

AGREEMENT BY AND BETWEEN
Central Federal Savings and Loan of Chicago
Chicago, IL
and
The Comptroller of the Currency

Central Federal Savings and Loan of Chicago, Chicago, IL (Bank) and the Comptroller of the Currency of the United States of America (Comptroller) wish to protect the interests of the depositors and other customers of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller, through his authorized representatives, has examined the Bank, and has found unsafe or unsound banking practices related to credit and liquidity risk management.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (Board), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the Articles of this Agreement.

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 163.555. See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “final order” within the meaning of 12 U.S.C. § 1818(u).

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to:

Assistant Deputy Comptroller
Chicago North Field Office
1700 East Golf Road, Suite 800
Schaumburg, IL 60173

ARTICLE II

RISK RATING AND NONACCRUAL DESIGNATION

(1) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure adherence to a written program to ensure that the risk associated with the Bank’s loans and other assets is properly reflected and accounted for on the Bank’s books and records and the Bank does not improperly recognize income. At a minimum, the Bank’s written program shall:

- (a) use a risk grading system that is consistent with and reconcilable to the Uniform Agreement on the Classification of Assets and Appraisal of Securities Held By Banks and Thrifts (revised June 15, 2004) and the Interagency Uniform Retail Credit Classification and Account Management Policy, where applicable;
- (b) be consistent with the guidelines set forth in the “Rating Credit Risk” Booklet, A-RCR, of the Comptroller’s Handbook, and revised as necessary to ensure compliance with any applicable successor regulation or guidance related to credit risk rating as specified by the Comptroller;

- (c) incorporate a process to ensure risk ratings are assigned by lending officers on a timely basis and are accurate based on receipt and analysis of current and satisfactory financial and collateral information;
- (d) incorporate a process to ensure the Bank's loans and other assets are timely placed on nonaccrual where appropriate in accordance with the Instructions for Consolidated Reports of Income and Condition ("Call Report Instructions");
- (e) require that appropriate analysis and documentation is maintained in the credit files to support the current and previous risk rating and accrual determination for each credit relationship; and
- (f) incorporate management information systems that periodically provide feedback to the Board about the effectiveness of the program from senior management and the individual lending officers.

ARTICLE III

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses ("ALLL") in accordance with U.S. generally accepted accounting principles ("GAAP"). The ALLL policies and procedures shall be consistent with the guidance set forth in the FFIEC's "Interagency Policy Statement on the Allowance for Loan and Lease Losses" dated December 13, 2006 (OCC Bulletin 2006-47) ("Interagency Statement") and shall at a minimum include:

- (a) procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with GAAP (including FASB ASC 310-10, *Receivables - Overall - Subsequent Measurement – Impairment*);
- (b) procedures for segmenting the loan portfolio and estimating loss on groups of loans that are consistent with GAAP (including FASB ASC 450-20, *Loss Contingencies*). These procedures shall require the Bank to document its estimation of credit losses and its analysis of the nine qualitative factors set forth in the Interagency Statement;
- (c) procedures for validating the ALLL methodology;
- (d) a process for summarizing and documenting, for the Board’s prior review and approval, the amount to be reported in the Consolidated Reports of Condition and Income (“Call Reports”) for the ALLL.

(2) Within sixty (60) days the Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures to ensure that all official and regulatory reports filed by the Bank accurately reflect an adequate ALLL balance as of the date that such reports are submitted. Any difference between the ALLL balance as determined by the analysis required by this Article and the Bank’s actual ALLL balance shall be remedied through appropriate account adjustments in the quarter it is discovered, prior to the filing of the Call Reports.

ARTICLE IV

INDEPENDENT LOAN REVIEW

(1) Within ninety (90) days, the Board shall establish, implement, and thereafter ensure Bank adherence to an effective, independent and on-going loan review program to review, at least semi-annually, the Bank’s loan and lease portfolios to assure the timely and

accurate risk rating of credits and the identification of credit information, collateral documentation, and policy exceptions. The Bank's program shall provide for a written report to be filed with the Board after each review. Such reports shall include, at a minimum, conclusions regarding:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) the accrual status and amount of impairment reserves, if necessary;
- (c) credit information and collateral documentation exceptions;
- (d) the identification and status of credit related violations of law, rule or regulation;
- (e) loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank; and
- (f) loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies.

(2) The Board shall evaluate the internal loan and lease review reports and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report.

(3) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to address concerns pursuant to Paragraph (2) of this Article, shall be preserved in the Bank and available for inspection by the OCC.

ARTICLE V

CREDIT & COLLATERAL EXCEPTIONS

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to ensure the Bank obtains and analyzes updated

credit and collateral information as necessary to monitor the Bank's credit risk, properly account for loans, and assign accurate risk-ratings in a timely manner. At a minimum, with respect to all loans, leases, or other extensions of credit not subject to the FFIEC Uniform Retail Credit Classification and Account Management Policy (OCC Bulletin 2000-20), the program shall require the Bank to obtain and analyze current and satisfactory credit information, maintain proper collateral documentation, and, where necessary, substantiate the current value of collateral, on an ongoing basis as needed to effectuate the purposes of the program listed above. The Board shall provide a copy of the written program adopted pursuant to this Article to the Assistant Deputy Comptroller promptly upon adoption.

(2) If despite prudent efforts the Board and management are unable to obtain the credit information or collateral documentation required by Paragraph (1) of this Article, it shall not constitute a violation of this Article so long as the Bank's ongoing efforts to obtain the information are documented and recorded in the respective credit file.

(3) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan, lease, or other extension of credit only after:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the expected source of repayment in writing;
- (c) structuring the repayment terms to coincide with the expected source of repayment for the extension of credit;
- (d) obtaining and analyzing current and satisfactory credit information to appropriately assess the borrower's cash flow and financial position, and where repayment is dependent in whole or in part on one or more

guarantors, performing an appropriate analysis of the guarantors' current financial position; and

- (e) documenting the current value of collateral with adequate supporting material, in compliance with 12 C.F.R. Part 164 where applicable, and documenting that the Bank's security interest has been properly attached and recorded.

(4) Failure to adhere to Paragraph (3)(c) or to obtain and analyze the information in Paragraph (3)(d) of this Article shall not constitute a violation of this Article if, prior to granting the extension of credit, a majority of the full Board (or a delegated committee thereof) certifies in writing the specific reasons why not adhering to Paragraph (3)(c), or not obtaining and analyzing the information required in Paragraph (3)(d), would not be detrimental to the best interests of the Bank. A copy of the Board certification shall be maintained in the Bank's credit file for the respective borrower(s) for subsequent review by the Comptroller in connection with examinations of the Bank.

ARTICLE VI

REAL ESTATE VALUATIONS

(1) Within sixty (60) days, the Board shall obtain a current appraisal or evaluation, as applicable, of the real estate securing each of the loans listed in the ROE as lacking an appropriate appraisal or evaluation.

(2) Within sixty (60) days, the Board shall revise existing written policies and procedures governing the Bank's valuation of real estate collateral to ensure the safety and soundness of the Bank's real estate lending activities. Immediately upon revision, the Board shall adopt, implement, and thereafter ensure adherence to the revised policies and procedures.

The Bank's policies and procedures shall be consistent with the Interagency Appraisal and Evaluation Guidelines, dated December 10, 2010, and at a minimum must include:

- (a) a requirement that the Bank will obtain an appraisal or perform an appropriate evaluation, as applicable, for all real estate related financial transactions, consistent with the standards and requirements in 12 C.F.R. Part 164;
- (b) standards for when the Bank will reevaluate or reappraise real estate collateral to support timely problem loan identification, work-out strategies, identification of impairment, and impact to the ALLL, with requirements distinguishing when an appraisal, as opposed to an evaluation, will be required under certain circumstances;
- (c) an effective appraisal and evaluation review process, consistent with Section XV of the Interagency Appraisal and Evaluation Guidelines; and
- (d) criteria for obtaining appraisals or performing evaluations for transactions that are not otherwise covered by regulatory requirements.

ARTICLE VII

CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized¹ in the Report of Examination dated "as of" September 30, 2011 ("ROE"), in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the OCC during any examination.

¹ The term "criticized" as used in this Article refers to assets rated the equivalent of "doubtful," "substandard," or "special mention" as defined in the "Rating Credit Risk" booklet of the Comptroller's Handbook.

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to individual workout plans designed to protect the Bank's interest in or eliminate the basis of criticism of assets criticized in the ROE or internally identified by the Bank as criticized as of the effective date of this Agreement. On an ongoing basis, when any asset is criticized in a subsequent Report of Examination, or by any internal or external loan review, or in any list provided to management by the OCC during any examination, the Board shall adopt, implement, and thereafter ensure Bank adherence to individual workout plans for the criticized asset within sixty (60) days. Each workout plan shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) an analysis of the borrower's ability to repay the loan based on current and satisfactory credit information, including an appropriate analysis of the guarantors' current financial position where repayment is dependent in whole or in part on the support of a guarantor;
- (c) the current value of supporting collateral and the position of the Bank's lien on such collateral where applicable; and
- (d) action(s) the Bank plans to take to protect its interest in, or eliminate the basis of criticism of, the asset, including timeframes for implementing and evaluating the effectiveness of those actions.

(3) Upon adoption, a copy of the program for all criticized assets equal to or exceeding two hundred thousand dollars (\$200,000) shall be forwarded to the Assistant Deputy Comptroller.

(4) The Board, or a designated committee, shall conduct a review, on at least a quarterly basis, to determine:

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds two hundred thousand dollars (\$200,000);
- (b) management's adherence to the program adopted pursuant to this Article;
- (c) the status and effectiveness of the plans; and
- (d) the need to revise the program or take alternative action.

(5) A copy of the reviews conducted pursuant to Paragraph (4) of this Article shall be documented and preserved at the Bank for OCC inspection.

(6) Effective immediately, the Bank may extend credit, directly or indirectly, including renewals and extensions, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the OCC during any examination, and whose aggregate loans or other extensions of credit from the Bank exceed two hundred thousand dollars (\$200,000), only if each of the following conditions is met:

- (a) the Board or designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and prior to renewing or extending any additional credit, a majority of the full Board (or designated committee) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and
- (b) a comparison to the plans adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

(7) A copy of the approval of the Board or of the designated committee obtained pursuant to Paragraph (6) of this Article shall be maintained in the file of the affected borrower.

ARTICLE VIII

CONTINGENCY FUNDING PLAN

(1) Within one hundred and twenty (120) days, the Board shall adopt a comprehensive Bank-specific Contingency Funding Plan consistent with the guidelines set forth in Section 530 of the OTS Examination Handbook and the “Interagency Policy Statement on Funding and Liquidity Risk Management,” OCC Bulletin 2010-13, March 22, 2010. The plan shall be written and shall, at a minimum, include:

- (a) a statement of the Board’s strategy for maintaining adequate sources of stable funding given the Bank’s anticipated liquidity and funding needs;
- (b) a definition of a liquidity crisis for the Bank;
- (c) an identification of early warning liquidity triggers;
- (d) an explicit quantification of the sources and uses of liquidity in stressed scenarios that correspond to the early warning liquidity triggers;
- (e) detailed action plans to identify and obtain sources of liquidity to meet projected shortfalls;
- (f) an identification of responsible bank personnel to declare, manage, and resolve a liquidity crisis;
- (g) an internal and external communication process, including a process for reporting to the Board, for disseminating relevant information; and
- (h) a process of regular testing to ensure that the plan is operationally sound, including periodic testing of unused funding sources.

(2) Upon adoption, the Board shall submit a copy of the Contingency Funding Plan, or any subsequent amendments or changes to that Plan, to the Assistant Deputy Comptroller for determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall implement and thereafter ensure adherence to the program.

ARTICLE IX

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement, including ensuring that the Bank has necessary processes, personnel, and control systems;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the

Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/

Thomas C. Munz
Assistant Deputy Comptroller
Chicago Field Office

June 21, 2012

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

 /s/
Robert T. Palmer

 June 21, 2012
Date

 /s/
Anthony A. Nichols

 June 21, 2012
Date

 /s/
Frank Gordon

 June 21, 2012
Date

 /s/
George T. Pappas

 June 21, 2012
Date

 /s/
David Abrahamson

 June 21, 2012
Date
