

**Signature of Directors/Board Resolution.**

15. 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 Amended Order and the execution of the Stipulation. 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.

**SECOND FEDERAL SAVINGS AND  
LOAN ASSOCIATION OF CHICAGO  
Chicago, Illinois**

**OFFICE OF THRIFT SUPERVISION**

\_\_\_\_\_/s/  
Mark T. Doyle, Director

By: \_\_\_\_\_/s/  
Daniel T. McKee, Regional Director  
Central Region

\_\_\_\_\_/s/  
W. Steven Gross, Director

Date: See Effective Date on page 1

\_\_\_\_\_/s/  
Constance H. Lara, Director

\_\_\_\_\_/s/  
Charles E. Shomo, IV, Director

\_\_\_\_\_/s/  
Nadine S. Simko, Director

\_\_\_\_\_/s/  
William W. Thorsness, Director

\_\_\_\_\_/s/  
Dr. Frank Yanez, Director