

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	Order No.: NE-10-25
)	
)	
HOME LOAN INVESTMENT)	Effective Date: October 6, 2010
BANK, F.S.B.)	
)	
Warwick, Rhode Island)	
OTS Docket No. 12504)	

AMENDED ORDER TO CEASE AND DESIST

WHEREAS, Home Loan Investment Bank, F.S.B., Warwick, Rhode Island, OTS Docket No. 12504 (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 Northeast 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 directors, officers, and employees shall cease and desist from all unsafe or unsound practices, and/or violations of law or regulation, and/or conditions imposed in

writing addressed in: (a) the OTS Report of Examination dated November 24, 2008 (2008 ROE), which led to the issuance by the OTS of an order to cease and desist, OTS Order No. NE-09-22, against the Association on August 18, 2009 (Order); and (b) the OTS Report of Examination dated September 14, 2009 (2009 ROE).

Amendment of Existing Order.

2. This Amended Order amends the Order (OTS Order No. NE-09-22), which was previously issued by the OTS against the Association on August 18, 2009, and which remains in full force and effect. The Order (OTS Order No. NE-09-22) is hereby amended by replacement of the existing Paragraph 2(d) with the following paragraphs 2(d) and (e):

Capital Plan.

2. *The Capital Plan shall:*

(d) *require the Association to have and maintain¹ the quarterly Regulatory Capital Ratios projected and specified in the Capital Plan dated December 7, 2009; and*

(e) *provide for a Contingency Plan, acceptable to the Regional Director that shall be implemented within thirty (30) days after:*

(i) *the Association fails to meet the projected Regulatory Capital Ratios for two consecutive quarters; or*

(ii) *any written request from the Regional Director.*

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

¹ The requirement in Paragraph 2(d) 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).

all required regulatory approvals or sixty (60) days after the implementation of the Contingency Plan: (A) merger with, or acquisition by, another federally insured depository institution or holding company thereof; or (B) voluntary dissolution by filing an appropriate application with the OTS in conformity with applicable laws, regulations and regulatory guidance. 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.

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/_____
Michael E. Finn
Regional Director
Northeast Region

Date: See Effective Date on page 1

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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 Northeast Region (Regional Director), issued an Order to Cease and Desist (OTS Order No. NE-09-22) (Order) against Home Loan Investment Bank, F.S.B., Warwick, Rhode Island, OTS Docket No. 12504 (Association), pursuant to 12 U.S.C. § 1818(b), that became effective on August 18, 2009; and

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to modify 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).
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 its regulatory oversight of the Association, the OTS finds that the Association has engaged in unsafe or unsound banking practices, and/or violations of law or regulation, and/or conditions imposed in writing as addressed in: (a) the OTS Report of Examination dated November 24, 2008 (2008 ROE), which led to the issuance by the OTS of an order to cease and desist, OTS Order No. NE-09-22, against the Association on August 18, 2009 (Order); and (b) the OTS Report of examination dated September 14, 2009 (2009 ROE).

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 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 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.

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

**HOME LOAN INVESTMENT
BANK, F.S.B.
Warwick, Rhode Island**

_____/s/_____
Lawrence E. Brown, Jr.

_____/s/_____
Stephen J. Carlotti

_____/s/_____
Alfred J. Corso

_____/s/_____
John R. Galvin

_____/s/_____
Michael E. Kelly

_____/s/_____
Brian J. Murphy

_____/s/_____
John M. Murphy

_____/s/_____
Joseph Scanlon

_____/s/_____
Dennis Walsh

OFFICE OF THRIFT SUPERVISION

By: _____/s/_____
Michael E. Finn, Regional Director
Northeast Region

Date: See Effective Date on page 1