

#2015-033

Also Terminates #2013-14

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

**In the Matter of:** )  
Illinois-Service Federal Savings & Loan )  
Association )  
Chicago, Illinois )

AA-EC-2015-14

**CONSENT ORDER**

**WHEREAS**, the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”), through his authorized representative, has supervisory authority over Illinois-Service Federal Savings & Loan Association, Chicago, Illinois (“Bank”);

**WHEREAS**, 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 (“Stipulation and Consent”), dated April 16, 2015 that is accepted by the Comptroller through his duly authorized representative; and

**WHEREAS**, by this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order (“Order”) by the Comptroller;

**NOW, THEREFORE**, 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**

**COMPLIANCE COMMITTEE**

(1) Within thirty (30) days of the date of this Order, the Board shall appoint a Compliance Committee of at least five (5) directors, of which no more than one (1) shall be an employee of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)). 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

Director for Special Supervision (“Director”). The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Order.

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

(3) Within sixty (60) days of the date of this Order and monthly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

(a) a description of the action needed to achieve full compliance with each Article of this Order, Bank personnel responsible for implementing the corrective actions, and timeframes for completion;

(b) actions taken to comply with each Article of this Order; and

(c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, on a quarterly basis, to the Director within ten (10) days of receiving such report or within such other time period as the Director may require in writing.

## ARTICLE II

### CAPITAL AND STRATEGIC PLAN

(1) The Bank shall achieve and thereafter maintain the following minimum capital ratios (as defined in 12 C.F.R. 3):

(a) Tier 1 capital to adjusted total asset ratio at least equal to eight percent (8%); and

(b) Tier 1 risk-based capital ratio at least equal to eleven percent (11%).

(2) The requirement in this Order to meet and maintain a specific capital level means that the Bank is not to be deemed to be “well capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(c)(1)(v).

(3) Within one hundred twenty (120) days of the date of this Order, the Board shall forward to the Director for his review and written determination of no supervisory objection, a written Capital and Strategic Plan for the Bank covering at least a two-year period.

(4) The Board shall develop the Capital and Strategic Plan consistent with expectations and planning processes in OCC Bulletin 2012-16 “Guidance for Evaluating Capital Planning and Adequacy,” (June 7, 2012). The internal capital planning process shall ensure the Bank maintains capital adequacy relative to its overall risks, which shall in no event be less than the requirements of paragraph (1) of this Article. The Board must document, review, and update the capital planning process at least annually or more frequently if requested by the Director in writing.

(5) The Capital and Strategic Plan shall establish objectives for the Bank’s overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital and liquidity adequacy, together with strategies to achieve those objectives, and shall, at a minimum, include:

- (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (b) the strategic goals and objectives to be accomplished, including key financial indicators and risk tolerances;
- (c) an assessment of the Bank’s strengths, weaknesses, opportunities, and threats that impact strategic goals and objectives;
- (d) an assessment of the present and planned product lines (assets and liabilities), and the identification of appropriate risk management systems to identify, measure, monitor, and control risks within the product lines;

- (e) a financial forecast, to include projections for major balance sheet and income statement accounts, targeted financial ratios, and growth projections over the period covered by the Strategic Plan;
- (f) a description of the assumptions used to determine financial projections and growth targets;
- (g) an evaluation of the Bank's internal operations, staffing requirements, salary and related compensation, board and management information systems, and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives established in the Strategic Plan;
- (h) specific actions to improve Bank earnings and asset quality;
- (i) assigned responsibilities and accountability for the strategic planning process; and
- (j) description of systems and metrics designed to monitor the Bank's progress in meeting the Capital and Strategic Plan's goals and objectives.

(6) If the Board's Capital and Strategic Plan includes a proposed sale or merger of the Bank, or corporate conversion, the Capital and Strategic Plan shall, at a minimum, address the steps that will be taken and the associated timeline to effect the implementation of that alternative.

(7) Prior to adoption by the Board, a copy of the Capital and Strategic Plan and any subsequent amendments or revisions shall be submitted to the Director for review and prior written determination of no supervisory objection. At the next Board meeting following receipt of the Director's written determination of no supervisory objection, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall immediately implement and ensure adherence to the Capital and Strategic Plan and any amendments or revisions thereto. The Board shall review and update the Bank's Capital and Strategic Plan on an annual basis; more

frequently if warranted or if requested by the Director in writing. Copies of the reviews shall be submitted to the Director. Revisions to the Capital and Strategic Plan shall be submitted to the Director for a prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection to the revised Capital and Strategic Plan from the Director, the Board shall adopt and the Bank, subject to Board review and ongoing monitoring, shall implement and adhere to the Capital and Strategic Plan.

(8) The Bank may not initiate any action that deviates significantly<sup>1</sup> from the Capital and Strategic Plan without a written determination of no supervisory objection from the Director. The Board must give the Director at least thirty (30) days advance written notice of its intent to deviate significantly from the Capital and Strategic Plan, along with an assessment of the impact of such change on the Bank's condition, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the change in the Capital and Strategic Plan.

(9) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Capital and Strategic Plan that includes a description of the actions the Board will require the Bank to take to address any shortcomings, which shall be documented in the Board meeting minutes. Upon completion of its evaluation, the Board shall submit a copy to the Director.

(10) If the Bank fails to maintain the level of capital required by paragraph (1) of this Article or fails to implement the Capital and Strategic Plan to which the Director has provided a

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<sup>1</sup> For the purposes of this Consent Order, changes that may constitute a significant deviation from the Capital and Strategic Plan include, but are not limited to, a change in the Bank's marketing strategies, products and services, marketing partners, underwriting practices and standards, credit administration, account management, collection strategies or operations, fee structure or pricing, accounting processes and practices, or funding strategy, any of which, alone or in the aggregate, may have a material impact on the Bank's operations or financial performance; or any other changes in personnel, operations, or external factors that may have a material impact on the Bank's operations or financial performance.

written determination of no supervisory objection, then the Bank may, at the Director's sole discretion, be deemed to be undercapitalized for purposes of this Order and the Bank shall take such corrective measures as the OCC may direct in writing from among the provisions applicable to undercapitalized depository institutions under 12 U.S.C. § 1831o(e) and 12 C.F.R. Part 6. For purposes of this requirement, an action "necessary to carry out the purpose of this section" under 12 U.S.C. § 1831o(e)(5) shall include restoration of the Bank's Tier 1 capital to the minimum levels required by this Order, and any other action deemed advisable by the OCC to address the Bank's capital deficiency or the safety and soundness of its operations.

### ARTICLE III

#### BOARD TO HIRE AND ENSURE COMPETENT MANAGEMENT

(1) The Board shall ensure that the Bank has competent management in place on a full-time basis in all executive officer positions, including the Senior Loan Officer position, to carry out the Board's policies, ensure compliance with this Order, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Within one hundred twenty (120) days, and annually thereafter, the Board (with the exception of any Bank executive officers) shall prepare a written assessment of the capabilities of the Bank's executive officers to perform present and anticipated duties, taking into account the findings contained in the Report of Examination dated as of June 30, 2014 ("the ROE"), and in any subsequent Report of Examination, and factoring in the individual officer's past performance, experience, and qualifications, compared to their position description, duties and responsibilities, with particular emphasis on their responsibilities for effective management, supervision and correcting the concerns raised in the ROE, and in any subsequent Report of Examination.

(3) If the Board determines that an executive officer's performance, skills or abilities need improvement, the Board will, within thirty (30) days following its determination, require the Bank to develop and implement a written program, with specific time frames, to improve the officer's performance, skills and abilities. Upon completion, a copy of the written program shall be submitted to the Director.

(4) If an executive officer position becomes vacant or if the Board determines from the written assessment performed pursuant to paragraph (2) of this Article that an executive officer will not continue in his/her position, the Board shall within ninety (90) days of such vacancy or determination -- or within a period of greater than ninety (90) days if an extension is approved in writing by the Director -- identify and provide to the Director prior written notice of a qualified and capable candidate for the position who shall be vested with sufficient executive authority to ensure the Bank's compliance with this Order and the safe and sound operation of functions within the scope of that position's responsibility.

#### ARTICLE IV

##### CREDIT RISK RATINGS AND NONACCRUAL RECOGNITION

(1) The Board must ensure the Bank's internal risk ratings of credit relationships, as assigned by responsible loan officers and by any independent loan reviewer, are timely, accurate, and consistent with the Bank's Credit Administration Policy. The Credit Administration Policy shall reflect regulatory credit classification criteria as set forth in the Rating Credit Risk Booklet of the *Comptroller's Handbook* and OCC Bulletin 2000-20: "Uniform Retail Credit Classification and Account Management Policy."

(2) The Board must ensure the Bank's loans and other assets are timely placed on nonaccrual in accordance with the Instructions for Preparation of Consolidated Reports of Condition.

(3) Within ninety (90) days, the Board must establish and thereafter ensure adherence to a credit risk rating program that provides, at a minimum:

- (a) appropriate training for the Senior Loan Officer, and all lending officers with respect to the Credit Administration Policy and the application of risk ratings;
- (b) appropriate analysis and documentation maintained in the credit files to support the current and previous risk rating or accrual determination;
- (c) the lending officers and senior management are assigned responsibility and held accountable for ensuring that the Bank's loans and other assets are appropriately and timely risk rated, charged off, and/or placed on nonaccrual;
- (d) monthly Board reports that detail all loans at the Bank that are delinquent, constitute exceptions to the Bank's lending policies, have negative escrow accounts, or have outdated collateral values; and
- (e) documentation and reconciliation of all criticized asset reports by and between the Loan and Accounting Departments.

## ARTICLE V

### CRITICIZED ASSET WORKOUT PLANS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized<sup>2</sup> 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) 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 Order. On an ongoing basis, when any asset is criticized in a subsequent Report of Examination, or

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<sup>2</sup> 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.



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 cash flow analysis where loans are to be repaid from business operations, and an appropriate analysis of the guarantor's repayment ability where repayment is dependent in whole or in part on such guarantor;
  - (c) the current value of supporting collateral, as well as information on property condition and occupancy rates, and the position of the Bank's lien on such collateral where applicable;
  - (d) actions designed to protect the Bank's interest in, or eliminate the basis of criticism of, the asset, including timeframes for implementing and evaluating the effectiveness of those actions; and
  - (e) alternative strategies if the primary action to eliminate the basis of criticism is no longer a viable option.
- (3) The Board, or a designated committee, shall conduct a review, at least quarterly , 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 workout plans adopted pursuant to this Article;
- (c) the status and effectiveness of the workout plans; and
- (d) the need to revise the plans or take alternative action.

(4) A copy of each review conducted pursuant to Paragraph (3) of this Article shall be retained at the Bank and be available for OCC inspection upon request.

(5) 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 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 that 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.

(6) A copy of the approval of the Board or of the designated committee pursuant to Paragraph (5) of this Article shall be maintained in the file of the affected borrower.

## ARTICLE VI

### CONCENTRATION RISK MANAGEMENT

(1) Within ninety (90) days, the Board shall revise and the Bank, subject to Board review and monitoring, shall implement, and thereafter ensure Bank adherence to its written concentration management program for identifying, monitoring, and controlling risks associated with asset and liability concentrations, including off-balance sheet commitments. The management of credit concentrations must be consistent with the guidance set forth in the

Concentrations of Credit booklet of the *Comptroller's Handbook* (December 13, 2011) and OCC Bulletin 2012-33, Community Bank Stress Testing (October 8, 2012). The program shall include, but not limited to, the following:

- (a) policy guidelines addressing the level and nature of exposures acceptable to the institution and setting concentration limits, including appropriate sub-limits;
- (b) procedures to identify and quantify the nature and level of risk presented by concentrations, including review of changes in conditions in the Bank's markets;
- (c) procedures to periodically review and revise, as appropriate, risk exposure limits and sub-limits to conform to any changes in the Bank's strategies and to respond to changes in market conditions;
- (d) quarterly portfolio-level stress tests or sensitivity analysis to quantify the impact of changing economic conditions on asset quality, earnings, and capital;
- (e) appropriate strategies for managing concentration levels, including a contingency plan to reduce or mitigate concentrations deemed imprudent for the Bank's earnings, capital, or in the event of adverse market conditions, including strategies to reduce the current concentrations to Board established limits; and
- (f) quarterly reports to the Board which shall at a minimum include the following:
  - (i) a summary of concentration levels, by type and subtype;
  - (ii) a summary of the Bank's market analysis;
  - (iii) discussion of recommended strategies when concentrations approach or exceed Board-approved limits; and
  - (iv) a summary of changes in risk levels by concentration type and subtype.

(2) Upon completion, the Board shall thereafter adopt and the Bank, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the revised written concentration risk management program.

## ARTICLE VII

### ADVANCES FOR TAXES AND INSURANCE

(1) Within ninety (90) days, the Bank shall develop, implement, and ensure the effectiveness of an internal control system to control risks associated with borrower non-payment of taxes and insurance premiums on all properties securing loans. The control systems will include, but not be limited to:

- (a) review processes and tracking mechanisms to ensure identification and monitoring of non-current taxes and insurance;
- (b) appropriate communications with borrowers on their obligation to pay taxes and insurance;
- (c) acceptable repayment terms and expected credit analysis;
- (d) appropriate accounting treatment for tax and insurance advances; and
- (e) credit risk rating and ALLL considerations.

## ARTICLE VIII

### CREDIT AND COLLATERAL EXCEPTIONS

(1) Within ninety (90) days, the Board shall adopt revisions to the Bank's written policies and procedures sufficient 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, timely risk ratings. 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 revised policies and procedures 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.

(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 Board and management document and record their ongoing efforts to obtain such credit information or collateral documentation in the respective credit file.

(3) Upon adoption and at all times thereafter, the Board shall ensure adherence to the revised policies and procedures required by paragraph (1) of this Article.

## ARTICLE IX

### OTHER REAL ESTATE OWNED

(1) Within ninety (90) days, the Board shall adopt revisions to its written Foreclosure and Other Real Estate Owned (“OREO”) Policy to ensure that OREO is managed and accounted for in accordance with applicable regulations and the Other Real Estate Owned booklet of the *Comptroller’s Handbook*. Upon adoption, the Board shall implement and thereafter ensure adherence to the revised policy. At a minimum, the Bank’s revised Foreclosure and OREO Policy shall include:

- (a) proper accounting procedures for OREO properties from the time the property is transferred to the Bank until disposition or other use;
- (b) policies and procedures to require timely appraisals or evaluations of OREO, as appropriate, pursuant to 12 C.F.R. § 160.172, including policies and procedures addressing when the Bank will obtain updated valuations for OREO to ensure compliance with safe and sound banking practices; and

(c) policies and procedures to ensure reconciliation of documentation and reports by and between the Loan Department and the Accounting Department.

(d) a requirement that a written action plan be maintained for each parcel of OREO that, at a minimum:

- (i) details the marketing strategy for the property, including listing price and agent;
- (ii) identifies targeted time frames for disposing of the property; and
- (iii) contains a current valuation of the property.

(2) Upon completion, the Board shall thereafter adopt and the Bank, subject to Board review and ongoing monitoring, shall immediately implement and thereafter ensure adherence to the written, revised OREO program.

## ARTICLE X

### ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within ninety (90) days, the Board shall revise its 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 revised ALLL policies and procedures shall be consistent with the guidance set forth in the Federal Financial Institutions Examination Council’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 31010, *Receivables - Overall - Subsequent Measurement – Impairment*); criteria for determining which loans will be reviewed under ASC Topic 310, how impairment will be

determined, and procedures to ensure the analysis of loans complies with ASC 310 requirements;

- (b) procedures for segmenting the loan portfolio and estimating losses on groups of loans using historical loss data that reflect current economic conditions and the current financial condition of the bank, consistent with GAAP (including FASB ASC 450-20, *Loss Contingencies*). These procedures shall require the Bank to document its estimation of credit losses and an appropriate analysis of the nine qualitative factors set forth in the Interagency Statement; and
- (c) a process for summarizing and documenting, for the Board's review and approval, the amount to be reported in the Consolidated Reports of Condition and Income ("Call Reports") for the ALLL.

(2) The Board shall 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 XI

### OTHER PROVISIONS

(1) Although the Bank 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 Director, the Board has the ultimate responsibility for proper and sound management of the Bank and the completeness and accuracy of the Bank's books and records.

(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 taking such action.

(3) 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.

(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, through his authorized representative.

(5) Except as otherwise expressly provided herein, any time limitations imposed by this Order shall begin to run from the effective date of this Order.

(6) If the Bank requires a waiver or suspension of any provision or an extension of any timeframe within this Order, the Board shall submit a written request to the Director asking for relief. Any written requests submitted pursuant to this Article shall include a statement setting forth in detail, with relevant supporting documentation, the special facts and circumstances that support the waiver or suspension of any provision or an extension of a timeframe within this Order.

(7) The Director's decision concerning a request submitted pursuant to paragraph six (6) of this Article is final and not subject to further review.

(8) In each instance in this Order in which the Board or a Board committee 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, direct, 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;
- (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.

(9) 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.

(10) The OCC and the Bank entered into a Formal Agreement on February 28, 2013, #2013-014 (“2013 Agreement”). This Order replaces the 2013 Agreement in its entirety and, therefore, the 2013 Agreement is hereby terminated. Provided however, no provision in this Order shall bar or otherwise limit any enforcement action the OCC may choose to initiate, in its discretion, against the Bank or its institution-affiliated parties for any failure to comply with the 2013 Agreement while it was effective.

(11) All reports or plans which the Bank or Board has agreed to submit to the Director pursuant to this Order shall be forwarded, by overnight mail, or via email, to the following:

Director for Special Supervision  
Comptroller of the Currency  
400 7th Street, SW  
Suite 3E-218, MS 8E-12  
Washington, DC 20219

*with a copy to:*  
Chicago Field Office - Schaumburg  
Comptroller of the Currency  
1700 East Golf Road, Suite 800  
Schaumburg, IL 60173

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 16th day of April 2015.

/s/  
\_\_\_\_\_  
Steven D. Jacobs  
Director for Special Supervision

4/16/2015  
\_\_\_\_\_  
Date

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

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**In the Matter of:** )  
Illinois-Service Federal Savings & Loan )  
Association )  
Chicago, Illinois )

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

**WHEREAS**, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against Illinois-Service Federal Savings & Loan Association, Chicago, Illinois (“Bank”) pursuant to 12 U.S.C. § 1818(b) through the issuance of a Notice of Charges, for unsafe or unsound banking practices relating to strategic planning, capital levels, asset quality, management oversight, credit risk management, for violations of law and regulation, and for failure to comply with the February 28, 2013 Formal Agreement;

**WHEREAS**, the Bank, in the interest of compliance and cooperation, and without admitting or denying any wrongdoing, consents to the issuance of a Consent Order, dated April 16, 2015 (“Consent Order”);

**NOW THEREFORE**, 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), which was chartered and examined by the Office of Thrift Supervision (“OTS”) pursuant to the Home Owners’ Loan Act, as amended, 12 U.S.C. § 1461 *et seq.*

(2) Pursuant to Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. 111-203, 124 Stat. 1376 (2010), all functions of the OTS related to Federal savings associations were transferred to the Comptroller.<sup>3</sup>

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

(4) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

## ARTICLE II

### AGREEMENT

(1) The Bank consents and agrees that said Consent Order shall: (a) be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2); (b) become effective upon its execution by the Comptroller through his authorized representative; and (c) be fully enforceable by the Comptroller pursuant to 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

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<sup>3</sup> See Dodd-Frank Act § 312(b), 12 U.S.C. § 5412.

by the Bank under his 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 declares that no separate promise or inducement of any kind has been made by the Comptroller, or by his agents or employees, to cause or induce the Bank to consent to the issuance of the Consent Order and/or execute the Consent Order.

(4) The Bank also expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the U.S. Department of the Treasury, the Comptroller, or any other federal bank regulatory agency or entity, or an officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities.

(5) The terms and provisions of this Stipulation and the Consent Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Stipulation or the Consent Order, express or implied, shall give to any person or entity, other than the parties hereto, and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Stipulation or Consent Order.

ARTICLE III

WAIVERS

- (1) The Bank, by consenting to this Stipulation , waives:
  - (a) any and all procedural rights available in connection with the issuance of the Consent Order;

- (b) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. §§ 1818(b) and (h), 12 C.F.R. Part 109;
- (c) all rights to seek any type of administrative or judicial review of the Consent Order;
- (d) any and all claims for fees, costs or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter or the Consent Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412; and
- (e) any and all rights to challenge or contest the validity of the Consent Order.

#### ARTICLE IV

##### OTHER PROVISIONS

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

(2) Nothing in this Stipulation shall preclude any proceedings brought by the Comptroller to enforce the terms of the Consent Order, and nothing in this Stipulation constitutes, nor shall the Bank content that it constitutes, a waiver of any right, power, or authority of any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice, to bring other actions deemed appropriate.

(3) The terms of this Stipulation and the Consent Order 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 as his representative, has hereunto set his hand on behalf of the Comptroller.

/s/  
\_\_\_\_\_  
Steven D. Jacobs  
Director for Special Supervision

4/16/2015  
\_\_\_\_\_  
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/  
James L. Buckner

4/16/2015  
Date

/s/  
Donald Davidson, Sr.

4/16/2015  
Date

/s/  
Lisa L. Finch

4/16/2015  
Date

/s/  
William C. Goodall

4/16/2015  
Date

/s/  
Joseph E. Moore, Jr.

4/16/2015  
Date

/s/  
Thelma J. Smith

4/16/2015  
Date

/s/  
Monica D. Thomas

4/16/2015  
Date

/s/  
Norman Williams

4/16/2015  
Date

/s/  
Carole Wood Jenkins

4/16/2015  
Date