



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

April 24, 2014

Edwin S. del Hierro, P.C
Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, Illinois 60654

Dear Mr. del Hierro:

The Board of Governors of the Federal Reserve System (“Board”) has reviewed the notice filed under the Change in Bank Control Act (“CIBC Act”)¹ by Jay D. Bergman (“Notificant”), Joliet, to acquire up to 94.65 percent of the shares of Community Holdings Corporation (“Community Holdings”), Palos Hills, and thereby indirectly control FirstSecure Bank & Trust (“FirstSecure”), Palos Hills, all of Illinois (the “Notice”).

The CIBC Act requires the Board to review notices in light of specific statutory factors, including whether the competence, experience, or integrity of the acquiring individuals or of any proposed management personnel indicates that it would not be in the interest of the bank’s depositors or in the interest of the public to permit the notificants to control the bank.² The Board also has considered whether any of the factors on which the Board may disapprove the proposed acquisition are present in this case.³

As required by the CIBC Act, the Board has carefully considered whether the record of actions in this case reflects so adversely on Notificant’s “competence, experience, or integrity” that Notificant’s acquisition of shares “would not be in the interest of the depositors of the bank, or in the interest of the public.”⁴ The Board has reviewed all the facts of record, including confidential supervisory information (such as examination information regarding Community Holdings and FirstSecure) and information received from the Federal Deposit

¹ See 12 U.S.C. § 1817(j).

² See *id.* at § 1817(j)(7)(D).

³ See *id.* at §§ 1817(j)(7)(A)-(F).

⁴ See *id.* at § 1817(j)(7)(D).

Insurance Corporation. The Board has also considered the financial resources and managerial capability of Notificant and the condition and management resources of FirstSecure, as well as Notificant's plans for FirstSecure. The Board also took into account commitments made by Notificant as set out in Attachment A to this letter.

Based on all the facts of record, including all representations and commitments made by Notificant, the Board has concluded that the balance of the factors it is required to consider under the CIBC Act weigh in favor of a determination not to disapprove the notice. These commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision on this matter and, as such, may be enforced in proceedings under applicable law. The Board, having considered the relevant statutory factors, also has no objection to the proposed appointment of Mr. Bergman as director and chairman of Community Holdings, pursuant to section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Please advise the Federal Reserve Bank of Chicago ("Reserve Bank") once the transaction has been consummated. If the transaction has not been consummated within one year of the date of this letter, or if the terms or the conditions of any parties to the transaction change, the Reserve Bank should be consulted. The CIBC Act requires that when a change in control occurs, each insured depository institution shall promptly report to the appropriate federal banking agency any changes or replacements of its chief executive officer or its directors in the next 12 months and provide a statement of the past and current business and professional affiliations of the new chief executive officer or directors. We would appreciate your cooperation in ensuring that if any such changes occur, the required information is submitted to the Reserve Bank.

Very truly yours,



Margaret McCloskey Shanks
Deputy Secretary of the Board

cc: Colette A. Fried, Assistant Vice President
Federal Reserve Bank of Chicago

M. Anthony Lowe, Regional Director
Federal Deposit Insurance Corporation

Manuel Flores, Acting Secretary
Illinois Department of Financial and Professional Regulation

Attachment A

In connection with the notice filed pursuant to the Change in Bank Control Act of 1978, 12 U.S.C. § 1817(j), and the Board's Regulation Y, 12 CFR 225.41, by Jay D. Bergman ("Notificant"), Joliet, Illinois, to acquire up to 94.65% of the shares (without giving effect to the exercise of the warrant to be issued to Notificant) of Community Holdings Corporation ("Community Holdings"), Palos Hills, and thereby indirectly control FirstSecure Bank & Trust ("Bank"), Palos Hills, all of Illinois (the "Notice"), the following commitments are made to the Board:

1. Within 60 days following the date of consummation of the proposed transaction, Notificant will cause Community Holdings and Bank to designate individuals with suitable experience, expertise, and with proven records of success to serve in key management positions at Community Holdings and Bank.
2. Within 60 days following the date of consummation of the proposed transaction, Notificant will review the directorate composition of Community Holdings and Bank and cause Community Holdings and Bank to make such member designations as to ensure suitable board member qualifications and independence, including adequate representation from outside directors.
3. Within 90 days following the date of consummation of the proposed transaction, each banking organization that is controlled by Notificant will develop and submit to the Board an acceptable comprehensive business plan for the banking organization on a consolidated basis for the next three years, or other appropriate timeframe, that addresses: strategic objectives; organizational structure; corporate governance; intercompany relationships; product and service mix; funding sources; and balance sheet and income statement changes, including growth plans.
4. All business and employee relationships between affiliates must be covered by board-approved contracts and detailed policy oversight, and any transactions between affiliated entities of Bank will be consistent with prudent risk management requirements and standards, including compliance with sections 23A and 23B of the Federal Reserve Act.

Notificant understands that these commitments constitute conditions imposed in writing in connection with the Board's findings and decisions related to the Notice and that, as such, may be enforced in proceedings under applicable law.