

AGREEMENT BY AND BETWEEN  
The Federal Savings  
Bank Chicago, Illinois  
and  
The Office of the Comptroller of the Currency

The Federal Savings Bank, Chicago, Illinois (“Bank”) and the Office of the Comptroller of the Currency (“OCC”) wish to assure the safety and soundness of the Bank and its compliance with laws and regulations.

The Comptroller of the Currency (“Comptroller”) has found unsafe or unsound practices, including those relating to: (i) risk management; (ii) the Bank’s consumer compliance program and violations of law, rule, or regulation, including those relating to the Real Estate Settlement Procedures Act, and the Truth in Lending Act; and (iii) compliance with the Bank Secrecy Act.

Therefore, the OCC, through the duly authorized representative of the Comptroller, and the Bank, through its duly elected and acting Board of Directors (“Board”), hereby agree that the Bank shall operate at all times in compliance with the following:

**ARTICLE I**

**JURISDICTION**

(1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a Federal savings association within the meaning of 12 U.S.C. § 1813(q)(1)(C), and is chartered and examined by the OCC. *See* 12 U.S.C. §§ 1461 *et seq.*, 5412(b)(2)(B).

(3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q).

## ARTICLE II

### **COMPLIANCE COMMITTEE**

(1) Within thirty (30) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) members of which a majority shall be directors who are not employees or officers of the Bank or any of its subsidiaries or affiliates. The Board shall submit in writing to the Assistant Deputy Comptroller the names of the members of the Compliance Committee within ten (10) days of their appointment. In the event of a change of the membership, the Board shall submit in writing to the Assistant Deputy Comptroller within ten (10) days the name of any new or resigning committee member. The Compliance Committee shall monitor and oversee the Bank's compliance with the provisions of this Agreement. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings.

(2) Within ninety (90) days of the date of this Agreement, and thereafter within thirty (30) days after the end of each quarter, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Agreement;
- (b) the specific corrective actions undertaken to comply with each Article of this Agreement; and
- (c) the results and status of the corrective actions.

(3) Upon receiving each written progress report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of the first Board meeting following the Board's receipt of such report.

## **ARTICLE III**

### **RISK MANAGEMENT**

(1) Within one hundred twenty (120) days of the date of this Agreement, the Bank shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable written Risk Management System, which shall include an Independent Risk Management Program and Internal Audit Program. Refer to the “Corporate and Risk Governance,” “Internal Control,” and “Internal and External Audits” booklets of the Comptroller’s Handbook for related safe and sound principles.

(2) Management shall ensure the Independent Risk Management Program includes the following:

- (a) A requirement that each front-line unit or business line implement and adhere to a comprehensive risk control self-assessment (RCSA) framework, to include:
  - (i) A description of the scope of its operations;
  - (ii) Identification and assessment of all significant risks associated with its operations with supporting narratives;
  - (iii) Identification and assessment of specific controls for each identified risk with supporting narratives;
  - (iv) At least annual updates and more frequent updates if products and services change or new risks emerge.
- (b) Written policies and procedures to ensure that the Independent Risk Management Program:
  - (i) establishes responsibility and accountability for risk

management related functions;

- (ii) promotes effective oversight and control of risks by a risk management unit that is appropriately independent of the related front-line unit or business line and that the risk management unit has the requisite stature, authority, and resources, including sufficient staffing to provide such oversight and controls; and
- (iii) has a risk management unit that develops and implements effective monitoring and testing measures for risks to monitor and confirm business lines follow applicable laws, regulations, policies, and procedures, and properly remediate any identified deficiencies, and ensures effective testing of design and execution of risk controls.

(3) Management shall ensure the Internal Audit Program's compliance with the standards for internal audit systems set forth in Section II.B of the Interagency Guidelines Establishing Standards for Safety and Soundness, Appendix A to 12 C.F.R. Part 30. Refer to the "Internal and External Audits" booklet of the *Comptroller's Handbook* for related safe and sound principles. The Internal Audit Program shall incorporate standards of safety and soundness that are commensurate with the Bank's size, complexity, scope of activities, and risk profile and shall, at a minimum:

- (a) require the development of an internal audit plan that is risk-based and provides adequate audit scope, coverage, and frequency for all areas of the Bank, with annual documented Board approval of the internal audit plan and Board notification of any material variance from the plan;
- (b) address the use of third parties to complete any internal audit activities,

including documented Board approval of selection and termination of third parties assisting with the Internal Audit Program; refer to OCC Bulletin 2013-29, “Third-Party Relationships” for related safe and sound principles;

- (c) evaluate the reliability, adequacy, and effectiveness of the Bank’s internal controls system, whether operated by the Bank or a third party;
- (d) evaluate whether the Bank’s internal controls system results in prompt and accurate recording of transactions and proper safeguarding of assets;
- (e) determine whether the Bank complies with laws and regulations and adheres to its established policies, procedures, and processes;
- (f) determine whether management is taking appropriate and timely steps to address control deficiencies and audit report recommendations, that the progress of such steps is adequately validated, documented, and tracked, and that such progress is reported to the Board, or designated committee thereof, on at least a monthly basis;
- (g) require all internal audit reports to be in writing and distributed to the Board, or designated committee thereof, in a timely manner after audit completion; and
- (h) require audit work papers and documentation that provides a meaningful audit trail and validation for audit findings, conclusions, and recommendations.

(4) The Board shall provide effective oversight of the Risk Management System, including:

- (a) confirming that management has identified the skills and expertise needed to execute the Independent Risk Management Program and of

any gaps with current staff, along with a program to develop, attract, and retain talent and maintain appropriate staffing levels to fulfill respective roles in the Bank's enterprise-wide risk management framework.

- (b) confirming that management has taken all appropriate steps to adequately staff the internal audit function, using internal resources and/or third parties, with respect to both the number of auditors required and their knowledge, skills, and experience;
- (c) confirming the internal audit function is independent and objective;
- (d) ensuring the person responsible for implementing the Internal Audit Program shall functionally report directly to the Board, or designated committee thereof, which shall direct his or her activities, set compensation, and evaluate performance;
- (e) confirming that management has taken actions to address material weaknesses in a timely manner and, where appropriate, directing management to take additional action; and
- (f) confirming that management satisfies all statutory, regulatory, and written supervisory requirements.

(5) The independent risk management staff and the internal audit staff shall have access to any records necessary for the proper conduct of its activities. The OCC shall have access to all reports and work papers of the internal audit staff and any third parties providing internal audit services.

(6) Within forty-five (45) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Risk Management System or to any subsequent amendment to the Risk Management System, the Board shall adopt

and Bank management, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to the Risk Management System. The Board shall review the effectiveness of the Risk Management System at least annually, and more frequently if necessary or if required by the OCC in writing, and shall require that the Risk Management System be amended as needed or directed by the OCC. Any amendment to the Risk Management System must be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

#### **ARTICLE IV**

##### **CONSUMER COMPLIANCE**

(1) Within one hundred twenty (120) days of the date of this Agreement, the Bank shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable written Consumer Compliance Program designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws and regulations.

- (2) The Consumer Compliance Program shall include, at a minimum:
- (a) A requirement to maintain sufficient staff and expertise to effectively manage the Bank's compliance function and periodic (no less than annual) evaluation of the number and expertise of current staff to determine whether additional staff is needed;
  - (b) A written description of the duties and responsibilities of the Compliance Officer;
  - (c) A training program that includes:

- (i) Periodic training of all appropriate Bank personnel in the requirements of applicable federal and state consumer protection laws and regulations; and
  - (ii) Periodic assessment of the adequacy of job specific training.
- (d) Appropriate policies and procedures to ensure compliance with applicable consumer laws and regulations, including:
- (i) Procedures for ensuring appropriate documentation is retained, including communications with borrowers, relevant dates, any notes, and any additional supporting documentation, to support underwriting decisions (approved, denied, withdrawals, and approved but not accepted), pricing decisions, and significant changes made to the file to ensure compliance with relevant consumer lending laws and regulations;
  - (ii) Procedures for reviewing all marketing activities and advertisements to ensure factual accuracy and compliance with consumer laws and regulations, including but not limited to Regulation Z and Section 5(a) of the Federal Trade Commission Act;
  - (iii) Monitoring of sales activities of mortgage loan officers to identify loan churning, loan flipping, and other forms of predatory lending and employee misconduct;
  - (iv) Procedures for reviewing and aggregating customer complaints from all sources to effectively identify the root cause of complaints



and identify patterns of potential unfairness, abuse, or  
deceptiveness; and

- (v) Fair lending monitoring procedures that:
  - (A) identify and monitor trends of potential disparate treatment in pricing, discount points, and pricing exceptions, including appropriate regression analyses to identify possible outliers,
  - (B) require a report of findings to be presented to the Board at least annually, and
  - (C) provide for development and implementation of action plans to address any disparities identified in the statistical analysis.
- (e) Periodic review of all consumer compliance policies and procedures and timely action to address any identified deficiencies;
- (f) Consumer compliance information systems to measure, track, and report risk, and to escalate significant compliance concerns to senior management and the Board;
- (g) Adequate internal controls to ensure appropriate Board and Management oversight of the Bank's consumer compliance program and Bank's compliance with consumer protection laws and regulations;
- (h) A compliance monitoring program that is founded on an appropriate risk assessment process and identifies and documents violations of consumer

laws and regulations, determines the root causes, and identifies corrective actions in a timely manner; and

- (i) Procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel in a timely manner.

(3) Within ninety (90) days following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection to the Consumer Compliance Program or to any subsequent amendment to the Consumer Compliance Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to the Consumer Compliance Program. The Board shall review the effectiveness of the Consumer Compliance Program at least annually, and more frequently if necessary or if required by the OCC in writing, and shall require that the Program be amended as needed or directed by the OCC. Any amendment to the Consumer Compliance Program must be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

## **ARTICLE V**

### **BANK SECRECY ACT**

(1) Within one hundred twenty (120) days of the date of this Agreement, the Board shall submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection an acceptable revised written program of policies and procedures to provide for compliance with the Bank Secrecy Act, as amended (31 U.S.C. §§ 5311 et seq.), the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, 12 C.F.R. Part 21, Subparts B and C, the rules and regulations of the Office of Foreign Assets Control ("OFAC") (collectively referred to as the "Bank Secrecy Act" or "BSA"), and the appropriate identification and monitoring of transactions that pose greater than normal risk for compliance with the BSA

(“BSA Program”).

(2) The BSA Program shall include, but not be limited to, all corrective actions identified in the 2021 Report of Examination as necessary to address BSA/AML Risk Assessment, Customer Due Diligence (“CDD”), Quality Assurance Testing and Review, BSA/AML Model Risk Management, and Suspicious Activity Report Processes/Suspicious Activity Monitoring as follows:

- (a) improve the BSA/AML Risk Assessment and ensure that it includes adequate support for all conclusions and is appropriately supported by the underlying methodology and sufficient documentation;
- (b) improve and implement an appropriate customer risk rating methodology and procedures to incorporate all related accounts, all transaction types, suspicious activity report (“SAR”) history, consistent application of High Intensity Drug Trafficking Areas/ High Intensity Financial Crimes Areas for each customer type, and an assessment of geographic risk for customers’ incoming transactions;
- (c) develop and implement appropriate CDD procedures that define criteria for adding customers to the exclusionary list and that ensure BSA department staff consistently adhere to current enhanced due diligence procedures;
- (d) implement appropriate BSA/AML quality assurance (“QA”) processes and ensure that procedures contain proper QA governance oversight including, but not limited to, consistent completion and tracking requirements, trend analysis, risk rating of findings, and quantification and documented follow-up for identified findings;
- (e) improve and implement appropriate suspicious activity monitoring

procedures that incorporate CDD information into the analysis and explain any process exceptions;

- (f) engage an appropriate model validation framework for Financial Crime Risk Management (“FCRM”) that includes an outcomes analysis with below and above the line testing and risk-based statistical sampling; and
- (g) ensure that BSA staff adhere to FCRM alert procedures and improve money laundering alert processes to ensure that such processes properly assess material account activity during the review period, adequately analyze sources and uses of funds, provide adequate support for the reason the alerted activity was not suspicious, and include adequate reflection of the customer relationship.

(3) Within one hundred thirty-five (135) days following receipt of the Assistant Deputy Comptroller’s written determination of no supervisory objection to the BSA Program or to any subsequent amendment to the BSA Program, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to the BSA Program. The Board shall review the effectiveness of the BSA Program at least annually, and more frequently if necessary or if required by the OCC in writing, and shall require that the BSA Program be amended as needed or directed by the OCC. Any amendment to the BSA Program must be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection.

## ARTICLE VI

### **GENERAL BOARD RESPONSIBILITIES**

(1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Agreement, and shall verify that the Bank adheres to the corrective actions and they are effective in addressing the Bank's deficiencies that resulted in this Agreement.

(2) In each instance in which this Agreement imposes responsibilities upon the Board, it is intended to mean that the Board shall:

- (a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Agreement;
- (b) ensure that the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Agreement;
- (c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Agreement;
- (d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Agreement;
- (e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Agreement; and
- (f) address any noncompliance with corrective actions in a timely and appropriate manner.

## **ARTICLE VII**

### **OTHER PROVISIONS**

- (1) As a result of this Agreement, the Bank is not:
  - (a) precluded from being treated as an “eligible savings association” for the purposes of 12 C.F.R. Part 5, unless the Bank fails to meet any of the requirements contained in subparagraphs (1) – (4) of 12 C.F.R. § 5.3, Definitions, *Eligible bank or eligible savings association*, or is otherwise informed in writing by the OCC;
  - (b) subject to the restrictions in 12 C.F.R. § 5.51 requiring prior notice to the OCC of changes in directors and senior executive officers or the limitations on golden parachute payments set forth in 12 C.F.R. Part 359, unless the Bank is otherwise subject to such requirements pursuant to 12 C.F.R. § 5.51(c)(7)(i), (iii).
- (2) This Agreement supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3 and 5.51(c)(7)(ii).

## **ARTICLE VIII**

### **CLOSING**

- (1) This Agreement is intended to be, and shall be construed to be, a “written agreement” within the meaning of 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the United States, the OCC, or any officer, employee, or agent of the OCC. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract. The Bank also expressly acknowledges

that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

(2) This Agreement is effective upon its issuance by the OCC, through the Comptroller's duly authorized representative. Except as otherwise expressly provided herein, all references to "days" in this Agreement shall mean calendar days and the computation of any period of time imposed by this Agreement shall not include the date of the act or event that commences the period of time.

(3) The provisions of this Agreement shall remain effective and enforceable except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller's duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Agreement, the Board or a Board-designee shall submit a written request to the Assistant Deputy Comptroller asking for the desired relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that warrant the desired relief or prevent the Bank from complying with the relevant provision(s) of the Agreement, and shall be accompanied by relevant supporting documentation. The OCC's decision concerning a request submitted pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.

(4) The Bank will not be deemed to be in compliance with this Agreement until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this Agreement; the corrective actions are effective in addressing the Bank's deficiencies; and the OCC has verified and validated the corrective actions. An assessment of the effectiveness of the corrective actions requires sufficient passage of time to demonstrate the

sustained effectiveness of the corrective actions.

(5) Each citation, issuance, or guidance referenced in this Agreement includes any subsequent citation, issuance, or guidance that replaces, supersedes, amends, or revises the referenced cited citation, issuance, or guidance.

(6) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to enter into this Agreement.

(7) All reports, plans, or programs submitted to the OCC pursuant to this Agreement shall be forwarded, via email, to the following:

Assistant Deputy Comptroller Allyn R. Adams, Jr.

or such other individuals or addresses as directed by the OCC.

(8) The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his duly authorized representative, has hereunto set his signature on behalf of the Comptroller.

//s//

10/29/2021

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Allyn R. Adams, Jr.  
Assistant Deputy Comptroller  
Downers Grove Field Office



IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of The Federal Savings Bank have hereunto set their signatures on behalf of the Bank.

/s/  
Bernard Banks

10/29/21  
Date

/s/  
John Calk

10/28/21  
Date

/s/  
William Giffin

10/29/21  
Date

/s/  
Charlie Gleichenhaus

10/29/21  
Date

/s/  
Roger Manka

10/28/21  
Date

/s/  
William Markel

10/29/21  
Date

/s/  
James Norini

10/28/21  
Date

/s/  
Javier Ubarri

10/28/21  
Date

/s/  
Viola Mechan

Oct. 28, 2021  
Date