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UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In The Matter of NORTHWESTERN SAVINGS AND LOAN ASSOCIATION CHICAGO, ILLINOIS	Re: Resolution No. CHI-90-23 Date: December 14, 1990

STIPULATION AND CONSENT TO ISSUANCE
OF ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Chicago District Office, OTS, and Northwestern Savings and Loan Association, Chicago, Illinois, ("Northwestern"), hereby stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against Northwestern pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (to be codified at 12 U.S.C. Section 1818(b)). Northwestern desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease-and-desist litigation against Northwestern with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

2. Jurisdiction. (a) Northwestern is a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act of 1933, as amended by FIRREA. Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. Section 1813(c)).

   (b) Pursuant to Section 3 of the FDIA, as amended by FIRREA, the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such a savings association. Therefore, Northwestern is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. Section 1818(b)).

3. Consent. Northwestern consents to the issuance by the OTS of the Order. It further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. Section 1818(b)). Upon its issuance by the Regional Director for the Chicago District Office, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. Section 1818(i)).

5. Waivers. Northwestern waives its right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. Section 1818(b)), and further waives any right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. Section 1818(h)), or otherwise to challenge the validity of the Order.

WHEREFORE, in consideration of the foregoing and intending to be legally bound hereby, the OTS, by and through its Regional Director for the Chicago District, OTS, and Northwestern, by a majority of its directors, execute this Stipulation and Consent to Issuance of Order to Cease and Desist.

OFFICE OF THRIFT SUPERVISION

By: /S/
Stuart M. Brafman
Regional Director
Chicago Region

NORTHWESTERN SAVINGS AND LOAN ASSOCIATION
by a majority of its directors

/S/
Stanley J. Cynkar

/S/
Henry Smogolski

/S/
Edward J. Zych

/S/
Stanley C. Wielgos

/S/
Robert Lewandowski

/S/
Chester Zaleski

/S/
Edward Nowak

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Before the
OFFICE OF THRIFT SUPERVISION

IN THE MATTER OF NORTHWESTERN SAVINGS AND LOAN ASSOCIATION CHICAGO, ILLINOIS	)	Re: Resolution No. CHI-90-23 Date: December 14, 1990

ORDER TO CEASE AND DESIST

WHEREAS, Northwestern Savings and Loan Association, Chicago, Illinois, ("Northwestern") (Docket Number 00531), through its board of directors ("Board"), has executed a Stipulation and Consent to Issuance of Order to Cease and Desist, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Chicago District Office ("Regional Director"); and

WHEREAS, Northwestern, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act, as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (to be codified at 12 U.S.C. Section 1818(b)).

NOW THEREFORE, IT IS ORDERED THAT Northwestern and its directors, officers, employees and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or the aiding and abetting of any violation of:

12 C.F.R. §563e.4(a), pertaining to Community Reinvestment Act ("CRA");
12 C.F.R. §563e.4(d), pertaining to the CRA;
12 C.F.R. §563e.5(a)(3), pertaining to the CRA;
12 C.F.R. §563e.5(c)(2), pertaining to the CRA;
12 C.F.R. §226.17(c)(1), pertaining to Regulation Z;
12 C.F.R. §226.18(b)(3),(d),(e),(f),(g),(h), and (k)(2) pertaining to Regulation Z;
24 C.F.R. §3500.7(a), pertaining to Regulation X;
12 C.F.R. §202.5(e), pertaining to Regulation B;
12 C.F.R. §202.9(a), pertaining to Regulation B;
12 C.F.R. §202.12(b)(1)(i) and (ii), pertaining to Regulation B;
12 C.F.R. §528.2a(b), pertaining to Nondiscrimination In Lending;
12 C.F.R. §528.6(d)(1), Nondiscrimination in Lending;
12 C.F.R. §563.177(b),(c)(1), and (c)(4), pertaining to the Bank Secrecy Act; and/or
31 C.F.R. §103.26(a)(1) and (d), pertaining to Currency Transaction Reports.

IT IS HEREBY FURTHER ORDERED THAT:

1. Within sixty (60) days, the Board shall adopt procedures to prevent future violations of the regulations listed above.

Internal Compliance Program

2. Within sixty (60) days, Northwestern shall appoint or hire a qualified Compliance and CRA Officer. The proposed appointee's or hire's name and qualifications shall be submitted to the OTS Manager for approval. Approval shall be based on a review of the individual's competence and experience.

3. Concurrently, the Board shall develop and submit to the OTS Manager for approval a detailed written job description for the position of Compliance and CRA Officer. The job description shall assign this position with the appropriate level of responsibility and authority to carry out the duties of a Compliance and CRA Officer. The job description shall also delineate the reporting responsibilities of the Compliance and CRA Officer.

4. Within sixty (60) days, the Board shall receive training acceptable to the OTS Manager with regards to their duties and responsibilities pertaining to nondiscrimination, consumer protection, and other public interest laws and regulations, as well as performance under the CRA.

5. Within one hundred twenty (120) days, the Compliance and CRA Officer and the Board shall develop and implement a written consumer compliance program ("the Program") designed to ensure that Northwestern is operating in compliance with all applicable consumer protection laws, rules, and regulations. The Program shall be submitted to the OTS Manager for approval, and shall at a minimum include:

(a) The preparation of a policies and procedures manual covering all consumer protection laws, rules, and regulations for use by appropriate Northwestern personnel in the performance of their duties and responsibilities;

(b) A detailed self-assessment program to test for compliance with consumer laws, rules, and regulations;

(c) Procedures to ensure that exceptions noted in the compliance self-assessment reports are corrected and responded to by the appropriate Northwestern personnel in a timely manner;

(d) Periodic reporting of the results of the self-assessment to the Board or a committee thereof;

(e) The education and training of all appropriate Northwestern personnel in the requirements of all applicable consumer protection laws, rules and regulations;

(f) A comprehensive policy to assure compliance with all applicable Regulation Z (12 C.F.R. §226) requirements. The policy should include procedures to monitor the effectiveness of Northwestern's compliance with Regulation Z, procedures to ensure that complete and accurate Truth-in-Lending disclosures, procedures to ensure complete and accurate savings account loan notes, and the assignment of compliance responsibilities to specific officers or other staff;

(g) The establishment of policies to ensure compliance with all applicable mortgage loan disclosure and notification requirements;

(h) The establishment of a policy which requires that all purchased loans fully comply with the requirements of Regulation X (24 C.F.R. §3500) and Regulation Z (12 C.F.R. §226) before they are purchased;

(i) The establishment of a policy to ensure that Northwestern complies with the requirements of the Nondiscrimination in Lending regulations. The policy should include procedures to ensure the accurate completion and maintenance of loan application registers, and procedures to ensure that documentation is maintained regarding the Board's annual review of Northwestern's loan underwriting standards, and business practices implementing them, to ensure equal opportunity in lending; and

(j) The establishment of a policy to ensure that Northwestern's application procedures and practice complies with 24 C.F.R. §3500.6(a) and §3500.7(a).

Subsequent to the approval of this Program by the OTS Manager, Northwestern shall comply with it in all respects.

Bank Secrecy Act

6. Within ninety (90) days, the Board shall develop and adopt a written program to establish a system of internal controls and audit procedures designed to ensure compliance with the Financial Recordkeeping and Currency and Foreign Transactions Reporting Act (31 U.S.C. 5311) and the regulations promulgated thereunder at 31 C.F.R. §103 (collectively referred to as the "Bank Secrecy Act"). At a minimum, this written program shall establish:

(a) Operating procedures for the detection of multiple transactions if they are by, or on behalf of any person or entity, and result in either cash in or cash out totaling in excess of $10,000, during any single business day;

(b) Procedures governing the accurate and timely filing of currency transaction reports;

(c) Procedures identifying all customers whose transactions with Northwestern are exempt from the reporting requirements of the Bank Secrecy Act;

(d) A formal record retention schedule meeting the requirements of 31 C.F.R. §103;

(e) A comprehensive ongoing training program for all tellers and appropriate supervisory personnel to ensure their awareness of and compliance with the requirements of the Bank Secrecy Act;

(f) Regular, periodic verification procedures as part of Northwestern's regular audit program to ensure adherence to the requirements of the Bank Secrecy Act; and

(g) Prompt management response and follow-up to all audit exceptions or other recommendations of Northwestern's auditor or compliance officer.

Once adopted by the Board, a copy of this program shall be submitted to the OTS Manager for approval. Subsequent to the approval of this program by the OTS Manager, Northwestern shall comply with it in all respects.

<u>Regulation B - Equal Credit Opportunity Act</u>

7. Within ninety (90) days, the Board shall establish a formalized program to ensure that Northwestern's application procedures and practice comply with 12 C.F.R. §202. At a minimum, the written procedures shall establish:

(a) Provisions to ensure that the institution provide adverse action notification to applicants that do not qualify for requested loans, for oral or written applications, including the documentation of all such applications on the loan application register;

(b) A formal retention schedule pursuant to the requirements of 12 C.F.R. §202.12(b)(1);

(c) Provisions to ensure that loan officer practice regarding spousal signatures is consistent with the institution's loan underwriting standards; and

(d) Formal verification procedures as part of Northwestern's regular audit program to ensure compliance.

Once adopted, a copy of the program shall be submitted to the OTS Manager for approval. Subsequent to the approval of this program, Northwestern shall comply with it in all respects.

Community Reinvestment Act

8. Within sixty (60) days, the Board shall undertake and complete a formal assessment of its current community delineation under the Community Reinvestment Act ("CRA") to ascertain the demographics of those communities. The results of the Board's demographic analysis should be considered, in addition to Northwestern's lending patterns, its future lending plans, its charitable contributions, and the previously conducted deposit analysis, in the Board's assessment of the reasonableness of Northwestern's current delineated communities under the CRA, established during May 1990. The Board's assessment of its delineated communities should be completed within 90 days.

9. Within fifteen (15) days of completion of this assessment, the Board shall consider revising its community delineation as required by the results of the assessment. Should the Board decide to delineate the local area or areas where it makes a substantial portion of its loans or charitable contributions, it shall also include in the delineation all other areas equidistant from its offices as those areas.

10. Within thirty (30) days of completion of this assessment, Northwestern shall submit its proposed community delineation, along with the bases for the changes, to the OTS Manager for review and comment before adoption. The OTS Manager's review will be based on the reasonableness of the delineation. If the Board decides not to change its community delineation, its shall demonstrate in writing why its current delineation is reasonable.

11. Based on Northwestern's CRA community delineation, within one hundred and twenty (120) days, the Board shall produce a written analysis of the credit needs of its community. In preparing the written analysis, the Board shall take into account Section 220 of the OTS's Regulatory Handbook regarding Compliance Activities, as well as:

(a) Any written, signed public comments received in response to Northwestern's CRA statement(s);

(b) Existing studies concerning local credit needs; and

(c) Direct communications with community members and organizations including Northwestern customers, the PTA, local government officials, neighborhood organizations, block clubs, minority organizations, small business groups, and consumer groups.

12. On an ongoing basis, Northwestern shall consider the credit needs of its delineated community(ies). At least annually, the Board shall amend, if appropriate, its CRA Statement(s) to reflect changes in the credit needs of the community.

13. Within one hundred and twenty (120) days, the Board shall develop and implement a plan ("Plan") designed to meet the credit needs of the community consistent with the safe and sound operation of Northwestern. The Plan shall, at a minimum, include the following:

(a) A description of the various types of credit that Northwestern is prepared to extend within the community;

(b) A description of the methods Northwestern will use to communicate the availability of credit services to the community. Such methods may include utilizing media targeted to the community such as neighborhood or minority newspapers and radio stations, or notification to real estate and mortgage brokers serving those areas of Northwestern's delineated community;

(c) A marketing program designed to encourage applications for loans in its community particularly in low- and moderate-income neighborhoods; and

(d) Procedures for Northwestern's Board to periodically monitor the effectiveness of and Northwestern's adherence to the Plan.

14. The Board shall review the Plan at least annually and institute any necessary changes. A copy of the Plan shall be retained at Northwestern for review by federal regulatory representatives.

15. Within sixty (60) days, the Board shall establish and implement procedures to monitor and thoroughly evaluate the geographic distribution of Northwestern's credit extensions, credit applications, and credit denials. Such procedures shall be designated to permit Northwestern to determine whether it is meeting the credit needs of the community, including low- and moderate-income neighborhoods. A copy of the procedures should be submitted to the OTS Manager for approval.

16. Within sixty (60) days, the Board shall conduct an analysis regarding Northwestern's origination or purchase of loans through government loan programs.

<u>Closings</u>

17. The Board shall submit monthly progress reports to the OTS Manager. These reports shall set forth in detail:

(a) Actions taken since the prior progress reports to comply with each article of the Order; and

(b) The results of those actions.

The progress reports may include any actions initiated by the Board.

18. Any report or other document required by this Order to be submitted to the OTS shall be filed with the Office of Thrift Supervision, 111 East Wacker Drive, Suite 800, Chicago, IL 60601, Attn: Larry E. Ferries, Manager. All reports and other documents shall be deemed filed when received by the OTS.

19. Although the Board is by this Order required to submit certain proposed actions and programs for the review or approval of the OTS Manager, the Board has the ultimate responsibility for proper and sound management of Northwestern.

20. It is expressly understood and acknowledged by Northwestern that if, at any time, the OTS deems it appropriate in fulfilling the lawful responsibilities placed upon it by the several laws of the United States of America to undertake any lawful action affecting Northwestern, nothing in this Order shall in any way inhibit, estop, bar, or otherwise prevent the OTS from doing so.

21. Any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended by the OTS Manager for reasonable good cause upon written application by the Board.

22. All requested approvals by the OTS under this Order shall not be unreasonably withheld nor unreasonably delayed.

23. All technical words or terms used in this Order, for which meanings are not specified or otherwise provided by the provisions of this Order, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, or as such definition is amended after the execution of this Order. Any such technical words or terms used in this Order and undefined in said rules and regulations shall have meanings that accord with the best custom and usage in the thrift industry.

24. The provisions of this Order are effective upon issuance of this Order by the OTS, through its authorized representative whose signature appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated by the OTS. The Board may request amendment of any article of the Order following a compliance examination by OTS.

IT IS SO ORDERED, this 14th day of December, 1990.

THE OFFICE OF THRIFT SUPERVISION

By: /S/

Stuart M. Brafman
Regional Director