

95147

AGREEMENT

9th This Agreement ("Agreement") is made and is effective this day of August 1991 ("Effective Date"), by and between Benld Loan Association, Benld, Illinois (OTS Docket No. 5513) ("Institution"), the Office of Thrift Supervision ("OTS") and the Office of the Commissioner of Savings and Residential Finance ("OCSRF").

This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS and the OCSRF within the meaning of Section 8(b)(1) and (i)(2) of the Federal Deposit Insurance Act, as amended by Title IX of 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. Sections 1818(b)(1) and (i)(2)).

WHEREAS, the OTS and the OCSRF are of the opinion that the Institution has violated certain regulations to which the Institution is subject in conducting the business of the Institution, as recited in the Report of Examination, dated March 4, 1991, and has engaged in unsafe and/or unsound practices in conducting the business of the Institution, thereby providing grounds for the initiation of cease and desist proceedings by the OTS and/or the issuance of formal orders by the OCSRF against the Institution; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease and desist proceedings and the OCSRF is willing to forbear at this time from the issuance of formal orders against the Institution for its failure to comply with regulations and/or statutes, and for unsafe and/or unsound practices as set forth in the Institution's Report of Examination, dated March 4, 1991, for so long as the Institution is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution, by its Board of Directors ("Board"), is willing to enter into this Agreement to avoid the initiation of such cease and desist proceedings by the OTS and/or issuance of formal orders by the OCSRF;

NOW, THEREFORE, in consideration of the above-stated forbearance by the OTS from the initiation of cease and desist proceedings and/or by the OCSRF from the issuance of formal orders against the Institution, it is agreed between the parties hereto as follows:

Statutes and Regulations

1. Institution shall correct the existing violation cited in this section and the Report of Examination, dated March 4, 1991, and

shall not initiate any action which would result in a violation of, or the aiding and abetting of any violation of:

12 C.F.R. Section 563.176, pertaining to an inadequate interest rate risk policy.

Criticized Assets

2. Within thirty (30) days from the Effective Date of this Agreement, the Board shall submit to the OTS and the OCSRF for review and approval a written program designed to reduce and monitor assets classified in the March 4, 1991 Report of Examination as substandard, doubtful and loss. This program shall include at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the appraised value of supporting collateral and the position of the Institution's lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be paid from operations; and
- (d) the proposed action to eliminate the basis for criticism and the time frame for its accomplishment.

3. After the program required in Paragraph No. 2 is approved by the OTS and the OCSRF, the Institution shall adhere to it in all respects.

Concentration of Assets

4. Within sixty (60) days of the Effective Date of this Agreement, the Board shall submit to the OTS and OCSRF for review and approval specific plans for monitoring and reducing concentrations identified on Page A-15.1 of the Report of Examination, dated March 4, 1991.

5. After the plans required in Paragraph No. 4 are approved by the OTS and OCSRF, the Institution shall adhere to them in all respects.

6. Within thirty (30) days of the Effective Date of this Agreement, the Board of Directors shall submit to the OTS and OCSRF for review and approval, policies and procedures to identify, control and monitor concentrations of credit in the Institution's loan portfolio.

7. After the policies and procedures required in Paragraph No. 6 are approved by the OTS and OCSRF, the Institution shall adhere to them in all respects.

Lending Restrictions

8. The Institution shall immediately cease its commercial lending activities; including nonresidential loans and loans made for business and agricultural purposes.

9. Within thirty (30) days from the Effective Date of this Agreement, the Board shall submit to the OTS and OCSRF for review and approval an appraisal policy that, at a minimum, complies with the appraisal standards set forth in 12 C.F.R. Section 564.4(a) (1991), Section 5-13(b) of the Illinois Savings and Loan Act, and Section 400.510 of the Rules and Regulations of the State of Illinois.

10. After the policy required in Paragraph No. 9 is approved by the OTS and OCSRF, the Institution shall adhere to it in all respects.

Interest Rate Risk Management

11. Within thirty (30) days from the Effective Date of this Agreement, the Board shall submit to the OTS and OCSRF for review and approval an interest rate risk policy which has been revised to fully conform with 12 C.F.R. Section 563.176 (1990).

12. After the revised policy required in Paragraph No. 11 is approved by the OTS and OCSRF, the Institution shall adhere to it in all respects.

13. Within sixty (60) days from the Effective Date of this Agreement, the Board shall submit to the OTS and OCSRF for review and approval a procedure, including specific benchmarks and time frames, for reducing the Institution's investment in mutual funds.

14. After the procedure required in Paragraph No. 13 is approved by the OTS and OCSRF, the Institution shall adhere to it in all respects.

General Valuation Allowances

15. Within thirty (30) days from the Effective Date of this Agreement, the Board shall submit to the OTS and OCSRF for review and approval, a policy to review and determine the adequacy of general valuation allowances on at least a quarterly basis. This policy should include the Board's methodology and rationale for determining the adequacy of its general valuation allowances.

16. Within fifteen (15) calendar days following the OTS's and the OCSRF's approval of the policy required in paragraph No. 15, the Board shall establish and maintain general valuation allowances as calculated by the Institution's methodology.

17. Thereafter, the Board shall review the adequacy of the valuation allowances on at least a quarterly basis. The review shall be properly documented in the Board's minutes. Any changes to the Board's methodology shall be submitted to the OTS and the OCSRF for prior approval.

Business Plan

18. Within sixty (60) days from the Effective Date of this Agreement, the Board shall revise its current business plan and submit it to the OTS and OCSRF for review and approval. The revised business plan shall include, at a minimum, the following:

- (a) projection of major balance sheet and income statement components;
- (b) a written profit plan and budget;
- (c) contemplated strategies; and
- (d) procedures for monitoring actual results versus projections and to provide for revisions to the budget and profit plan.

19. After the plan required in Paragraph No. 18 is approved by the OTS and the OCSRF, the Institution shall adhere to it in all respects.

Closings

20. (a) Although the Board is by this Agreement required to submit certain proposed actions and programs for the review or approval by the OTS and the OCSRF, the Board has the ultimate responsibility for proper and sound management of the Institution.
- (b) It is expressly and clearly understood that if, at any time, the OTS and the OCSRF deem it appropriate in fulfilling the lawful responsibilities placed upon them by the several laws of the United States of America and the State of Illinois to undertake any lawful action affecting the Institution, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the OTS from doing so.
- (c) Any time limitations imposed by this Agreement shall begin to run from the Effective Date of this Agreement unless otherwise provided for. Such time limitations may be extended by the OTS and the OCSRF for good cause upon written application by the Board.

- (d) All technical words or terms used in this Agreement, for which meanings are not specified or otherwise provided by the provisions of this Agreement, shall, insofar as applicable, have meanings as defined in the rules and regulations adopted by the OTS (including, without limitation, Chapter V of Title 12 Code of Federal Regulations), or as such definition is amended after the Effective Date of this Agreement. Any such technical words or terms used in this Agreement and undefined in said rules and regulations shall have meanings that accord with the best custom and usage in the thrift industry.
- (e) The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.
- (f) This Agreement shall remain in effect until terminated, modified, or suspended by the OTS and the OCSRF, acting through the Regional Director and the Commissioner or their designees.
- (g) It is understood that the execution of this Agreement shall not be construed as an approval of any application or notices that are contemplated by the Institution.
- (h) Any report or other document required by this Agreement to be submitted to the OTS and the OCSRF shall be filed with the Office of Thrift Supervision, 111 East Wacker Drive, Suite 800, Chicago, Illinois 60601, Attn.: Anthony Redmond. Any document or other report required by this Agreement to be submitted to the OCSRF shall be filed with the Office of the Commissioner of Savings and Residential Finance, 205 West Randolph, Suite 1900, Chicago, Illinois 60606-1811, Attn.: John D. Seymour. All reports and other documents shall be deemed filed when received by the OTS and the OCSRF.
- (i) In the event any provision of this Agreement shall be declared invalid, illegal, or unenforceable; the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
- (j) The section headings used in this Agreement are for convenience of reference only and are not to affect the construction of or be taken into consideration in the interpretation of this Agreement.

IN WITNESS WHEREOF, the OTS, acting through the Regional Director or his designee, the OCSRF acting through the Commissioner of the OCSRF and the Institution, by its Board, have executed this Agreement on the date first above written.

THE OFFICE OF THRIFT SUPERVISION
Chicago, Illinois

By: 15/
Chester A. Biedron
Deputy Regional Director

OFFICE OF THE COMMISSIONER OF
SAVINGS AND RESIDENTIAL FINANCE
STATE OF ILLINOIS

By: 15/
John D. Seymour
Commissioner

BENLD LOAN ASSOCIATION
Benld, Illinois

By: 15/
Director

By: 15/
Director

By: 15/
Director

By: 15/
Director

By: 15/
Director