

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: CN 10-20
)	
CENTURY BANK)	Effective Date: May 24, 2010
)	
Parma, Ohio)	
OTS Docket No. 01420)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, Century Bank, Parma, Ohio, OTS Docket No. 01420 (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 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 Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. The Association and its directors, officers, and employees shall cease and desist from any action (alone or with others) for or toward, causing, bringing about, participating in, counseling,

or aiding and abetting the unsafe or unsound practices that resulted in the Association operating with: (a) an excessive level of adversely classified and delinquent loans, (b) an inadequate level of capital protection for the volume, type and quality of assets held by the Association, and (c) inadequate earnings to fund growth and augment capital as described in the OTS Report of Examination of the Association dated January 4, 2010 (2010 ROE).

Capital.

2. By September 30, 2010, the Association shall have and maintain: a Tier 1 (Core) Capital Ratio equal to or greater than eight percent (8%); and a Total Risk-Based Capital Ratio equal to or greater than twelve percent (12%).¹

Capital Plan.

3. (a) By July 31, 2010, the Association shall submit a written plan for the period beginning September 30, 2010 and ending December 31, 2012 to have and maintain the Association's capital at the levels prescribed in Paragraph 2 (Capital Plan) that is acceptable to the Regional Director. At a minimum, the Capital Plan shall:

- (i) identify the specific sources of additional capital and the timeframes and methods by which additional capital will be raised, including specific target dates and corresponding capital levels;
- (ii) detail the Association's capital preservation and enhancement strategies with specific narrative goals;
- (iii) address the requirements and restrictions imposed by this Order relating to capital under two (2) different forward-looking scenarios involving progressively

¹ The requirement in Paragraph 2 to have 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).

stressed economic environments; and

(iv) include detailed quarterly financial projections, including Tier 1 (Core) and Total Risk-Based Capital Ratios, for the period beginning September 30, 2010 and ending December 31, 2012.

(b) Upon receipt of written notification from the Regional Director that the Capital Plan is acceptable, the Association shall implement and adhere to the Capital Plan. A copy of the Capital Plan shall be provided to the Regional Director within five (5) days after Board approval.

(c) Within thirty (30) days after the end of each month, beginning with September 30, 2010, the Board shall review the Association's compliance with the Capital Plan. At a minimum, the Board's review shall include:

- (i) a comparison of actual operating results to projected results;
- (ii) detailed explanations of any material deviations;² and
- (iii) a discussion of specific corrective actions or measures that have been or will be implemented to address each material deviation.

Contingency Plan.

4. (a) Within fifteen (15) days after: (i) the Association fails to meet the capital requirements prescribed in Paragraph 2; (ii) the Association fails to comply with the Capital Plan prescribed in Paragraph 3; or (iii) any written request from the Regional Director, the Association shall submit a written Contingency Plan that is acceptable to the Regional Director.

² A deviation shall be considered material under this Paragraph of the Order when the Association determines that it needs to adjust its identified sources of additional capital, timeframes, methods, or target dates by which it will raise capital.

(b) The Contingency Plan shall detail the actions to be taken, with specific time frames, to achieve one of the following results by the later of the date of receipt of all required regulatory approvals or sixty (60) days after the implementation of the Contingency Plan: (i) merger with, or acquisition by, another federally insured depository institution or holding company thereof; or (ii) voluntary dissolution by filing an appropriate application with the OTS in conformity with applicable laws, regulations and regulatory guidance.

(c) Upon receipt of written notification from the Regional Director, the Association shall implement and adhere to the Contingency Plan immediately. The Association shall provide the Regional Director with written status reports detailing the Association's progress in implementing the Contingency Plan by no later than the first (1st) and fifteenth (15th) of each month following implementation of the Contingency Plan.

Asset Quality.

5. (a) By June 30, 2010, the Association shall develop an individual written specific workout plan for each adversely classified asset and asset designated as special mention (Criticized Asset) or group of such Criticized Assets to any one borrower or loan relationship of three hundred fifty thousand dollars (\$350,000) or greater (collectively, Asset Workout Plans).

(b) Within forty-five (45) days after the end of each quarter, beginning with the quarter ending June 30, 2010, the Association shall submit a quarterly written asset status report (Quarterly Asset Report) to the Board. The Board's review of the Quarterly Asset Report shall be documented in the Board meeting minutes. The Quarterly Asset Report shall include, at a minimum:

- (i) the current status of all Asset Workout Plans;
 - (ii) a comparison of classified assets to Tier 1 (Core) capital plus allowance for loan and lease losses (ALLL);
 - (iii) a comparison of Criticized Assets to Tier 1 (Core) capital plus ALLL;
 - (iv) a comparison of classified assets and Criticized Assets at the current quarter end with the preceding quarter;
 - (v) a breakdown of Criticized Assets by type and risk factor;
 - (vi) a discussion of the actions taken during the preceding quarter to reduce the Association's level of Criticized Assets; and
 - (vii) any recommended revisions or updates to the Asset Workout Plans.
- (c) Within forty-five (45) days after the end of each quarter, a copy of the Quarterly Asset Report shall be provided to the Regional Director.

Allowance for Loan and Lease Losses.

6. By June 30, 2010, the Association shall revise its policies, procedures, and methodology relating to the timely establishment and maintenance of loan loss provisions (ALLL Policy) to ensure that it addresses all corrective actions set forth in the 2010 ROE relating to ALLL. The ALLL Policy shall comply with applicable laws, regulations, and regulatory guidance.

Loan Modifications.

7. By June 30, 2010, the Association shall revise its loan modification policy (Loan Modification Policy) to ensure that it addresses all corrective actions contained in the 2010 ROE concerning loan extensions and modifications. The Loan Modification Policy shall conform to all applicable laws, regulations and regulatory guidance.

Internal Asset Review.

8. By June 30, 2010, the Association shall revise its written internal asset review and classification program (IAR Program) to address all corrective actions set forth in the 2010 ROE relating to internal asset review and classification. The Association's IAR Program shall comply with all applicable laws, regulations and regulatory guidance and provide for the appointment of a qualified and independent party by the Board to conduct, at a minimum, semi-annual reviews of the Association's nonhomogeneous loan portfolio and assessments of the Association's internal asset review process.

Concentrations of Credit.

9. (a) By June 30, 2010, the Association shall revise its written policy for identifying, monitoring, and controlling risks associated with concentrations of credit (Credit Concentration Policy) to ensure that it addresses all corrective actions set forth in the 2010 ROE relating to concentrations of credit. The Credit Concentration Policy shall comply with all applicable laws, regulations and regulatory guidance and establish comprehensive concentration limits expressed as a percentage of Tier 1 (Core) Capital plus ALLL based on the Association's risk profile.

(b) Immediately after Board approval of the Association's revised Credit Concentration Policy, the Association shall implement and adhere to the Credit Concentration Policy. A copy of the Credit Concentration Policy shall be provided to the Regional Director within five (5) days of adoption by the Board.

Business Plan.

10. (a) By July 31, 2010, the Association shall submit to the Regional Director an updated business plan for the period beginning September 30, 2010 through

December 31, 2012 (Business Plan) that is acceptable to the Regional Director. The Business Plan shall take into consideration the requirements of this Order and address all corrective actions set forth in the 2010 ROE. In addition, the Business Plan shall include, at a minimum:

- (i) well supported operating strategies to achieve increased core deposits, realistic core earnings, and net income levels, which will result in consistent profitability throughout the term of the Business Plan;
- (ii) detailed quarterly financial projections (balance sheet, income statement, and statement of cash flows), including Tier 1 (Core) and Total Risk-Based Capital Ratios, for the period beginning September 30, 2010 and ending December 31, 2012;
- (iii) strategies to stress test and adjust earnings forecast based on operating results and economic conditions; and
- (iv) detailed assumptions used for all financial projections such as:
the assumed interest rate scenarios; assumptions used for noninterest income and noninterest expense; assumptions used to determine disposition of real estate owned (REO); assumptions used to determine the ALLL; assumptions for loan origination rates, using recent experience and taking into consideration current national and regional economic conditions; and assumptions supporting the cost of funds projections.

(b) Upon receipt of written notification from the Regional Director that the Business Plan is acceptable, the Association shall implement the Business Plan. A copy of the Business Plan shall be provided to the Regional Director within five (5) days after Board

approval.

(c) Once the Business Plan is implemented, the Association shall operate within the parameters of its Business Plan. Any proposed material deviations³ from or changes to the Business Plan shall be submitted for the prior, written non-objection of the Regional Director. Requests for any material deviations or changes must be submitted at least sixty (60) days before a proposed change is implemented.

(d) By December 31, 2011, and each December 31st thereafter while this Order is effective, the Business Plan shall be updated and submitted to the Regional Director pursuant to this Paragraph 10 incorporating the Association's budget plan and profit projections for the next two (2) fiscal years taking into account any revisions to the Association's loan, investment and operating policies.

11. (a) Within forty-five (45) days after the close of each quarter, beginning with the quarter ending December 31, 2010, the Board shall review written quarterly variance reports on the Association's compliance with its Business Plan (Variance Reports). The Board's review of Variance Reports and compliance with the Business Plan shall include the internal and external risks affecting the Association's ability to successfully implement the Business Plan. The minutes of the Board meeting shall fully document the Board's review and discussion. The Variance Reports shall:

- (i) identify variances in the Association's actual performance during the preceding quarter as compared to the projections set forth in the Business Plan;
- (ii) contain an analysis and explanation of identified variances; and

³ A deviation shall be considered material under this Paragraph when the Association: (a) engages in any activity, line of business, or operation that is inconsistent with the Business Plan; (b) exceeds the level of any activity or growth contemplated in the Business and Capital Plan by more than ten percent (10%); or (c) falls below or fails to meet the target amounts established in the Business Plan by more than ten percent (10%).

(iii) discuss the specific measures taken or to be taken by the Association to address identified variances.

(b) Within forty-five (45) days after the end of each quarter, beginning with the quarter ending December 31, 2010, the Board shall provide the Regional Director with a copy of the Variance Report required by this Paragraph.

Liquidity.

12. By June 30, 2010, the Association shall revise its Contingency Funding Plan, as needed, to address the comments in the 2010 ROE and incorporate the applicable regulatory guidance contained in OTS CEO Memo No. 342 regarding Contingency Funding Plans.

Information Technology Controls.

13. By July 31, 2010, the Association shall revise its policies and procedures relating to the Association's information technology audit program (IT Audit Program) to ensure that it addresses all corrective actions set forth in the 2010 ROE relating to the IT Audit program. The IT Audit program shall comply with applicable laws, regulations, and regulatory guidance and require both internal and external audits of the Association's IT systems. The Board shall approve the audit program revisions and document such approval in the minutes of its meetings. The Association's internal audit program shall be coordinated with and complement its external audit program to ensure that all information technology related areas are reviewed on a regular, periodic basis. The periodic basis upon which each of the IT areas is reviewed shall be based upon a risk assessment methodology that ranks the risk areas and establishes a periodic IT audit schedule consistent with the risk rankings. Audit findings shall be tracked until appropriate corrective action has been implemented in a tracking report that includes the name of the person responsible for each audit finding and the target date of completion.

Brokered Deposits and Interest Rate Restriction.

14. Effective immediately, the Association shall comply with the requirements of 12 C.F.R. § 337.6(b).

Growth.

15. Effective immediately, the Association shall not increase its total assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the prior quarter without the prior written non-objection of the Regional Director. The growth restriction imposed by this Paragraph shall remain in effect until the Regional Director reviews and approves the Association's Business Plan as required under Paragraph 10 of this Order.

Golden Parachute Payments.

16. Effective immediately, the Association shall not make any golden parachute payment⁴ unless, with respect to such payment, the Association has complied with the requirements of 12 C.F.R. Part 359.

Directorate and Management Changes.

17. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers⁵ set forth in 12 C.F.R. Part 563, Subpart H.

Employment Contracts and Compensation Arrangements.

18. Effective immediately, the Association shall not enter into any new contractual arrangement or renew, extend, or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides the Regional Director with not less than thirty (30) days prior written notice of the proposed

⁴ The term "golden parachute payment" is defined at 12 C.F.R. § 359.1(f).

⁵ The term "Senior Executive Officer" is defined at 12 C.F.R. § 563.555.

transaction. The 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 Senior Executive Officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement, or arrangement submitted to the Regional Director fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A.

Third Party Contracts.

19. Effective immediately, the Association shall not enter into any arrangement or contract with a third party service provider that is significant to the overall operation or financial condition of the Association⁶ or outside the Association’s normal course of business unless, with respect to each such contract, the Association has: (a) provided the Regional Director with a minimum of thirty (30) days prior written notice of such arrangement or contract; (b) determined that the arrangement or contract complies with the standards and guidelines set forth in OTS Thrift Bulletin 82a; and (c) received written notice of non-objection from the Regional Director.

Effective Date, Incorporation of Stipulation.

20. 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.

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

⁶ A contract will be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two percent (2%) of the Association’s total capital, where there is a foreign service provider, or where it involves information technology that is critical to the Association’s daily operations without regard to the contract amount.

Time Calculations.

22. 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.

23. The Regional Director or an OTS authorized representative 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.

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

25. 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 the OTS:**

Regional Director
Office of Thrift Supervision
One South Wacker Drive, Suite 2000
Chicago, Illinois 60606
Facsimile: (312) 917-5001

(b) **To the Association:**

Chief Executive Officer
Century Bank
1640 Snow Road
Parma, Ohio 44134-2719
Facsimile: (216) 351-2285

No Violations Authorized.

26. 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/

Daniel T. McKee
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 10-20
)	
CENTURY BANK)	Effective Date: May 24, 2010
)	
Parma, Ohio)	
OTS Docket No. 01420)	
_____)	

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 Century Bank, Parma, Ohio, OTS Docket No. 01420 (Association) that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 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 the 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 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).

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 on a comprehensive examination of the Association, the OTS finds that the Association has engaged in unsafe or unsound banking practices, including operating with: an excessive level of adversely classified and delinquent loans; an inadequate level of capital protection for the volume, type and quality of assets held by the Association; and inadequate earnings to fund growth and augment capital as described in the OTS Report of Examination of the Association dated January 4, 2010.

Consent.

4. The Association consents to the issuance by the 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.

Finality.

5. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order 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 Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the 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 Order, whether arising under common law, federal statutes or otherwise.

OTS Authority Not Affected.

7. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the 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 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 Order.

10. 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.

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

12. 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.

13. 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.

14. The Stipulation and 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 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.

**CENTURY BANK
Parma, Ohio**

Accepted by:
Office of Thrift Supervision

_____/s/
Volodymyr O. Bazarko, Chairman

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

_____/s/
Jeffrey J. Calabrese, Director

Date: See Effective Date on page 1

_____/s/
Walter Koshkalda, Director

_____/s/
Austin J. Mulhern, Director

_____/s/
Ronald P. Pribish, Director

_____/s/
John M. Surso, MD, Director

_____/s/
Rosemary Vidmar, Director