

(c) Violations of Regulation E, 12 C.F.R. §§ 205.7(a), 205.8(b), and 205.11(c), including inadequate customer disclosure, inadequate disclosure of the error resolution notice in monthly statements, and failure to resolve errors in a timely manner.

(d) Failure to make written underwriting standards available to the public and failure to keep an accurate loan application register, in violation of 12 C.F.R. § 528.2a(b).

(e) Failure to post required notices, in violation of Regulation CC, 12 C.F.R. § 229.18(b).

(f) Inadequate procedures for reporting suspicious currency transactions, in violation of 12 C.F.R. § 563.180(d)(1).

Ponce desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease-and-desist proceeding against Ponce with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

2. Jurisdiction.

(a) Ponce is a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b), and Section 2(4) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C. § 1462(4). It is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) Pursuant to Section 3(q)(4) of the FDIA, 12 U.S.C. § 1813(q)(4), the Director of the OTS is the "appropriate Federal banking agency" to maintain an enforcement proceeding against such a savings association. Therefore, Ponce is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

3. Consent.

Ponce consents to the issuance by the OTS of the accompanying Order. It further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

6. 12 C.F.R. Sections 205.7(a), 205.8(b), and 205.11(c).
7. 12 C.F.R. Sections 563.180(d)(1) and (2).
8. 12 C.F.R. Section 229.18(b).

IT IS FURTHER ORDERED THAT:

9. Within 45 days of the effective date of this Order, the Institution shall review the sufficiency of its Bank Secrecy Act ("BSA") policies and procedures. A written report outlining the results of said review and making recommendations to improve and enhance future BSA compliance shall be made to the Board of Directors within 60 days of the effective date of this Order. Following receipt of said report, the Board of Directors shall immediately adopt, approve, implement, and thereafter fully comply with revised policies and procedures that, at a minimum, provide for the following:

- (a) an internal control system to ensure that BSA regulations are being followed, including the filing of Currency Transaction Reports and maintenance of exemption lists and a monetary instruments log, in accordance with 12 C.F.R. § 563.177(c)(1) and 31 C.F.R. §§ 103.22(a)(1), 103.22(d), 103.27(d), 103.28, and 103.29;
- (b) establishment and maintenance of an independent audit program to monitor BSA compliance, in accordance with 12 C.F.R. § 563.177(c)(2), at least annually;
- (c) initial and ongoing training of appropriate personnel regarding BSA regulations, and any current or future amendments and interpretations made to same, in accordance with 12 C.F.R. § 563.177(c)(4); adequate written document of such training efforts, including the dates and names of those employees in attendance at all training sessions, as well as the content of such training sessions; and
- (d) full and complete written quarterly reports to the Board of Directors, within 20 days following the end of each quarter, regarding all training, internal

controls, audit coverage and results, and any corrective action implemented; and

- (e) written quarterly reports to the Regional Director from the Board of Directors, to be received by the Regional Director within 30 days following the end of each quarter, specifically outlining the Institution's compliance with the BSA and setting forth all steps taken to correct any deficiencies noted and ensure future compliance.

10. Within 60 days of the effective date of this Order, the Institution shall adopt, approve, implement and thereafter fully comply with revised policies, procedures and training programs for preparing and reviewing Truth in Lending ("TIL") disclosure statements for those types of credit subject to the TIL Act. Such revisions shall include the specific assignment of responsibilities for the review of all information and calculations set forth in the TIL disclosure statements. Said review shall ensure that the information contained in each TIL disclosure statement is accurate and in accordance with the provisions of 12 C.F.R. §§ 226.18(d), 226.18(j), and 226.19(a)(1), specifically with respect to the inclusion of construction loan inspection fees as prepaid finance charges, inclusion of construction period interim interest as a component of the finance charge, as well as the timeliness of early TIL disclosures in mortgage loan transactions. Also, Truth in Lending disclosures shall be made available in English in the event such is requested by the customer, in accordance with 12 C.F.R. § 226.27.

11. The Institution shall immediately revise its Electronic Funds Transfer Act ("EFT") disclosures to provide readily understandable written information on the initial terms and conditions of EFT transactions and error resolution procedures, in accordance with 12 C.F.R. §§ 205.7(a), 205.8(b), and 205.11(c). All such EFT disclosures shall immediately be made available in both English and Spanish.

12. The Institution shall immediately make copies of its loan underwriting standards available to the public at each of its branch offices as required by 12 C.F.R. § 528.2a(b). Said loan underwriting standards shall immediately be made available in both English and Spanish.

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All technical words or terms used in this Order, for which meanings are not specified or otherwise provided by the provisions of this Order, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations. Any such technical words or terms used in this Order and undefined in said Code of Federal Regulations shall have meanings that accord with the best custom and usage in the savings and loan industry. For purposes of this Order, references to regulations, bulletins, memoranda and publications shall include any successor regulations, bulletins, memoranda and publications.

This Order has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. The terms and provisions of this Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Any time limitations in this Order shall begin with the effective date hereof and may be extended by the Regional Director.

THE OFFICE OF THRIFT SUPERVISION

By: _____ /S/
John E. Ryan
Regional Director
Southeast Region