

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

STATE OF ILLINOIS
OFFICE OF BANKS AND REAL ESTATE
BUREAU OF BANKS AND TRUST COMPANIES

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)	
In the Matter of)	AMENDED
)	ORDER TO CEASE AND DESIST
BANK OF CALHOUN COUNTY)	
HARDIN, ILLINOIS)	FDIC-00-097b
)	
(Insured State Nonmember Bank))	No. 2000-BBTC-11-b
)	
_____)	

On November 16, 2000, the Federal Deposit Insurance Corporation ("FDIC") and the Office of Banks and Real Estate for the State of Illinois ("OBRE") issued an ORDER TO CEASE AND DESIST against Bank of Calhoun County, Hardin, Illinois ("Bank"), that became effective on November 26, 2000 ("2000 ORDER"), and remains in full force and effect. Further, on November 27, 2002, the FDIC and OBRE issued against the Bank a MODIFICATION OF ORDER TO CEASE AND DESIST ("MODIFICATION ORDER"), which modification was limited to a revision of paragraph 6(a) of the 2000 ORDER.

Subsequent to the issuance of the 2000 ORDER and the MODIFICATION ORDER, specifically, as of February 18, 2003, the FDIC and OBRE conducted an examination of the Bank which showed that the condition of the Bank had deteriorated since the issuance and modification of the 2000 ORDER. Thus, to more adequately address the Bank's condition, the FDIC and OBRE

determined to amend certain provisions of the 2000 ORDER and the MODIFICATION ORDER.

On July 10, 2003, the Bank, through its board of directors, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN AMENDED ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") wherein the Bank consented to the issuance of an AMENDED ORDER TO CEASE AND DESIST ("AMENDED ORDER").

The FDIC and OBRE considered the matter and determined that there was reason to believe that sufficient cause existed to amend the 2000 ORDER and the MODIFICATION ORDER to more adequately address the condition of the Bank. The FDIC and OBRE, therefore, accepted the CONSENT AGREEMENT and issued the following:

AMENDED ORDER TO CEASE AND DESIST

A. The 2000 ORDER is amended so that the phrase "as of April 25, 2000" in paragraphs 1(c)(ii), 14(b), and 15(b)(iii) is deleted and replaced with the phrase "as of February 18, 2003, and as of the date of any subsequent examination of the Bank conducted by the FDIC or OBRE."

B. Paragraph 3(b) of the 2000 ORDER is amended by designating present paragraph 3(b) as 3(c), and inserting the following paragraph 3(b):

3. * * *

(b) (i) On or before August 29, 2003, the Bank shall prepare and submit to the Regional Director and Commissioner for review and comment a report listing all Bank

employees who have lending authority. In addition to providing the employee's name and title, the report shall detail the employee's secured and unsecured lending limits, and shall provide any other information relevant to his or her lending authority.

- (ii) Subsequent to the initial submission required by this paragraph, and so long as this ORDER remains in effect, the Bank shall provide the Regional Director and Commissioner with a revised report whenever an employee's secured or unsecured lending limit increases, decreases, or is eliminated; whenever another employee is given lending authority, regardless of the type of lending authorized or the limitations thereon; and whenever there is a change in any other information relevant to an employee's lending authority. The revised report shall be submitted to the Regional Director and Commissioner within 10 days of any change in the immediately preceding report.
- (iii) Within 30 days from the receipt of any comments from the Regional Director and Commissioner, and after the adoption of any recommended changes, the board of directors shall approve the employees' lending authority as set out in the report and in any subsequent modifications thereto, which approval shall be recorded in the minutes of the board of directors' meeting.

Thereafter, the Bank shall operate its lending function in conformance with the lending authority report.

* * *

C. The 2000 ORDER is amended so that paragraph 7 is deleted and replaced with the following paragraph 7:

7. As of the effective date of this ORDER, and within 10 days from the date the Bank is provided with any Reports of Examination subsequent to the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" as of April 25, 2000, and at any subsequent examination of the Bank conducted by the FDIC or OBRE, that have not been previously collected or charged off. Any such charged-off asset shall not be rebooked without prior written notification to the Regional Director and Commissioner. Elimination or reduction of these assets with the proceeds of other Bank extensions of credit is not considered collection for the purpose of this paragraph.

D. The 2000 ORDER is amended so that paragraph 9(a) is deleted and replaced with the following paragraph 9(a):

9. (a) Within 60 days from the effective date of this ORDER, and within 10 days from the date the Bank is provided with any Reports of Examination subsequent to the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and Commissioner for review and comment, a written plan to reduce the Bank's risk position in each asset in excess of \$50,000 which is classified "Substandard" in the FDIC and OBRE Reports of Examination as of April 25,

2000, and in any subsequent Report of Examination of the Bank prepared by the FDIC or OBRE. In developing such plan, the Bank shall, at a minimum:

- (i) Review the financial position of each such borrower, including source of repayment, repayment ability, and alternative repayment sources; and
- (ii) Evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

E. The 2000 ORDER is amended so that the introductory paragraph of paragraph 12 and paragraph 12(a) are deleted and replaced with the following introductory paragraph 12 and paragraph 12(a):

12. Within 90 days from the effective date of this ORDER, and within 10 days from the date the Bank is provided with any Reports of Examination subsequent to the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and Commissioner for review and comment a written plan to reduce the loan concentration(s) of credit identified in the FDIC and OBRE Reports of Examination as of April 25, 2000, and in any subsequent Reports of Examination of the Bank prepared by the FDIC or OBRE, to not more than 25 percent of the Bank's total Tier 1 capital. Such plan shall prohibit any additional advances that would increase the concentration or create new concentrations and shall include, but not be limited to:

(a) Dollar levels to which the Bank shall reduce each concentration within 6 and 12 months following the required date of submission of each written plan required by this paragraph;

* * *

F. The 2000 ORDER is amended so that paragraph 18 is deleted and replaced with the following paragraph 18:

18. Within 90 days from the effective date of this ORDER, and within 10 days from the date the Bank is provided with any Reports of Examination subsequent to the effective date of this ORDER, the Bank shall correct the deficiencies in internal routines and controls which are listed in the FDIC and OBRE Reports of Examination as of April 25, 2000, and in any subsequent Reports of Examination prepared by the FDIC or OBRE. Additionally, policies and procedures shall be established to prevent the recurrence of any deficiency so noted.

G. Paragraph 6(a) of the MODIFICATION ORDER is eliminated and the language of paragraph 6(a) contained in the 2000 ORDER is restored, as shown below:

6. (a) As of the effective date of this ORDER, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extensions of credit (including any portion thereof) that has been charged off or classified "Loss" so long as such credit remains uncollected.

* * *

The provisions of this AMENDED ORDER shall be binding upon the Bank, its institution-affiliated parties, and its successors and assigns.

Except as amended herein, the provisions of the 2000 ORDER shall remain in full force and effect.

The provisions of this AMENDED ORDER shall remain effective

and enforceable except to the extent that, and until such time as, any provisions shall have been modified, amended further, terminated, suspended or set aside by the FDIC and OBRE.

Pursuant to delegated authority.

Dated this 19th day of August, 2003.

Scott M. Polakoff
Regional Director - Chicago
Federal Deposit Insurance
Corporation

Scott D. Clarke
Assistant Commissioner
Office of Banks and Real Estate
State of Illinois