

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of	)	
	)	Order No.: NE-10-06
	)	
	)	
SAVINGS BANK OF MAINE, MHC	)	
Gardiner, ME	)	
OTS Docket No. H4515	)	Effective Date: March 12, 2010
	)	
SAVINGS BANK OF MAINE BANCORP)	)	
Gardiner, ME	)	
OTS Docket No. H4516	)	
	)	
SAVINGS BANK OF MAINE	)	
Gardiner, ME	)	
OTS Docket No. 06947	)	
	)	

AMENDED ORDER TO CEASE AND DESIST

WHEREAS, Savings Bank of Maine, MHC, Gardiner, Maine, OTS Docket No. H4515 (MHC), Savings Bank of Maine Bancorp, Gardiner, Maine, OTS Docket No. H4516 (Bancorp), and Savings Bank of Maine, Gardiner, Maine, OTS Docket No. 06947 (Association), (collectively, the Regulated Entities), by and through their respective boards of directors (Board or Boards), have executed a Stipulation and Consent to Issuance of Amended Order to Cease and Desist (Stipulation); and

WHEREAS, the Regulated Entities, by executing the Stipulation, have 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 there is consent to the issuance of an amended order.

NOW, THEREFORE, IT IS ORDERED that:

Compliance with Laws, Rules, and Regulations.

1. The Regulated Entities and their directors, officers, and employees shall cease and desist from all unsafe or unsound practices, violations of law, rule, regulation, and conditions imposed in writing addressed in the OTS Reports of Examination of the Association dated March 2, 2009 and March 30, 2009, and Report of Examination of the Holding Companies, dated April 17, 2009, (collectively ROEs), which led to the issuance of an order to cease and desist against the Regulated Entities by the OTS on August 20, 2009 (Order).

Amendment of Existing Order.

2. This Amended Order amends the Order (OTS Order No. NE-09-23), which was previously issued by the OTS against the Regulated Entities on August 20, 2009, and which remains in full force and effect. The Order (OTS Order No. NE-09-23) is amended by the replacement of existing Part 1, Paragraph 2 with the following.

Capital Plan.

(a) By September 30, 2010, the Association shall meet and maintain a Tier 1 core ratio equal to or greater than 10.76 percent and a total risk-based capital ratio equal to or greater than 13.78 percent.

(b) Within fifteen (15) days of the date the Association does not meet the Tier 1 core capital ratio of 10.76 percent and the total risk-based capital ratio of 13.78 percent, or from any request by the Regional Director or his designee for the submission of a Contingency Plan, the

Association shall submit a written Contingency Plan that is acceptable to the Regional Director.

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

(d) Upon receipt of notification from the Regional Director, the Association shall implement 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 calendar 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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_____)

Order No.: NE-10-06

Effective Date: March 12, 2010

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-09-23) (Order) against Savings Bank of Maine, MHC, Gardiner, Maine, OTS Docket No. H4515 (MHC), Savings Bank of Maine Bancorp, Gardiner, Maine, OTS Docket No. H4516 (Bancorp), and Savings Bank of Maine, Gardiner, Maine, OTS Docket No. 06947 (Regulated Entities), (collectively, the Regulated Entities), pursuant to 12 U.S.C. § 1818(b), that became effective on August 20, 2009; and

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to modify the Order where the Regulated Entities have consented to the issuance of an amended order to cease and desist; and

WHEREAS, the Regulated Entities desire 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 through 4 below concerning jurisdiction, hereby stipulate and agree 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. MHC and Bancorp, (collectively, the Holding Companies), are “savings and loan holding companies” within the meaning of 12 U.S.C. § 1813(w)(3) and 12 U.S.C. § 1467a because they own and control the Association. Accordingly, MHC and Bancorp are "depository institution holding companies" as defined in 12 U.S.C. § 1813(w)(1).
3. Pursuant to 12 U.S.C. § 1818(b)(9), the "appropriate Federal banking agency" may initiate a cease-and-desist proceeding against a savings and loan holding company in the same manner and to the same extent as a savings association for regulatory violations and/or unsafe or unsound acts or practices
4. 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

savings associations and savings and loan holding companies. Therefore, the Regulated Entities are subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against them pursuant to 12 U.S.C. § 1818(b)(1) and (b)(9).

OTS Findings of Fact.

5. Based upon its March 2, 2009 and March 30, 2009 examinations of the Association and April 17, 2009 examination of the Holding Companies, the OTS finds that the Regulated Entities engaged in unsafe or unsound banking practices and/or violations of law, rule, regulation, or conditions imposed in writing, which led to the issuance of the Order on August 20, 2009 by the OTS.

Consent.

6. The Regulated Entities consent to the issuance by the OTS of the accompanying Amended Order to Cease and Desist (Amended Order). The Regulated Entities further agree to comply with the terms of the Amended Order upon the Effective Date of the Amended Order and stipulate that the Amended Order complies with all requirements of law.

Finality.

7. 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.

8. The Regulated Entities waive the following:
- (a) the right to be served with a written notice of the OTS's charges against them 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.

9. 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 and/or the Holding Companies 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.

10. The Association and the Holding Companies acknowledge and agree that their consent to the issuance of the Amended Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 9 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 and/or the Holding Companies 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.

11. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Amended Order.

12. 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.

13. All references to the OTS in this Stipulation and the Amended Order shall also mean any of the OTS's predecessors, successors, and assigns.

14. 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.

15. 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.

16. 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.

17. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association, MHC and Bancorp, respectively, 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 at each of the Regulated Entities.

WHEREFORE, the Regulated Entities, by their directors, execute this Stipulation.

Other Directors of Savings Bank of Maine:

/s/
Al C. Graceffa, Director

/s/
Daniel F. Hollingdale, Director

/s/
Arthur C. Markos, Director

/s/
John Rizzo, Director