

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

<hr/> In the Matter of:)	AA-CE-12-57
Park Federal Savings Bank)	
Chicago, IL)	
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CONSENT ORDER

The Comptroller of the Currency of the United States of America (Comptroller), through his Examiner, has examined Park Federal Savings Bank, Chicago, Illinois (Bank), and his findings are contained in the Report of Examination, dated October 11, 2011 (ROE).

The Bank, by and through its duly elected and acting Board of Directors (Board), has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated July 6, 2012 (Stipulation), that is accepted by the Comptroller. By this Stipulation, that is incorporated by reference, the Bank has consented to the issuance of this Consent Order (Order) by the Comptroller.

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

REPLACEMENT OF JANUARY 4, 2011 CONSENT ORDER

(1) The Articles of the January 4, 2011 Consent Order are replaced and superseded in their entirety by this Order, and upon execution of the Stipulation, the January 4, 2011 Consent Order is hereby terminated.

(2) To the extent there are any provisions in this Order that are inconsistent with prior communications from the OCC, the prior communications shall be superseded by this Order.

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within thirty (30) days of the date of this Order, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be an employee or controlling shareholder of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Order. The Board shall remain responsible for the Bank’s adherence to the provisions of this Order. The appointment of the Compliance Committee shall not in any way affect or relieve the Board’s responsibility in that regard.

(2) The Compliance Committee shall meet at least monthly.

(3) Within forty-five (45) days of the first quarter ending after the effective date of this Consent Order and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the actions needed to achieve compliance with each Article of this Order;
- (b) actions taken to comply with each Article of this Order;
- (c) the results and status of those actions; and
- (d) a description of the additional actions needed to achieve full compliance with each Article of this Order.

(4) The Bank shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

ARTICLE III

CAPITAL PROGRAM AND HIGHER MINIMUMS

(1) The Bank shall achieve by December 31, 2012 and thereafter maintain the following capital levels (as defined in 12 C.F.R. Part 167):

- (a) Tier 1 capital at least equal to nine percent (9%) of adjusted total assets¹ ;
and
- (b) Total risk-based capital at least equal to thirteen percent (13%) of risk-weighted assets.

(2) The requirement in this Order to meet and maintain a specific capital level means that the Bank may not be deemed to be "well capitalized" for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 165.

(3) Within one hundred twenty (120) days of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a three-year written capital program (Capital Program). The program shall, at a minimum, include:

- (a) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph (1) of this Article;
- (b) quarterly projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;

¹ Adjusted total assets is defined in accordance with the Call Report and its instructions.

- (c) sources, amounts, and timing of additional capital to meet the Bank's current and future needs;
- (d) identification of the primary source(s) from which the Bank will increase and maintain its capital structure to meet the Bank's needs;
- (e) contingency plans that identify alternative sources and methods to increase capital should the primary source(s) under (d) above not be available; and
- (f) a dividend policy that permits the declaration of a dividend only:
 - (i) when the Bank is in compliance with its approved Capital Program;
 - (ii) when the Bank is in compliance with 12 U.S.C. § 1467a(f) and 12 C.F.R. Part 163, subpart E; and
 - (iii) with the prior written approval of the Assistant Deputy Comptroller.

(4) Upon completion and approval by the Board, the Bank's Capital Program shall be submitted to the Assistant Deputy Comptroller for a written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the Capital Program.

(5) The Board shall review and update the Bank's Capital Program on at least an annual basis, or more frequently if necessary or if it is required by the Assistant Deputy Comptroller. The Board's review of the Capital Program must be documented in the Board minutes and copies of the reviews shall be submitted to the Assistant Deputy Comptroller.

(6) Any revisions of the Capital Program shall be submitted to the Assistant Deputy Comptroller for a determination of no supervisory objection. Upon receiving a determination of no supervisory objection, the Bank shall implement and adhere to the revised Capital Program.

ARTICLE IV

STRATEGIC AND BUSINESS PLAN

(1) Within one hundred fifty (150) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written three-year strategic and business plan (Business Plan) that shall include a detailed budget, with projections of major balance sheet and income statement components. The Business Plan shall establish specific objectives for: improving the Bank's earnings performance, balance sheet mix, liability structure, capital adequacy, reducing the volume of nonperforming assets, setting and adhering to concentration limits for loan products, any product line or market segments that the Bank intends to promote or develop, and must have strategies and timeframes to achieve those objectives.

(2) The Business Plan developed in paragraph (1) of this Article shall identify key positions that need to be filled and set forth actions and timeframes for filling those positions, either externally or internally.

(3) A copy of the plan shall be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the Business Plan.

(4) The Board shall monitor and review the actual results of the Business Plan developed in paragraph (1) of this Article against the projections on at least a quarterly basis, or

more frequently if necessary or if required by the Assistant Deputy Comptroller, and provide for appropriate and specific adjustments. Any changes to the Business Plan shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the revised Business Plan.

ARTICLE V

CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized in the 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.

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to eliminate the basis of criticism of assets criticized in the ROE, in any 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 as "doubtful," "substandard," or "special mention." This program shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(3) Upon adoption, a copy of the program for all criticized assets equal to or exceeding one hundred fifty thousand dollars (\$150,000) shall be forwarded to the Assistant Deputy Comptroller.

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

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds one hundred fifty thousand dollars (\$150,000);
- (b) management's adherence to the program adopted pursuant to this Article;
- (c) the status and effectiveness of the written program; and
- (d) the need to revise the program or take alternative action.

(5) A copy of each review shall be compiled and forwarded to the Assistant Deputy Comptroller on a quarterly basis.

(6) The Board shall ensure that the Bank has adequate processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

ARTICLE VI

CREDIT ADMINISTRATION

(1) Within ninety (90) days, the Board shall request current and satisfactory credit information on all loans lacking such information, including but not limited to those listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the OCC.

(2) Within sixty (60) days, the Board shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in the ROE, in any

subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the OCC.

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

(4) Within sixty (60) days of this Order, the Board shall revise, adopt, implement, and thereafter ensure Bank adherence to a written program that improves credit administration procedures and includes, but is not limited to the development of:

- (a) a tickler system to ensure credit information is obtained at origination and kept current thereafter;
- (b) a process to track and analyze policy, credit, financial statement, and underwriting exceptions, and ensure they are reported to the Board at least monthly; and
- (c) a process that ensures that risk ratings are changed appropriately upon the receipt of new financial information.

(5) All Board reports must be submitted monthly and must, at a minimum, track and aggregate the number and dollar amount of loans with material underwriting exceptions subdivided by loan type and loan officer.

(6) A copy of the aggregate monthly Board reports developed under this Article shall be forwarded to the Assistant Deputy Comptroller.

ARTICLE VII

LOAN RISK RATINGS

(1) Within thirty (30) days, and on an ongoing basis thereafter, the Board must ensure that the Bank's internal risk ratings of commercial credit relationships (covered relationship) as assigned by responsible loan officers and by Internal loan review are timely, accurate, and consistent with the regulatory credit classification criteria set forth in the Rating Credit Risk Booklet of the Comptroller's Handbook. At a minimum, the Board must ensure on an ongoing basis that for each covered relationship:

- (a) the primary consideration is the strength of the borrower's primary source of repayment (i.e., the probability of default rather than the risk of loss);
- (b) if the primary source of repayment is cash flow from the borrower's operations, the strength of the borrower's cash flow is determined through analysis of the borrower's historical and projected financial statements, past performance, and future prospects in light of conditions that have occurred;
- (c) collateral, non-government guarantees, and other similar credit risk mitigants that affect potential loss in the event of default (rather than the probability of default) are taken into consideration only if the primary source of repayment has weakened and the probability of default has increased;
- (d) any covered relationship with a high probability of payment default or other well-defined weakness is rated no better than Substandard, unless the debt is secured by marketable securities or cash;
- (e) collateral values must reflect a current assessment of value based on actual market conditions and project status, consistent with 12 C.F.R. Part 164;

- (f) credit risk ratings are reviewed and updated whenever relevant new information is received, but no less frequently than annually; and
 - (g) the credit risk rating analysis is documented and available for review by the Board and the OCC upon request.
- (2) Within ninety (90) days, the Board must establish a credit risk rating management information system that provides, at a minimum, the following information to the Board on a monthly basis:
- (a) individual detail regarding the identification, type, amount, and assigned rating of all loans rated Special Mention or worse;
 - (b) individual, or summary, detail regarding this same information for all problem loans; and
 - (c) ratings equivalent to, or readily convertible to, the common regulatory risk rating definitions of pass, special mention, substandard, doubtful and loss set forth in the Rating Credit Risk Booklet of the Comptroller's Handbook.
- (3) Upon adoption, Board reports for all loans described in paragraph (2) of this Article exceeding one hundred fifty thousand dollars (\$150,000) shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis.

ARTICLE VIII

CLOSING

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Assistant Deputy Comptroller, 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 Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board. The Assistant Deputy Comptroller's decision regarding the request is final and not subject to further review.

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Order 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

Order, 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 Order;
- (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) Each citation or referenced guidance included in this Order includes any subsequent guidance that replaces, supersedes, amends, or revises the cited law, regulation, or guidance.

(7) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. 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.

(8) The terms of this Order, 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.

IT IS SO ORDERED, this 6th day of July, 2012.

/s/

7/6/12

Benjamin L. Lemanski
Assistant Deputy Comptroller

Date

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

In the Matter of:)	
Park Federal Savings Bank)	AA-CE-12-57
Chicago, Illinois)	

**STIPULATION AND CONSENT TO THE ISSUANCE
OF A CONSENT ORDER**

The Comptroller of the Currency of the United States of America (Comptroller) has initiated cease and desist proceedings against Park Federal Savings Bank, Chicago, Illinois (Bank) pursuant to 12 U.S.C. § 1818(b).

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated July 6, 2012 (Order);

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

Article I

Jurisdiction

(1) The Bank is a Federal Savings Association within the meaning of 12 U.S.C. § 1462(3) and an insured depository institution within the meaning of 12 U.S.C. § 1813(c).

(2) Pursuant to Section 312 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, all powers, authorities, rights and duties relating to federal savings associations that were vested in the Office of Thrift Supervision (OTS) and the Director of the OTS, transferred to the Office of the Comptroller of the Currency (OCC) on July 21, 2011.

(3) The OCC is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(4) The Bank is subject to the authority of the OCC to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

Article II

Agreement

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller. The Bank further agrees that said Order shall be deemed an “order issued with the consent of the depository institution” as used in 12 U.S.C. § 1818(h)(2), and consent and agree that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i).

(2) 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 its supervisory powers, including 12 U.S.C. § 1818(i), 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.

(3) The Bank also expressly acknowledges that no officer or employee of the OCC 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.

Article III

Waivers

- (1) The Bank, by signing this Stipulation and Consent, hereby waives:
 - (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
 - (b) any and all procedural rights available in connection with the issuance of the Order;
 - (c) all rights to seek any type of administrative or judicial review of the Order;
 - (d) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 109; and
 - (e) any and all rights to challenge or contest the validity of the Order.

Article IV

Other Action

(1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(2) This Order shall cause the Bank to be designated as in “troubled condition,” as set forth in 12 C.F.R. § 163.555, unless otherwise informed in writing by the Comptroller.

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

/s/

7/6/12

Benjamin L. Lemanski
Assistant Deputy Comptroller

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/

7/6/2012

Victor E. Caputo

Date

/s/

7/6/2012

Robert W. Krug

Date

/s/

7/6/2012

John J. Murphy

Date

/s/

7/6/2012

David A. Remijas

Date

/s/

7/6/2012

Richard J. Remijas, Jr.

Date

/s/

7/6/2012

Victor H. Reyes

Date

/s/

7/6/2012

Paul Shukis

Date
