FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

NEVADA FINANCIAL INSTITUTIONS DIVISION

LAS VEGAS, NEVADA

In the Matter of SECURITY SAVINGS BANK HENDERSON, NEVADA (INSURED STATE NONMEMBER BANK)	ORDER TO CEASE AND DESIST Docket FDIC-09-004b

Security Savings Bank, Henderson, Nevada ("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 of its right to a hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and Nevada Revised Statutes, § 658.115, and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), and with the Nevada Financial Institutions Division ("NFID"), by and through its counsel, dated January 29, 2009, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the NFID.

The FDIC and the NFID considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices. The FDIC and the NFID, therefore, accepted the CONSENT AGREEMENT and issued 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 and unsound banking practices, as more fully set forth in the joint FDIC and NFID Report of Examination ("ROE") dated July 29, 2008:

(a) operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;

(b) operating with a board of directors ("Board") that has failed to provide adequate supervision over and direction to the active management of the Bank;

(c) operating with inadequate capital in relation to the kind and quality of assets held by the Bank;

(d) operating with a large volume of poor quality loans and investments;

(e) engaging in unsatisfactory lending and collection practices;

(f) operating in such a manner as to produce operating losses;

(g) operating with inadequate provisions for liquidity;

(h) operating in contravention of Part 325 Appendix A;

(i) operating in contravention of the May 15, 2008, Joint Memorandum of Understanding;

(j) operating with a high concentration of commercial real estate loans; and

(k) operating with excess sensitivity to market risk.

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

1. The Bank shall have and retain qualified management.

(a) Each member of management shall have qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Management shall include the following: (i) a chief executive officer with proven ability in managing a bank of comparable size, and experience in upgrading a low quality loan portfolio, improving earnings, and other matters needing particular attention; (ii) a chief financial officer with demonstrated ability in all financial areas including but not limited to, accounting, regulatory reporting, budgeting and planning, management of the investment function, liquidity management, and interest rate risk management; and (iii) a chief credit officer with significant appropriate lending, collection, and loan supervision experience and experience in upgrading a low quality loan portfolio. The chief executive officer, the chief financial officer, and the chief credit officer are hereafter referred to collectively as "Senior Executive Officers." Each Senior Executive Officer shall be provided appropriate written authority from the Bank's Board to implement provisions of this ORDER and shall perform his or her duties onsite at the Bank.

(b) The qualifications of management shall be assessed on its ability to:

(i) comply with the requirements of this ORDER;

(ii) operate the Bank in a safe and sound manner;

(iii) comply with applicable laws and regulations; and

(iv) restore all aspects of the Bank to a safe and sound condition, including asset quality, capital adequacy, earnings, management effectiveness, liquidity, and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall notify the Deputy Regional Director of the FDIC's San Francisco Regional Office ("Deputy Regional Director") and the Commissioner of the NFID ("Commissioner") in writing when it proposes to add any individual to the Bank's Board or employ any individual as a senior executive officer. The notification must be received at least 30 days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual or individuals to be added or employed. The Bank shall not add, elect or appoint any individual to the Bank's board or employ any individual as a senior executive officer if the Deputy Regional Director or Commissioner, in response to the Bank's notification as required in this paragraph, notifies the Bank of his or her disapproval.

2. (a) The Bank's Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged-off, and recovered loans; investment activity; operating policies; and individual committee actions. The Bank's Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within 45 days from the effective date of this ORDER, the Bank shall add a minimum of two independent directors to the Bank's Board. The additional independent directors shall possess prior banking and/or bank board experience. One of the directors shall be a local resident of Nevada. The Deputy Regional Director and the Commissioner shall receive prior notice of the additions in accordance with paragraph 1(c) above.

(c) Within 30 days from the effective date of this ORDER, the Bank shall implement procedures to document all board and committee meetings with thorough and accurate minutes. The Bank shall ensure all minutes contain a complete and correct summary of each meeting that official bank business is discussed, including special board meetings and meetings held during non-business hours.

(d) Within 30 days from the effective date of this ORDER, each Bank Board member shall improve his or her attendance at board and committee meetings to adequately fulfill his or her duties and responsibilities as directors.

(e) The Bank's Board shall pursuant to the charter of the Special Regulatory Committee maintain the Special Regulatory Committee established to oversee the corrective measures as required by this ORDER.

3. (a) Within 45 days from the effective date of this ORDER, the Bank shall develop and adopt a capital plan that requires the maintenance of the Bank's Tier 1 Leverage Capital ratio above 10 percent throughout the life of this ORDER. The plan shall be in a form and manner acceptable to the Deputy Regional Director and the Commissioner as determined at subsequent examinations.

(b) Within 45 days from the effective date of this ORDER, the Bank shall develop and adopt a plan to meet and thereafter maintain the minimum risk-based capital requirements as described in the FDIC's Statement of Policy on Risk-Based Capital contained in Appendix A to Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325, Appendix A.

The Plan shall be in a form and manner acceptable to the Deputy Regional Director and the commissioner as determined at subsequent examinations.

(c) The level of Tier 1 capital to be maintained pursuant to Subparagraph 3(a) shall be in addition to a fully funded allowance for loan and lease losses, the adequacy of which shall be satisfactory to the Deputy Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

(d) Any increase in Tier 1 capital necessary to meet the requirements of Subparagraph 3(a) of this ORDER may be accomplished by the following:

(i) the sale of common stock; or

(ii) the sale of noncumulative perpetual preferred stock; or

(iii) the direct contribution of cash by the Bank's Board and/or shareholders of the Bank;

(iv) any other means acceptable to the Deputy Regional Director and the Commissioner; or

(v) any combination of the above means.

Any increase in Tier 1 capital necessary to meet the requirements of Subparagraph 3(a) of this ORDER may not be accomplished through a deduction from the Bank's allowance for loan and lease losses.

(e) For the purposes of this ORDER, the terms "Tier 1 capital" and "total assets" shall have, the meanings ascribed to them in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. §§ 325.2(v) and 325.2(x).

4. (a) Within 30 days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions thereof classified

"Loss" in the ROE dated July 29, 2008 that have not been previously collected or charged off. Elimination of these assets through proceeds of other loans made by the Bank is not considered collection for the purpose of this paragraph.

(b) Within 45 days from the effective date of this ORDER, the Bank shall develop written asset disposition plans for each classified asset greater than $1 million. The plans shall be reviewed and approved by the Bank's Board and acceptable to the Deputy Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

(c) Within 45 days from the effective date of this ORDER, the Bank shall adopt and implement a written plan for the reduction and collection of delinquent loans and a written plan to reduce the overall level of classified assets. The plans shall be acceptable to the Deputy Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

5. Beginning with 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 has a loan or other extension of credit from the Bank that has been charged off or classified, in whole or in part, "Loss" and is uncollected. This provision shall not prohibit the Bank from renewing or extending the maturity of any credit in accordance with the Financial Accounting Standards Board Statement Number 15 ("FASB 15").

6. Within 45 days from the effective date of this ORDER, the Bank shall revise, adopt, and implement written lending and collection policies to provide effective guidance and control over the Bank's lending function, which policies shall include specific guidelines for placing loans on a non-accrual basis. In addition, the Bank shall obtain adequate and current

documentation for all loans in the Bank's loan portfolio. Such policies and their implementation shall be in a form and manner acceptable to the Deputy Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

7. Within 45 days from the effective date of this ORDER, the Bank shall develop a written plan, approved by its Board and acceptable to the Deputy Regional Director and the Commissioner for systematically reducing the amount of loans or other extensions of credit advanced, directly or indirectly, to or for the benefit of, any borrowers in the "Commercial Real Estate" Concentrations, as more fully set forth in the ROE dated July 29, 2008. No new loans or other extensions of credit shall be granted to such borrowers without the prior written approval of the Bank's Board as reflected in its recorded minutes and are otherwise in conformance with all laws and regulations.

8. Within 45 days of the effective date of this ORDER, the Bank shall develop and submit to the Deputy Regional Director a written strategic plan. Such plan shall include specific goals for the dollar volume of total loans, total investment securities, and total deposits. For each time frame, the plan will also specify the anticipated average maturity and average yield on loans and securities; the average maturity and average cost of deposits; the level of earning assets as a percentage of total assets; and the ratio of net interest income to average earning assets. The plan shall be in a form and manner acceptable to the Deputy Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

9. Within 45 days from the effective date of this ORDER, the Bank shall formulate and implement a written profit plan. This plan shall be forwarded to the Deputy Regional Director and the Commissioner for review and comment and shall address, at a minimum, the following:

(a) goals and strategies for improving and sustaining the earnings of the Bank, including:

(i) an identification of the major areas in, and means by which, the Bank's Board will seek to improve the Bank's operating performance;

(ii) realistic and comprehensive budgets;

(iii) a budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections; and

(iv) a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components.

(b) coordination of the Bank's loan, investment, and operating policies, and budget and profit planning, with the funds management policy.

10. Within 30 days from the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law, as more fully set forth in the ROE dated July 29, 2008. In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable laws and regulations.

11. (a) Within 30 days from the effective date of this ORDER, the Bank shall develop or revise, adopt, and implement a written liquidity and funds management policy. Such policy and its implementation shall be in a form and manner acceptable to the Deputy Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

(b) Within 30 days from the effective date of this ORDER, the Bank shall develop, adopt and implement a comprehensive sources and uses pro forma projection report and a program to ensure compliance with FDIC FIL-84-2008 Liquidity Risk Management.

(c) Within 30 days from the effective date of this ORDER, the Bank shall develop, adopt and implement a liquidity contingency funding plan ("CFP"). The CFP should be customized to the liquidity risk profile of the Bank and identify the types of stress events which may be faced. At a minimum, the CFP should include the requirements set forth in FDIC FIL-84-2008 Liquidity Risk Management.

12. The Bank shall develop, adopt and implement revised and updated investment policies and procedures that, at a minimum:

(a) expressly prohibit the purchase of non-agency mortgage backed securities;

(b) require formal pre-purchase analysis and documentation of all investments with embedded derivatives, including stress testing and analysis of downside risk; and

(c) establish a formal approval process for the purchase of securities acceptable to the Deputy Regional Director and the Commissioner.

13. During the life of this ORDER, the Bank shall file with the FDIC Consolidated Reports of Condition and Income which accurately reflect the financial condition of the Bank as of the end of the period for which the Reports are filed, including any adjustment in the Bank's books made necessary or appropriate as a consequence of any NFID or FDIC examination of the Bank.

14. The Bank shall not pay cash dividends without the prior written consent of the Deputy Regional Director and the Commissioner.

15. (a) Upon the effective date of this ORDER, the Bank shall not increase the amount of brokered deposits above the amount outstanding on that date.

(b) Within 10 days of the effective date of this ORDER, the Bank shall submit to the Deputy Regional Director and the Commissioner a written plan for reducing its reliance on brokered deposits. The plan should contain details as to the current composition of brokered deposits by maturity and explain the means by which such deposits will be paid or rolled over in compliance with 12 C.F.R. § 337.6. The Deputy Regional Director and the Commissioner shall have the right to reject the Bank's plan. On the 15th day of each month, the Bank shall provide a written progress report to the Deputy Regional Director and the Commissioner detailing the level, source, and use of brokered deposits with specific reference to progress under the Bank's plan. For purposes of this ORDER, brokered deposits are defined as described in section 337.6(a)(2) of the FDIC's 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.

16. Within 30 days of the end of the first quarter, following the effective date of this ORDER, and within 30 days of the end of each quarter thereafter, the Bank shall furnish written progress reports to the Deputy Regional Director and the Commissioner detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports shall include a copy of the Bank's Report of Condition and the Bank's Report of Income. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Deputy Regional Director and the Commissioner have released the Bank in writing from making further reports.

17. Following the effective date of this ORDER, the Bank shall send to its shareholder(s) or otherwise furnish a description of this ORDER in conjunction with the Bank's next shareholder communication and also 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, Accounting and Securities Section, Washington, D.C. 20429, at least 15 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.

18. The provisions of this Order shall not bar, estop or otherwise prevent the FDIC or any other Federal or State agency or department from taking any other action or seeking further remedies against the Bank or any of the Bank's current or former institution-affiliated parties for violations of any laws or engaging in unsafe or unsound banking practices.

This ORDER will become effective upon its issuance by the FDIC and the NFID. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC and the NFID.

Pursuant to delegated authority.

Dated at San Francisco, California, this 3rd day of February, 2009.

J. George Doerr
Deputy Regional Director
Division of Supervision and Consumer Protection
San Francisco Region
Federal Deposit Insurance Corporation

George E. Burns
Commissioner
Nevada Financial Institutions Division