FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of **MAPLE BANK** **CHAMPLIN, MINNESOTA** **(Insured State Nonmember Bank)**	)	**ORDER TO CEASE AND DESIST** **FDIC-09-395b**

Maple Bank, Champlin, Minnesota ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices alleged to have been committed by the Bank, and its right to a hearing on those charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") dated September 16, 2009, with counsel for the Federal Deposit Insurance Corporation ("FDIC"), whereby, solely for the purpose of this proceeding and without admitting or denying any unsafe or unsound banking practices, the Bank consented to the issuance of the following ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it has reason to believe that the Bank has engaged in unsafe and unsound banking practices. The FDIC, therefore, accepts the CONSENT AGREEMENT and issues the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from the following unsafe or unsound banking practices:

A. Operating with a board of directors and management that did not implement adequate policies and practices for the prudent operation of the Bank.

B. Operating with inadequate capital and an inadequate allowance for loan and lease losses for the volume, kind, and quality of loans and leases held, and/or failing to make provision for an adequate allowance for possible loan and lease losses.

C. Engaging in hazardous lending and lax collection practices.

D. Operating with excessive loan losses and with excessive levels of adversely classified items and delinquent and/or nonaccrual loans.

E. Operating with an inadequate risk identification and loan review system and loan policy.

F. Operating with inadequate liquidity and funds management in light of the Bank’s asset and liability mix, and its sensitivity to interest rate risk.

G. Operating with inadequate earnings.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. Assessment of Management.

(a) From the effective date of this ORDER, the Bank shall take action to have and retain qualified management.

(b) Within 30 days from the effective date of this ORDER, the board of directors shall engage an independent third party acceptable to the FDIC Kansas City Regional Director (“Regional Director”) and the Minnesota Deputy Commissioner (collectively, the “Supervisory Authorities”), and that possesses appropriate expertise and qualifications to analyze and assess the Bank’s management and staffing performance and needs. The engagement shall require that the analysis and assessment be summarized in a written report to the board of directors (“Management Report”) within 90 days of engagement. Within 10 days of receipt of the Management Report, the board will conduct a full and complete review of the Management Report, which review shall be recorded in the minutes of the meeting of the board of directors.

(c) The Bank shall provide the Supervisory Authorities with a copy of the proposed engagement letter or contract with the third party for review and comment before it is executed.

(d) Within 30 days of receipt of the Management Report, the board will develop a written Management Plan that incorporates the findings of the report, a plan of action in response to each recommendation contained in the Management Report, and a time frame for completing each action. At a minimum, without limitation, the Management Plan shall:

(i) Contain a recitation of the recommendations included in the Management Report or otherwise communicated to the Bank, along with a copy of any report(s) prepared by the outside consultant(s);

(ii) Identify the type and number of executive officer positions needed to manage and supervise the affairs of the Bank, detailing any vacancies or additional needs and giving appropriate consideration to the size and complexity of the Bank;

(iii) Identify the type and number of staff positions needed to carry out the Bank’s strategic plan, detailing any vacancies or additional needs;

(iv) Present a clear and concise description of the relevant knowledge, skills, abilities, and experience necessary for each executive officer position, including delegations of authority and performance objectives;

(v) Identify and establish Bank committees needed to provide guidance and oversight to management;

(vi) Establish procedures to periodically review and update the Management Plan, as well as periodically review and assess the performance of each officer and staff member; and

(vii) Contain a current management succession plan.

For purposes of this ORDER, “executive officer” is defined as set forth in 12 C.F.R. § 215.2(e)(i).

(e) A copy of the Management Report and Management Plan and any subsequent modification thereto shall be submitted to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comments from the Regional Director, and after consideration of such comment, the board of directors shall approve the Management Plan which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank and its directors, officers and employees shall implement and follow the Management Plan and any modifications thereto. It shall remain the responsibility of the board to fully implement the plan within the specified time frames. In the event the plan, or any portion thereof, is not implemented, the board shall immediately advise the Supervisory Authorities, in writing, of specific reasons for deviating from the Management Plan.

2. Minimum Capital Requirements.

(a) While this ORDER is in effect, the Bank shall have and maintain the following minimum capital levels (as defined in Part 325 of the FDIC's Rules and Regulations), after establishing an appropriate allowance for loan and lease losses:

(i) Tier 1 capital at least equal to 8 percent of total assets;

(ii) Total risk-based capital at least equal to 12 percent of total risk-weighted assets.

(b) In the event any ratio is or becomes less than the minimum required by subparagraph (a) of this provision, the Bank shall submit a written plan to the Supervisory Authorities within 60 days describing the means and timing by which the Bank shall increase such capital ratios up to or in excess of the minimum requirements. The written plan shall also include contingent plans in the event of any changes affecting pending capital proposals. Within 30 days of receipt of all such comments from the Regional Director, and after consideration of all such comments, the Bank shall approve the written plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the written plan.

(c) Any increase in Tier 1 capital necessary to meet the requirements of subparagraph (a) of this provision may not be accomplished through a deduction from the allowance for loan and lease losses.

3. Dividend Restriction.

While this ORDER is in effect, the Bank shall not declare or pay any cash dividends without the prior written approval of the Supervisory Authorities.

4. Brokered Deposits.

Upon issuance of this ORDER and so long as this ORDER is in effect, the Bank shall not accept, increase, renew, or rollover any brokered deposits without the prior written approval of the Supervisory Authorities. For purposes of this ORDER, brokered deposits are defined in section 337.6(a)(2) of the FDIC Rules and Regulations to include any deposits funded by third-party agents or nominees for depositors, including deposits managed by a trustee or custodian when each individual beneficial interest is entitled to or asserts a right to federal deposit insurance.

5. Reduction of Adversely Classified Assets.

(a) Within 90 days from the effective date of this ORDER, the Bank shall formulate written plans to reduce the Bank's risk exposure in each asset in excess of $250,000 adversely classified as "Substandard" in the FDIC June 1, 2009 Report of Examination ("Report of Examination"). For purposes of this provision, "reduce" means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by the Supervisory Authorities. In developing the plans mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified loan or lease, review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position.

(b) Upon completion of the plans, the Bank shall submit the plans to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comments from the Regional Director, and after consideration of any recommended changes, the Bank shall approve the plans, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the plans.

6. Restrictions on Advances to Adversely Classified Borrowers.

(a) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit or obligation with the Bank that has been, in whole or in part, charged off or adversely classified "Substandard" in the Report of Examination and is uncollected, or classified "Substandard" or "Doubtful" in any future Reports of Examination from either of the Supervisory Authorities and is uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing, after collecting in cash all interest and fees due from a borrower, any credit already extended to the borrower.

(b) Subparagraph (a) of this provision shall not apply if the Bank's failure to extend further credit to a particular borrower would be detrimental to the best interests of the Bank. Prior to extending additional credit pursuant to this sub paragraph (b), whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Bank's board of directors, who shall fully document in its minutes that:

(i) the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, with an explanation of why it would be detrimental;

(ii) that the extension of such credit would improve the Bank’s position, with an explanatory statement of why the Bank’s position would improve; and

(iii) an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

(c) The board of directors’ conclusions and approval shall be made a part of the minutes of the board, or designated committee, with a copy retained in the borrower’s credit file.

7. Correction of Technical Exceptions.

(a) Within 90 days from the effective date of this ORDER, the Bank shall correct the exceptions listed on the “Assets with Credit Data or Collateral Documentation Exceptions” pages of the Report of Examination.

(b) For any exception that cannot be corrected, the Bank shall document the reasons for such inability in the borrower’s credit file, and the board of directors shall review and include the documentation in the Board’s minutes.

(c) From the effective date of this ORDER, the Bank shall ensure that the necessary supporting documentation is obtained and evaluated before any credit or loan is extended.

8. Implementation of Loan Review.

(a) Within 60 days of the effective date of this ORDER, the board shall develop an appropriate program of independent loan review that will provide for a periodic review of the Bank's loan portfolio and the identification and categorization of problem credits. At a minimum, the system shall provide for:

(i) Prompt identification of loans with credit weaknesses that warrant the special attention of management, including the name of the borrower, amount of the loan, reason why the loan warrants special attention; and assessment of the degree of risk that the loan will not be fully repaid according to its terms;

(ii) Prompt identification of all outstanding balances and commitments attributable to each obligor identified under the requirements of subparagraph (i), including outstanding balances and commitments attributable to related interests of such obligors, including the obligor of record, relationship to the primary obligor identified under subparagraph (i), and an assessment of the risk exposure from the aggregate relationship;

(iii) Identification of trends affecting the quality of the loan portfolio and potential problem areas;

(iv) Assessment of the overall quality of the loan portfolio;

(v) Identification of credit and collateral documentation exceptions;

(vi) Identification and status of violations of laws, rules, or regulations with respect to the lending function;

(vii) Identification of loans that are not in conformance with the Bank's lending policy;

(viii) Identification of loans to directors, officers, principal shareholders, and their related interests; and

(ix) A mechanism for reporting periodically, but in no event less than quarterly, the information developed in (i) through (viii) above to the board of directors. The report should also describe the action(s) taken by management with respect to problem credits.

(b) The Bank shall submit the program to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Regional Director, and after consideration of any recommended changes, the Bank shall approve the program, which approval shall be recorded in the minutes of the board of directors meeting. Thereafter, the Bank shall implement and fully comply with the program.

(c) Upon implementation, a copy of each report shall be submitted to the board, as well as documentation of the actions taken by the Bank or recommendations to the board that address identified deficiencies in specific loan relationships or the

Bank’s policies, procedures, strategies, or other elements of the Bank’s lending activities. Such reports and recommendations, as well as any resulting determinations, shall be recorded and retained in the minutes of the meeting of the board of directors.

9. Maintenance of Allowance for Loan and Lease Losses.

(a) Within 10 days from the effective date of this ORDER, the board of directors shall make a provision which will replenish the allowance for loan and lease losses (“ALLL”) for the loans charged off as a result of the most recent internal loan review or in the most recent examination and reflect the potential for further losses in the remaining loans or leases classified “Substandard” and “Doubtful” as well as all other loans and leases in its portfolio.

(b) Within 30 days from the effective date of this ORDER, the board shall establish a comprehensive policy and methodology for determining the ALLL. The policy shall provide for a review of the ALLL at least once each calendar quarter. That review should be completed at such time in the first month of each quarter to ensure that the findings of the board will be properly reported in the Bank’s Call Reports. Such reviews shall, at a minimum, be made in accordance with the Call Report Instructions, the Interagency Statement of Policy on the

Allowance for Loan and Lease Losses, other applicable regulatory guidance that addresses the appropriateness of the Bank's ALLL, and any analysis of the Bank's ALLL provided by either of the Supervisory Authorities.

(c) A deficiency in the Bank's ALLL shall be remedied in the calendar quarter in which it is discovered by a charge to current operating earnings prior to any Tier 1 capital determinations required by this ORDER and prior to the Bank's submission of its Call Report. The board of directors shall thereafter maintain an appropriate ALLL.

(d) The Bank shall submit the policy and ALLL methodology to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comments from the Regional Director, and after consideration of any recommended changes, the Bank shall approve the policy, which approval shall be recorded in the minutes of the board of directors. Thereafter, the Bank shall implement and fully comply with the policy.

10. <u>Concentrations of Credit</u>.

(a) Within 90 days of the effective date of this ORDER, the Bank shall develop a written plan ("Concentration Plan") intended to systematically reduce and monitor the Bank's concentrations listed in the Report of Examination to an amount which is commensurate with the Bank's business strategy, management expertise, and financial condition. The Concentration Plan shall establish appropriate concentration risk limits for each segment of the portfolio with common risk characteristics or sensitivities to economic, financial, or business developments. Concentration risk limits will be expressed as a percentage of Total Capital.

(b) The board of directors shall review, on a quarterly basis, the level and trend of concentrations, actual levels compared to levels targeted in the Concentration Plan, and reports that describe the state of and changes in commercial real estate market conditions in the geographic areas in which the Bank lends.

(c) Immediately after development, the Concentration Plan shall be submitted to the Supervisory Authorities for review and comment. Within 30 days of receipt of any comments from the Regional Director, and after consideration of any recommended changes, the board of directors shall approve the Concentration Plan, which approval shall be recorded in the minutes of the board. Thereafter, the Bank shall fully implement the Concentration Plan. The Concentration Plan shall be reviewed at least annually and amended as appropriate to manage the risk in the commercial real estate portfolio as well as in large individual lending relationships.

11. Implementation of Loan Policy.

Within 60 days from the effective date of this ORDER, the board of directors of the Bank shall review and revise the Bank’s written loan policies and procedures to strengthen the Bank’s asset quality and lending functions, to prevent further deterioration, and to address the comments and criticisms in the Report of Examination. The Bank’s revised loan policies and procedures shall be provided to the Supervisory Authorities for review and comment. Within 30 days of receipt of any comments from the Regional Director, and after consideration of any recommended changes the Bank shall approve the loan policies and procedures, which approval shall be recorded in the minutes of the board of directors meeting. Thereafter, the Bank shall implement and fully comply with the revised loan policies. In the event the Bank considers making a loan that would not conform with the Bank’s loan policies, the loan shall receive prior review and approval by the Bank’s board of directors. The reason for non-conformance and the board’s prior review and approval shall be documented in the board’s minutes and in the loan file for that loan.

12. <u>Liquidity and Funds Management</u>.

(a) Within 30 days from the effective date of this ORDER, the Bank shall prepare a written liquidity analysis and projection for the sources and uses of funds, including but not limited to the following:

Sources:

(i) listing of loans available for participation or sale and a list of committed purchasers;

(ii) listing of and projected pay offs or pay downs of loans;

(iii) specific listing of all funding sources and borrowings and level of commitments/availability;

(iv) projection and breakdown of deposit growth from non-brokered deposits and sources;

Uses:

(v) listing and timing of contractually binding loan commitments that are expected to be funded;

(vi) projections for known maturities and/or withdrawals of brokered deposits and other out-of-market deposits;

(vii) projections, including best and worse case scenarios, of large public/private deposit withdrawals;

Projections and Contingency Plans:

(viii) projections for curtailing loan growth and/or shrinking the total asset size of the Bank; and

(ix) specific contingency plans that help management to monitor liquidity risk, ensure that an appropriate amount of liquid assets is maintained, measure and project funding requirements during various scenarios, and manage access to funding sources.

(b) This written analysis and projection shall be reviewed by management for viability on a daily basis, and updated as necessary.

13. Business/Strategic Plan and Profit and Budget Plan.

(a) Within 90 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the board of directors shall develop and fully implement a written three-year business/strategic plan and one-year profit and budget plan covering the overall operation of the Bank and its goals and strategies, consistent with sound banking practices, and taking into account the Bank’s other written plans, policies, or other actions as required by this ORDER.

(b) The business/strategic plan shall provide specific objectives for asset growth, loan portfolio mix, market focus, earnings projections, capital needs, and liquidity position.

The profit and budget plan shall include goals and strategies for improving the earnings of the Bank. The budget shall include a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components.

(c) The business/strategic plan and the profit and budget plan, and any subsequent modification thereto, shall be submitted to the Supervisory Authorities for review and comment. No more than 30 days after the receipt of any comments from the Regional Director, and after consideration of any recommended changes, the board of directors shall approve the business/strategic plan and the profit and budget plan, with approval recorded in the board meeting minutes. Thereafter, the Bank shall implement and fully comply with the plans.

14. Changes in Board of Directors and/or Senior Officers.

The Bank shall notify the Supervisory Authorities in writing of any resignations and/or terminations of any members of its Board of Directors and/or any of its senior officer(s) within 15 days of the event. The Bank shall also establish procedures to ensure compliance with section 32 of the FDI Act, 12 U.S.C. § 1831i and Subpart F of Part 303 of the FDIC's Rules and Regulations, 12 C.F.R §§ 303.100 through 303.103.

15. Disclosure of Order to Shareholders.

Following the effective date of this ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this ORDER, (i) in conjunction with the Bank's next shareholder communication, and (ii) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429 for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

16. Program for Monitoring Bank's Compliance with ORDER.

Within 30 days from the effective date of this ORDER, the board of directors shall adopt and implement a program that will provide for monitoring of the Bank's compliance with the ORDER.

17. Progress Reports.

On or before October 31, 2009, the Bank shall furnish a written progress report to the Supervisory Authorities, using financial data as of September 30, 2009, detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. Thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities within 30 days after the end of each calendar quarter. The written progress reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER.

18. Binding Effect.

(a) This ORDER shall be effective on the date of issuance. The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC.

(b) The provisions of this ORDER shall not bar, estop or otherwise prevent the Supervisory Authorities or any other federal or state agency or department from taking any action against the Bank, any of the Bank's current or former institution-affiliated parties, or agents for improper acts or omissions, violations of any law or regulations, or engaging in unsafe or unsound banking practices.

Issued Pursuant to Delegated Authority.

Dated the 23rd day of September, 2009

By:

/s/

Mark S. Moylan
Deputy Regional Director
Kansas City Regional Office