

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

IN THE MATTER OF:)	
)	
PROVIDENTIAL BANCORP, LTD.)	No. 2007-MBR-27-b
License No. MB.0005744)	
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:

WHEREAS, Providential is an Illinois Corporation licensed as a mortgage banker under Illinois law and holds License No. M.B. 0005744; and

WHEREAS, the Department is an agency of the State of Illinois authorized to license and regulate the business of mortgage banking in Illinois; and

WHEREAS, the Department, in performing its review of Providential, filed an Order, No. 2007 MBR 27, revoking the license of Providential; and

WHEREAS, the Department alleged that Providential had not complied with the provisions of a previous order; and

WHEREAS, the Department further alleged that Providential's audited financials for the fiscal year ending December 31, 2006 showed Providential to have a net worth below the amount required by the Residential Mortgage License Act of 1987 (the "Act"); and

WHEREAS, Providential denies the Department's allegations and filed an appeal pursuant to the Act within ten (10) days after receipt of the Order; and

WHEREAS, Providential is entitled to a full evidentiary hearing; and

WHEREAS, the parties believe it is in their best interests to resolve the issues between them with a consent order.

TERMS AND CONDITIONS

NOW THEREFORE, the Department and Providential agree as follows:

- I. The Department has now received and reviewed the relevant documents required by Consent Order No. 2006-MBR-42, including, but not limited to, the Option Agreement between Providential and Providential Financial Corporation, the agenda of the December 11, 2006 Advisory Board Meeting, the agenda of the March 22, 2007 Advisory Board Meeting, the agenda of the May 17, 2007 Advisory Board Meeting, the Company's Marketing Plan, and the Company's Strategic Plan for 2007-2009.
- II. The terms of the Consent Order No. 2006-MBR-42 remain in full force and effect. The Department has reviewed documents that demonstrate that Providential has a current net worth at or above the statutory requirement.
- III. Providential agrees to continue to update the Department with all necessary information pursuant to Consent Order No. 2006-MBR-42.

- IV. Upon execution of this Consent Order by both parties, the Department agrees to amend the Illinois Department of Financial and Professional Regulation's website so that Providential's license and registration status is listed as active and in good standing.
- V. Providential agrees, as an additional condition, to create an operational reserve account. This account will retain a minimum balance of \$300,000 at the end of each month for a period of two years or such lesser time as the Director may agree upon request of Providential. The account will be maintained as a separate account at a depository of Providential's choice, in the name of Providential and the appropriate officers of Providential shall have signatory authority. However, the Account shall also name the Director, Jorge A. Solis, as a party entitled to receive account information including balances to be provided on a monthly basis. It is understood by the parties that this account is created to assist with the process of insuring that Providential's net worth remains above the statutory limit; however, Providential shall maintain at all times minimum net worth of no less than \$150,000 and shall report this monthly to the Director no later than the fifteenth day of the following month and each such report shall be certified by a licensed certified public accountant.
- VI. Providential agrees that upon the termination of the two-year period or such shorter time as the Director may agree, the Director will review Providential's compliance with this Consent Order and determine whether the account must remain in place. If the Director determines that Providential has not complied with the Consent Order, Providential must keep the account in place for a period of one more year. If the

Director rules that Providential has not been in compliance, the Director must state in writing any and all reasons he believes Providential has not been in compliance.

VII. Providential agrees to withdraw its Request for an Administrative Hearing and its Request for a Pre-Hearing Conference, filed on or about July 11, 2007. 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: August 30, 2007

DEPARTMENT OF FINANCIAL AND
PROFESSIONAL REGULATION of the State of
Illinois

DIVISION OF BANKING
JORGE A. SOLIS, DIRECTOR