

STATE OF ILLINOIS
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING

IN THE MATTER OF:)	
)	No. 2006-MBR-42
PROVIDENTIAL BANCORP, LTD.)	
License No. MB.0005744)	
Attn.: Dale Turken)	
600 W. Chicago Avenue, Suite 350)	
Chicago, IL 60610)	

CONSENT ORDER

The Department of Financial and Professional Regulation, Division of Banking, of the State of Illinois (the "Department") and Providential Bancorp, Ltd. ("Providential") hereby enter into this Consent Order (the "Consent Order") and stipulate, admit and agree to the following:

STIPULATIONS AND ADMISSIONS

On March 31, 2006, Providential's audited financials for Fiscal Year 2005 (the "Financials") were due to the Department pursuant to Section 3-2 of the Residential Mortgage License Act of 1987 (the "Act") [205 ILCS 635/3-2]. Both parties stipulate that Providential requested and was granted an extension by the Department until April 30, 2006 to file the Financials. Providential admits that it did not file the Financials with the Department until October 27, 2006. Providential further admits that the Financials show that Providential did not maintain minimum net worth for Fiscal Year 2005 as required by Section 3-5 of the Act. Providential admits that it currently meets minimum net worth as of the date of the Consent Order.

TERMS AND CONDITIONS

WHEREFORE, the Department and Providential agree as follows:

- I. The Department has reviewed Providential's license renewal application and agrees to issue renewal of Providential's Illinois residential mortgage license number MB.0005744 upon execution of the Consent Order.
- II. The Department imposes a late penalty fee to Providential of \$50 per day pursuant to Section 4-1(r) of the Act for the one hundred eighty (180) days Providential was late in submitting the Financials, said penalty fee totaling nine thousand dollars (\$9,000). Providential agrees to pay this penalty fee to the Department within 30 days of execution of the Consent Order.
- III. Providential agrees to submit to the Department, on or before December 8, 2006, a full financial compilation as of October 31, 2006, prepared by an outside licensed certified public accountant or accounting firm, to include a cover letter, balance sheet, income/expense statement, cash flow statement, notes, and retained earnings reconciliation. In addition, Providential agrees to provide to the Department monthly financial reporting which can either be prepared internally by the company, or by an outside accounting firm. Monthly financial reports must include a balance sheet, and income/expenses, as well as a brief report of any significant events that impact the company's operations and equity position.
- IV. Providential agrees to provide to the Department each month a copy of any meeting notices and minutes produced for Providential's Board of Directors, and Advisory Board, and to provide copies of any options purchase agreements, strategic and growth plans, and revisions thereto.
- V. Providential agrees to submit its audited financials for Fiscal Year 2006 to the Department on or before March 31, 2007 as required by Section 3-2 of the Act and understands that failure to do so will be treated by the Department as a repeat violation

subject to disciplinary suspension or other administrative action under Sections 3-2 or 4-5 of the Act.

- VI. Providential agrees to fully comply with Section 1050.480 of the Rules of the Residential Mortgage License Act of 1987 (the “Rules”) [38 Ill. Adm. Code 1050.480] concerning application for Department approval of proposed changes in ownership or control, and to comply with Rules Section 1050.480 such that the Department’s records for Providential are current as to its ownership and control at all times.
- VII. Providential agrees to waive its right to file any petition for administrative hearing or other appeal of the Consent Order. Providential acknowledges that it has been represented by legal counsel in negotiating the Consent Order, and that it willingly enters into the Consent Order, upon advice of counsel, and after full review, evaluation, and consideration and with full knowledge of its rights under the Act and Illinois Administrative Procedure Act.
- VIII. The Department enters into the Consent Order for the purpose of imposing measures that are fair and equitable in the circumstances and that are consistent with the best interests of the people of the State of Illinois.
- IX. The Consent Order shall become effective upon all the parties hereinafter designated signing and dating the Consent Order and on the date that the last of those designated for the Department sign and date the Consent Order. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument binding on all the parties hereto, notwithstanding that each of the parties are not signatories to the same counterpart. The parties agree that facsimile signatures shall be treated as originals.

The foregoing Consent Order is approved in full.

By _____ date: _____

DALE TURKEN
PROVIDENTIAL BANCORP, LTD.

By _____ date: _____

SAMMY AVERBUCH
PROVIDENTIAL BANCORP, LTD.

By _____ date: _____

RICK OPPER
PROVIDENTIAL BANCORP, LTD.

By _____ date: _____

IAN MATTHEWS
PROVIDENTIAL BANCORP, LTD.

DEPARTMENT OF FINANCIAL AND PROFESSIONAL
REGULATION of the State of Illinois;
DEAN MARTINEZ, SECRETARY
DIVISION OF BANKING
D. LORENZO PADRON, DIRECTOR

By _____ date: November 3, 2006

REYNOLD M. BENJAMIN
ASSISTANT DIRECTOR, BUREAU OF RESIDENTIAL
FINANCE