

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

STATE OF MARYLAND  
DIVISION OF FINANCIAL REGULATION  
BALTIMORE, MARYLAND

Written Agreement by and among

AMERICASBANK  
Towson, Maryland

FEDERAL RESERVE BANK  
OF RICHMOND  
Richmond, Virginia

and

MARYLAND DIVISION OF FINANCIAL  
REGULATION  
Baltimore, Maryland

Docket No. 08-026-WA/RB-SM

WHEREAS, in recognition of their common goal to maintain the financial soundness of AmericasBank, Towson, Maryland (the “Bank”), a state chartered bank that is a member of the Federal Reserve System, the Bank, the Federal Reserve Bank of Richmond (the “Reserve Bank”), and the Maryland Division of Financial Regulation, Baltimore, Maryland (the “Commissioner”) have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on September 25, 2008, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing A. Gary Rever, Acting President to enter into this Agreement on behalf of the Bank, and consenting to

compliance by the Bank and its institution-affiliated parties, as defined in section 3(u) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. § 1813(u)), with each and every provision of this Agreement.

NOW, THEREFORE, the Bank, the Reserve Bank, and the Commissioner agree as follows:

**Board Oversight**

1. Within 60 days of this Agreement, the board of directors shall submit to the Reserve Bank and the Commissioner a written plan to strengthen board oversight of the management and operations of the Bank. The plan shall, at a minimum, address, consider, and include:

(a) The actions that the board of directors will take to improve the Bank’s condition and to maintain effective control over and supervision of the senior management, major operations, and activities of the Bank, including but not limited to, lending and credit administration functions and the management of credit concentrations;

(b) the responsibility of the board of directors to monitor management’s adherence to approved Bank policies and procedures and exceptions thereto; and

(c) a detailed description of the information to be included in periodic reports that will be reviewed by the board of directors in its oversight of the operations and management of the Bank, including, at a minimum, information on the Bank’s adversely classified assets, concentrations of credits, liquidity, and earnings.

## **Credit Risk Management**

2. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner an acceptable plan to manage credit risk that shall, at a minimum, address, consider, and include:

- (a) Written analysis of the borrower's creditworthiness and repayment capacity prior to loan approval;
- (b) guidelines for the disbursement of loan proceeds, including advances on construction loans;
- (c) measures to identify, limit, and manage concentrations of credit that are consistent with the Interagency Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices, dated December 12, 2006 (SR 07- 01);
- (d) establishment of an appraisal review function to ensure the quality of appraisals; and
- (e) the annual review and grading of all loans to determine the appropriate risk rating.

## **Asset Improvement**

3. (a) The Bank shall not, directly or indirectly, extend or renew any credit to or for the benefit of any borrower, including any related interest of the borrower, whose extension of credit has been charged off by the Bank or classified, in whole or in part, "loss" or "doubtful" in the report of the examination of the Bank conducted jointly by the Reserve Bank and the Commissioner that commenced on May 22, 2008 (the "Report of Examination") or in any subsequent report of examination, as long as such credit remains uncollected.

(b) The Bank shall not, directly or indirectly, extend or renew any credit to or for the benefit of any borrower, including any related interest of the borrower, whose extension of credit has been classified “substandard” in the Report of Examination or in any subsequent report of examination, without the prior approval of the Bank’s board of directors. The board of directors shall document in writing the reasons for the extension of credit or renewal, specifically certifying that: (i) the extension of credit is necessary to protect the Bank’s interest in the ultimate collection of the credit already granted or (ii) the extension of credit is in full compliance with the Bank’s written loan policy, is adequately secured, and a thorough credit analysis has been performed indicating that the extension or renewal is reasonable and justified, all necessary loan documentation has been properly and accurately prepared and filed, the extension of credit will not impair the Bank’s interest in obtaining repayment of the already outstanding credit, and the board of directors reasonably believes that the extension of credit or renewal will be repaid according to its terms. The written certification shall be made a part of the minutes of the board of directors meetings, and a copy of the signed certification, together with the credit analysis and related information that was used in the determination, shall be retained by the Bank in the borrower’s credit file for subsequent supervisory review. For purposes of this Agreement, the term “related interest” is defined as set forth in section 215.2(n) of Regulation O of the Board of Governors (12 C.F.R. § 215.2(n)).

4. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner an acceptable written plan designed to improve the Bank’s position through repayment, amortization, liquidation, additional collateral, or other means on each loan or other asset in excess of \$200,000, including other real estate owned (“OREO”), that (i) is past

due as to principal or interest more than 90 days as of the date of this Agreement; (ii) is on the Bank's problem loan list; or (iii) was adversely classified in the Report of Examination.

(b) Within 30 days of the date that any additional loan or other asset in excess of \$200,000 including OREO, becomes past due as to principal or interest for more than 90 days, is on the Bank's problem loan list, or is adversely classified in any subsequent report of examination of the Bank, the Bank shall submit to the Reserve Bank and the Commissioner an acceptable written plan to improve the Bank's position on such loan or asset.

(c) Within 30 days after the end of each calendar quarter thereafter, the Bank shall submit a written progress report to the Reserve Bank and the Commissioner to update each asset improvement plan, which shall include, at a minimum, the carrying value of the loan or other asset and changes in the nature and value of supporting collateral, along with a copy of the Bank's current problem loan list, extension report, and past due/non-accrual report.

#### **Allowance for Loan and Lease Losses**

5. (a) Within 10 days of this Agreement, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "loss" in the Report of Examination that have not been previously collected in full or charged off. Thereafter the Bank shall, within 30 days from the receipt of any federal or state report of examination, charge off all assets classified "loss" unless otherwise approved in writing by the Reserve Bank and the Commissioner.

(b) Within 60 days of this Agreement, the Bank shall review and revise its ALLL methodology consistent with relevant supervisory guidance, including the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated July 2, 2001 (SR 01-17 (Sup)) and December 13, 2006 (SR 06-17), and the findings and recommendations regarding the

ALLL set forth in the Report of Examination, and submit a description of the revised methodology to the Reserve Bank and the Commissioner. The revised ALLL methodology shall be designed to maintain an adequate ALLL and shall address, consider, and include, at a minimum, the reliability of the Bank's loan grading system, the volume of criticized loans, concentrations of credit, the current level of past due and nonperforming loans, past loan loss experience, evaluation of probable losses in the Bank's loan portfolio, including adversely classified loans, and the impact of market conditions on loan and collateral valuations and collectibility.

(c) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner an acceptable written program for the maintenance of an adequate ALLL. The program shall include policies and procedures to ensure adherence to the revised ALLL methodology and provide for periodic reviews and updates to the ALLL methodology, as appropriate. The program shall also provide for a review of the ALLL by the board of directors on at least a quarterly calendar basis. Any deficiency found in the ALLL shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions. The board of directors shall maintain written documentation of its review, including the factors considered and conclusions reached by the Bank in determining the adequacy of the ALLL. During the term of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner, within 30 days after the end of each calendar quarter, a written report regarding the board of directors' quarterly review of the ALLL and a description of any changes to the methodology used in determining the amount of ALLL for that quarter.

## **Capital Plan**

6. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner an acceptable written plan to maintain sufficient capital at the Bank. The plan shall, at a minimum, address, consider, and include the Bank's current and future capital requirements, including:

(a) Compliance with the Capital Adequacy Guidelines for State Member Banks: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and B of Regulation H of the Board of Governors (12 C.F.R. Part 208, App. A and B);

(b) the volume of adversely classified assets;

(c) the nature and level of the Bank's asset concentrations;

(d) the adequacy of loan loss reserve;

(e) any planned asset growth;

(f) the anticipated level of retained earnings;

(g) anticipated and contingent liquidity needs; and

(h) the source and timing of additional funds to fulfill the future capital and loan loss reserve needs of the Bank.

## **Contingency Funding Plan**

7. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner an acceptable written contingency funding plan that, at a minimum, identifies available sources of liquidity and includes adverse scenario planning.

## **Dividends**

8. (a) The Bank shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Division of Banking Supervision and Regulation of the Board of Governors, and the Commissioner.

(b) Any request to declare or pay dividends must be consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at pages 4-323) and the Annotated Code of Maryland-Financial Institutions 3-307-Cash Dividends. All requests for prior approval shall be received by the Reserve Bank and the Commissioner at least 30 days prior to the proposed dividend declaration date and shall contain, at a minimum, current and projected information on earnings, cash flow, capital, asset quality, and loan loss reserve needs of the Bank.

## **Earnings Plan and Budget**

9. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner a written business plan for 2009 to improve the earnings and overall condition of the Bank. The plan, at a minimum, shall provide for or describe the major areas in and means by which the Bank's board of directors will seek to improve the Bank's operating performance and provide a realistic and comprehensive budget.

(b) A business plan and budget for each calendar year subsequent to 2009 shall be submitted to the Reserve Bank and the Commissioner at least one month prior to the beginning of the calendar year.

## **Compliance with Laws and Regulations**

10. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, the Bank shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*).

(b) The Bank shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

## **Compliance with the Agreement**

11. (a) Within 10 days of this Agreement, the board of directors shall appoint a compliance committee (the "Compliance Committee") to monitor and coordinate the Bank's compliance with the provisions of this Agreement. The Compliance Committee shall include at least three outside directors who are not executive officers or principal shareholders of AmericasBank Corporation, Towson, Maryland or the Bank, as defined in sections 215.2(e)(1) and 215.2(m)(1) of Regulation O of the Board of Governors (12 C.F.R. §§ 215.2(e)(1) and 215.2(m)(1)). At a minimum, the Compliance Committee shall meet at least monthly, keep detailed minutes of each meeting, and report its findings to the board of directors.

(b) Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall submit to the Reserve Bank and the Commissioner written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof.

## **Approval and Implementation of Plans and Program**

12. (a) The Bank shall submit written plans and a program that are acceptable to the Reserve Bank and the Commissioner, within the time periods set forth in paragraphs 2, 4, 5(c), 6, and 7 of this Agreement.

(b) Within 10 days of approval by the Reserve Bank and the Commissioner, the Bank shall adopt the approved plans and program. Upon adoption, the Bank shall promptly implement the approved plans and program and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans and program shall not be amended or rescinded without the prior written approval of the Reserve Bank and the Commissioner.

## **Communications**

13. All communications regarding this Agreement shall be sent to:

- (a) Eugene Johnson  
Vice President  
Federal Reserve Bank of Richmond  
Post Office Box 27622  
Richmond, Virginia 23261
- (b) Teresa M. Louro  
Assistant Commissioner of Bank Supervision  
State of Maryland Division of Financial Regulation  
500 North Calvert Street  
Room 402  
Baltimore, Maryland 21202
- (c) Lee W. Warner  
Chairman of the Board of Directors  
AmericasBank  
500 York Road  
Towson, Maryland 21204

- (d) A. Gary Rever  
Acting Chief Executive Officer  
AmericasBank  
500 York Road  
Towson, Maryland 21204

### **Miscellaneous**

14. Notwithstanding any provision of this Agreement, the Reserve Bank and the Commissioner may, in their sole discretion, grant written extensions of time to the Bank to comply with any provision of this Agreement.

15. The provisions of this Agreement shall be binding upon the Bank and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

16. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and the Commissioner.

17. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the Commissioner, or any other federal or state agency from taking any other action affecting AmericasBank Corporation, the Bank, or any of their current or former institution-affiliated parties and their successors and assigns.

18. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 1st day of October, 2008.

AMERICASBANK

FEDERAL RESERVE BANK  
OF RICHMOND

By: /s/ A. Gary Rever  
A. Gary Rever  
Acting President

By: /s/ Eugene W. Johnson, Jr.  
Eugene W. Johnson, Jr.  
Vice President

STATE OF MARYLAND  
Division of Financial Regulation

By: /s/ Sarah Bloom Raskin  
Sarah Bloom Raskin  
Commissioner