

STATE OF CALIFORNIA

DEPARTMENT OF BUSINESS OVERSIGHT

In the Matter of)	
)	
EVANGELICAL CHRISTIAN CREDIT UNION,)	CONSENT ORDER
)	Financial Code Section 580
Respondent)	
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This Order supersedes the Department of Business Oversight’s (“Department”) Order dated September 2, 2014. Pursuant to Financial Code section 580, the Commissioner of Business Oversight (“Commissioner”) of the State of California orders:

1. (a) Respondent shall retain management and maintain a Board of Directors (“Board”) acceptable to the Commissioner and the National Credit Union Administration (“NCUA”). Such management shall include a chief executive officer, a chief financial officer, and a senior lending officer qualified to restore Respondent to a sound condition, operate Respondent in a safe and sound manner, comply with this Order, and comply with applicable laws and regulations. The chief executive officer shall have proven ability to manage a credit union of comparable size and experience in developing sound credit administration and credit underwriting practices and procedures, improving earnings, and other matters needing particular attention. The chief financial officer (“CFO”) shall have the appropriate accounting and credit union operations skills that are necessary to resolve Respondent’s accounting and internal control issues. The senior lending officer shall have significant experience in lending, collection, and loan supervision. Each member of management shall be provided appropriate written authority from the Board to implement this Order.

(b) Without limiting the generality of the foregoing, the Commissioner reserves the right to determine whether Respondent’s management, Board, and Supervisory Committee are acceptable.

(c) Respondent shall not add, re-elect, nominate for election, or appoint anyone to the Board, Supervisory Committee, or hire as its credit manager or any other senior management officers (vice president and above), without the Commissioner’s prior written approval.

2. Respondent shall not award or pay its chief executive officer, president or CFO any bonus, profit sharing, or any other additional remuneration without the Commissioner's and NCUA's prior written approval. This provision also applies to any changes in or increased funding of any retirement plan, such as a tax advantaged deferred-compensation retirement plan (e.g., a 457 plan). In addition, Respondent shall not pay or enter into any agreement with an institution-affiliated party to pay any indemnification or golden-parachute compensation.

3. Respondent shall maintain its uninsured shares at no more than one hundred twenty-five (125) percent of its cash and short-term investments. For purposes of this provision, "cash" means cash on hand and cash on deposit. In addition, "short-term investments" means investments with a remaining maturity of one year or less, as defined in Respondent's most recent 5300 Call Report.

4. Respondent shall maintain its total concentration of member business loans at no more than sixty-five (65) percent of assets, excluding loan interests sold on a non-recourse basis.

5. Respondent shall maintain a Strategic Plan that describes how the Respondent's Board and management will restructure Respondent's balance sheet so that it brings Respondent's credit, interest-rate and liquidity-risk exposure levels within risk tolerances acceptable to the Commissioner and the NCUA. The Strategic Plan shall set forth specific quarterly benchmarks and steps to:

- a) diversify Respondent's credit risk;
- b) reduce Respondent's member business loan concentration;
- c) reduce Respondent's classified loans;
- d) reduce Respondent's reliance on uninsured deposits;
- e) reduce Respondent's interest-rate risk;
- f) ensure that Respondent's on-balance sheet liquidity aligns with its financial plans and projections;
- g) achieve a net-worth growth that is commensurate with Respondent's balance sheet and operational risk; and
- h) manage Respondent's operating expenses to achieve its forecasted performance.

6. Within forty-five (45) days from the end of the first quarter immediately following the effective date of this Order and within forty-five (45) days from the end of each quarter thereafter, Respondent shall furnish a written progress report to the Commissioner and the NCUA detailing the form of any actions taken to secure compliance with this Order and the results of those actions. Respondent shall furnish the written progress reports until instructed otherwise in writing by the Commissioner and the NCUA.

This Order is effective immediately. Violation of any provision of this Order may be deemed to be conducting business in an unsafe manner, and may subject Respondent to

further enforcement action. The Commissioner reserves the right to amend, revoke or rescind this Order in whole or in part. All reports and other documents required by this Order to be submitted to the Commissioner shall be encrypted and sent by secure email or as an attachment to a secure email in an electronic format compatible with the Department's electronic system to the following email address: cuexam.responses@dbo.ca.gov.

Dated: July 15, 2016

/s/ _____
JAN LYNN OWEN
Commissioner of Business Oversight