STATE OF CALIFORNIA

DEPARTMENT OF FINANCIAL INSTITUTIONS

In the Matter of)) EVANGELICAL CHRISTIAN CREDIT UNION,)) Respondent.))	CONSENT ORDER Financial Code Section 580

Evangelical Christian Credit Union (Respondent), by and through its duly elected and acting Board of Directors (Board), has executed a "Waiver and Consent" to the Issuance of an Order under Financial Code Section 580, dated June 6, 2013, that is accepted by the Department of Financial Institutions (DFI). Through its waiver, Respondent has consented, without admitting or denying any charges of unsafe or unsound credit union practices, to the issuance of this Consent Order (Order) by DFI.

Therefore, pursuant to Section 580 of the Financial Code, the Commissioner of Financial Institutions of the State of California (Commissioner) orders as follows:

1. The Board of Respondent shall retain management acceptable to the DFI commissioner. Any new placements of executive management or officials shall be submitted to DFI for approval prior to hiring or seating.

2. No chief executive officer/president, any assistant chief executive officer (e.g., any assistant president, any vice president, any assistant treasurer/manager) or chief financial officer shall receive any bonus, profit sharing, raise in salary, or any other additional remuneration without the written consent of the DFI. This includes changes in or increased funding of any retirement plans, such as a 457 plan. This does not void contractually committed remunerations entered into prior to April 1, 2013. Additionally, no golden parachutes or

indemnification payments shall be entered into with or made to an institution-affiliated party (IAP).

3. No new contracts or renewal of employment contracts shall be entered into without the prior written consent of the DFI.

4. Respondent shall determine the marketability of loan sales by identifying potential buyers, terms, and timeframes for loan sales. Respondent shall update this information at least semi-annually, and as market conditions dictate. Respondent shall report its progress in this endeavor to DFI by June 30 and December 31 of each year.

5. Respondent shall, by June 30, 2013, submit a plan that is acceptable to the Commissioner to reduce the total member business loan concentration to no more than 65 percent of assets, excluding loan interests sold on a non-recourse basis, by December 31, 2017. Specific concentration percentages must be met by the following dates:

a) From June 30, 2013 until June 30, 2015, no more than 75 percent of assets.

b) From July 1, 2015, no more than 75 percent of assets declining to 70 percent by December 31, 2016.

c) In 2017, no more than 70 percent of assets declining to 65 percent of assets by December 31, 2017.

A variance of no more than 3 percent of assets will be accepted, in the case of an unplanned asset decline, if member business loan dollars did not increase in the current quarter.

6. By June 30, 2013, Respondent shall adopt a written plan to find a qualified back-up/alternative servicer for portfolio MBLs and serviced participations. The engagement of such qualified back-up/alternative servicer shall be completed by December 31, 2013. The plan and engagement of such back-up/alternative servicer shall be in a form and manner acceptable to the Commissioner.

7. By June 30, 2013, Respondent shall submit a revised 2013 budget, which is acceptable to the Commissioner, with specific benchmarks and assigned actions including:

a) Assumptions for Provision for Loan and Lease Loss Expense using foreclosure projections and recent loss trends;

b) Quarterly expense reductions;

c) Realistic loan income forecasts considering forecasted repricing activity, and

d) Positive net earnings sufficient to build net worth dollars.

8. Respondent shall develop and implement a 5-year strategic plan. The 5-year plan must have specific quarterly benchmarks and action plans to:

a) Systematically reduce MBL concentration, to meet the targets in Item 5 above;

b) Develop and implement consumer loan products to diversify credit risk;

c) Limit reliance on institutional deposits as addressed in Item 9;

d) Reduce interest rate risk and establish shocked Net Economic Value (NEV) and net long-term asset targets;

e) Increase cash and short term investments as noted in Items 11 and 12;

f) Establish goals to achieve net worth growth commensurate with balance sheet and operational risk; and

g) Implement significant operating expense reductions.

Respondent shall prepare an outline of the strategic plan with targets by June 30, 2013 and submit the final plan for Commissioner approval by October 28, 2013.

9. By June 30, 2013, Respondent shall submit a plan to reduce Respondent's dependence on institutional deposits. Such plan shall, minimally, include a process that increases natural person deposits by $15-20 million by December 31, 2014, an additional $20-30 million by December 31, 2015 and no less than $30 million in each year thereafter. Further, such plan shall establish a system to monitor natural person and institutional deposits on a quarterly

basis, with board of director approved benchmarks. Such plan shall include quarterly monitoring reports that shall be in a form and manner acceptable by the Commissioner.

10. By June 30, 2013, Respondent shall revise the policy target for OREO sales from 18 to 36 months to 12 to 18 months. Respondent shall reduce the book value of those properties not sold after eighteen months from foreclosure to no greater than the current market value of the property.

11. The Board shall increase cash and short-term investments to 6.00 percent of assets by June 30, 2013 and 7.00 percent by September 30, 2013, and maintain at least 7.00 percent thereafter.

12. Respondent shall evaluate whether a minimum of 7.00 percent cash and short-term investments is sufficient to address various stressed scenarios in its revised five year strategic plan. Respondent shall provide DFI this analysis and its conclusions and resulting actions no later than November 30, 2013.

13. Respondent shall develop a one year monthly rolling cash flow analysis that notes all cash inflows and outflows for the month. Additionally, Respondent shall perform stress test shock scenarios on the cash flow analyses. Respondent shall provide this analysis and its conclusions and resulting actions to DFI by each calendar quarter-end.

14. By September 30, 2013, Respondent shall adopt a succession plan that incorporates short-term and long-term plans for the identification and development of individuals with the experience and capacity to fill the position of the CEO and senior management. Such plan shall be in a form and manner acceptable to the Commissioner.

15. By June 30, 2013, Respondent management shall develop and implement a strategy to bring Respondent back into compliance with the policy minimum NEV limit of 6 percent after a +300 basis point rate increase. Such strategy and its implementation shall be in a form and manner acceptable by the Commissioner.

16. Respondent management shall grant troubled debt restructured loans (workouts) only under the following conditions: (a) debt coverage ratios must be no less than 1:1 and underwriting must include all supporting documentation to achieve this ratio and (b) analyze and document the ability of the borrower to repay the loan consistent with appropriate sound member business loan underwriting guidelines, due diligence and credit risk analysis. These loans may not include new money for any purpose, including but not limited to taxes, fees, insurance, loan payments and accrued interest due.

17. Respondent shall verify and enforce member business loan liquidity covenants and reserve requirements per contract requirements. Waivers of such liquidity or reserve requirements may be granted if there is an agreed upon and documented plan to cure the default. Respondent shall require the replenishment of funds if previously used for any purpose. Member business loans liquidity and reserve requirements may be removed upon rollover when documented and supported.

18. Respondent shall confirm and monitor the availability of existing lines of credit and continue to seek additional sources of off-balance sheet funding for contingency purposes. Respondent shall report its progress in developing additional long-term funding sources to DFI by each calendar quarter-end.

19. By June 30, 2013, and within twenty (20) days after the end of each month thereafter, Respondent shall furnish a written progress report to the Commissioner. The report shall set forth the following detail:

(a) Actions taken to comply with each section of this Consent Order;

(b) The results of those actions;

(c) A description of actions remaining to be accomplished in order to achieve full compliance with each section of this Consent Order; and

(d) Financial statements, Board minutes, and delinquency and other real estate owned asset schedules.

This Consent Order is effective immediately. Violation of this Consent Order will subject Respondent to further regulatory enforcement action not inconsistent with the terms hereof. The Commissioner reserves the right to amend, revoke or rescind this Consent Order in whole or in part, not inconsistent with the terms hereof. All reports and other documents required to be submitted to the Commissioner by this Consent Order shall be encrypted and sent by secure email or as an attachment to a secure email in an electronic format compatible with the Department of Financial Institutions' electronic system to the following email address: CUExam.Responses@dfi.ca.gov.

Dated: June 10, 2013.

Teveia Barnes

TEVEIA R. BARNES
Commissioner of Financial Institutions