

AGREEMENT

This Agreement ("Agreement") is made and is effective this 12 day of August, 1991 ("Effective Date"), by and between First Federal Bank for Savings, Des Plaines, Illinois, ("Institution") for itself and any controlled subsidiary, and the Office of Thrift Supervision ("OTS"). 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 within the meaning of 12 U.S.C. Sections 1818 (b) (1) and (i) (2).

Whereas, the OTS is of the opinion, based on the Institution's Report of Compliance Examination dated March 11, 1991 ("Report"), that grounds exist for the initiation of cease and desist proceedings against the Institution by the OTS pursuant to 12 U.S.C. 1818 (b); and

Whereas, the OTS is willing to forbear at this time from the initiation of cease and desist proceedings and assessment of civil money penalty proceedings against the Institution on the matters covered by this Agreement, 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 cease and desist proceedings and assessment of civil money penalty proceeding by the OTS at this time;

Now, therefore, in consideration of the above-stated forbearance by the OTS from the initiation of cease and desist proceedings and assessment of civil money penalty proceedings against the Institution it is agreed between the parties hereto as follows:

Internal Compliance Program

1. Within 15 days, the Board shall develop and submit to the OTS Manager for approval a detailed written job description for the position of Compliance and Community Reinvestment Act ("CRA") Officer. The job description shall assign this position with the appropriate level of responsibility and authority to monitor the Institution's compliance with nondiscrimination, consumer protection and other public interest laws and regulations, including the CRA. The job description shall also delineate the reporting responsibilities of the Compliance and CRA Officer.

2. Within 30 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.

3. Within 90 days, the Compliance and CRA Officer shall develop, and the Board shall approve, a written internal compliance program (the "Program") to measure and monitor the Institution's compliance with nondiscrimination, consumer protection, and other public interest laws and regulations, as well as performance under the CRA. The Program shall be submitted to the OTS Manager and shall include, but not necessarily be limited to, the following:

- (a) The preparation of a policies and procedures manual covering nondiscrimination, consumer protection, and other public interest laws and regulations, as well as performance under the CRA, for use by the Institution's personnel;
- (b) Provisions for the adequate training of new personnel, and the periodic retraining of existing personnel as to their duties and responsibilities under nondiscrimination, consumer protection, and other public interest laws and regulations, as well as performance under the CRA;
- (c) Ongoing procedures, including periodic compliance audits, to monitor the effectiveness of the Institution's compliance with nondiscrimination, consumer protection, and other public interest laws and regulations, as well as performance under the CRA;
- (d) Procedures to ensure that exceptions noted in the compliance audits are corrected and responded to by the appropriate Institution personnel;
- (e) Mechanisms for effective Board oversight; and
- (f) Procedures for updating the compliance policy and correcting deficiencies that arise.

4. Subsequent to the approval of this Program by the Board, the Institution shall comply with it in all respects.

Community Reinvestment Act

5. Within 30 days, the Board shall complete a formal assessment of the reasonableness and adequacy of the Institution's current community delineation under the CRA. In preparing this written assessment, the Board shall take into account the Institution's financial resources, lending patterns, future lending plans, charitable contributions, and deposit patterns. Upon completion of the study, the Board shall submit the written assessment to the OTS Manager for review.

6. If the Board does not propose any amendments to the Institution's current community delineation, it shall submit to the OTS Manager for review and approval, along with the report required under Paragraph 5, of this Order, a written demonstration that the Institution's current community delineation is reasonable. The OTS Manager shall review the Institution's current delineation to determine whether it is reasonable and, based upon the review may require that the Institution amend its current community delineation.

7. If the Board proposes to amend the Institution's current community delineation, it shall submit such proposed amendments to the OTS Manager for review and approval along with the report required under Paragraph 5 of this Order. The Board shall not adopt the proposed amendments to the Institution's community delineation prior to receiving OTS approval.

8. Within 60 days, the Board shall produce a written analysis of the credit needs of the Institution's delineated community. In preparing the written analysis, the Board shall take into consideration Section 220 of the OTS's Regulatory Handbook regarding Compliance Activities, as well as:

- (a) Any written, signed public comments received in response to the Institution's CRA statement(s);
- (b) Existing studies concerning local credit needs; and
- (c) Direct communications with community members and organizations, such as the Institution's customers, the PTA, local government officials, neighborhood organizations, block clubs, minority organizations, small business groups, and consumer groups.

9. Within 60 days, the Board shall develop and implement a plan ("Plan") designed to satisfy the credit needs of the community consistent with the safe and sound operation of the Institution. The Plan shall, at a minimum, contain the following:

- (a) A description of the various types of credit that the Institution is prepared to extend within the community;
- (b) A description of the methods that the Institution will use to communicate the availability of the Institution's credit services to the community. Such methods may include utilizing media targeted to the community such as neighborhood or minority newspapers and radio stations;
- (c) A marketing program designed to encourage applications for loans in the Institution's community, particularly in low- and moderate-income neighborhoods; and
- (d) Procedures for the Institution's Board to periodically monitor the effectiveness of, and the Institution's adherence to the Plan.

10. The Board shall review the Institution's community delineation and the Plan at least annually and institute the changes necessary to ensure the Institution's continued compliance with the CRA. A copy of the Institution's community delineation and the Plan, including any revisions to the Plan, shall be retained at the Institution for review by OTS examiners.

11. Within 60 days, the Board shall establish and implement procedures to monitor the geographic distribution of the Institution's credit extensions, credit applications, and credit denials. Such procedures shall be designed to permit the Board to determine whether the Institution is meeting the credit needs of the community, particularly low- and moderate-income neighborhoods.

Regulation Z - Truth In Lending Act

12. Within 90 days, the Board shall develop and adopt a written policy to assure compliance with all applicable Regulation Z (12 C.F.R. § 226) requirements. This policy shall include, but not necessarily be limited to, the following:

- (a) The assignment of compliance responsibilities to specific officers or other staff;
- (b) Provisions for the adequate training of personnel as to the requirements and proscriptions of Regulation Z and the procedures and practices (use of forms, computations to be made, etc.) necessary to achieve compliance; and

- (c) Procedures to monitor the effectiveness of the Institution's compliance with Regulation Z.

13. After this policy is adopted by the Board, the Institution shall comply with it in all respects.

Mortgage Loan Disclosures and Notices

14. Within 60 days, the Board shall develop written policies and procedures to ensure that accurate loan data is entered into the institution's computer system and interest rate adjustments are made in accordance with loan contracts. These written policies shall also ensure that the Institution complies with all other applicable mortgage loan disclosure and notification requirements. These policies shall include, but not necessarily be limited to, the following:

- (a) The implementation of procedures which outline the correct index values and interest rates used to make interest rate adjustments;
- (b) Provisions outlining the appropriate procedures associated with entering correct and reliable interest rate adjustment data into the computer system;
- (c) Provisions for the adequate training of personnel as to the mortgage loan disclosure and notification requirements necessary to achieve compliance;
- (d) Provisions for the adequate training of personnel as to appropriate computer applications related to the implementation of interest rate adjustments; and
- (e) Procedures to monitor the effectiveness of the Institution's compliance with these requirements.

15. After these policies are adopted by the Board, the Institution shall comply with them in all respects.

Bank Secrecy Act

16. Within 60 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 opening of new accounts and the monitoring of currency accounts;
- (b) Procedures governing the processing and reporting of large currency transactions;
- (c) Procedures identifying all customers whose transactions with the Institution 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 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 reviews by the Institution's Compliance Officer to ensure adherence to the requirements of the Bank Secrecy Act;
- (g) Appropriate verification procedures as part of the Institution's regular audit program; and
- (h) Prompt management response and follow-up to all audit exceptions or other recommendations of the Institution's auditor or Compliance Officer.

17. Once adopted by the Board, a copy of this program shall be submitted to the OTS Manager for review and comment.

18. After this program is adopted by the Board, the Institution shall comply with it in all respects.

Nondiscrimination in Lending

19. Within 120 days, the Board shall establish a written policy to ensure that the Institution complies with 12 C.F.R. § 528. The policy shall include, but not necessarily be limited to, the following:

- (a) The assignment of compliance responsibilities to specific officers or other staff;

- (b) Procedures to ensure the accurate completion and maintenance of loan application registers; and
- (c) Procedures to ensure that documentation is maintained regarding the Board's annual review of the Institution's loan underwriting standards, and business practices implementing them, to ensure equal opportunity lending.

20. After this policy is approved by the Board, the Institution shall comply with it in all respects.

Bank Protection Act

21. Within 120 days, the Board shall review and revise the Institution's security program. The revised program shall contain procedures to comply with the provisions of the Bank Protection Act, 12 U.S.C. § 1881 et seq., and the OTS regulations at 12 C.F.R. Part 568.

22. After this program is approved by the Board, the Institution shall comply with it in all respects.

Regulation C - Home Mortgage Disclosure Act

23. Within 120 days, the Board shall establish written procedures to ensure that the Institution complies with the provisions of the Home Mortgage Disclosure Act as described in 12 C.F.R. § 203.4 AND 203.5.

24. After these procedures are approved by the Board, the Institution shall comply with them in all respects.

Regulation X - Real Estate Settlement Procedures Act

25. Within 30 days, the Board shall establish written procedures to ensure that the Institution complies with the provisions of the Real Estate Settlement Act as described in Section 3500.6(a) and Section 3500.7(b).

26. After these procedures are approved by the Board, the Institution shall comply with them in all respects.

Regulation E - Electronic Funds Transfer Act

27. Within 120 days, the Board shall establish written procedures to ensure that the Institution complies with the provisions of the Electronic Funds Transfer Act as described in 12 C.F.R. PART 205.

28. After these procedures are approved by the Board, the Institution shall comply with them in all respects.

Interests on Deposits

29. Within 120 days, the Board shall establish policies to ensure that the Institution pays interest on deposits consistent with 12 C.F.R. § 563.8, 12 C.F.R. § 561.29, 12 C.F.R. § 545.15(a), and 12 C.F.R. § 563.27(a)(2).

30. After these policies are adopted by the Board, the Institution shall comply with them in all respects.

Regulation B - Equal Credit Opportunity Act

31. Within 60 days, the Board shall establish policies to ensure compliance with all applicable requirements of the Equal Credit Opportunity Act regulations at 12 C.F.R. part 202. These policies shall include, but not necessarily be limited to , the following:

(a) The assignment of compliance responsibilities to specific officers or other staff;

(b) Provisions for the adequate training of personnel as to the mortgage loan disclosure and notification requirements necessary to achieve compliance; and

(c) Procedures to monitor the effectiveness of the Institution's compliance with these requirements.

32. After these policies are adopted by the Board, the Institution shall comply with them in all respects.

Equal Employment Opportunity Act

33. Within 60 days, the Board shall develop and implement an Affirmative Action Plan consistent with 41 C.F.R Section 60-1.40(a) to ensure the Institution's compliance with the Equal Employment Opportunity Act.

(a) The assignment of compliance responsibilities to specific officers or other staff;

(b) The preparation of a policies manual covering affirmative action; and

(c) Ongoing procedures, including periodic compliance audits, to monitor the effectiveness of the Institution's compliance with the Affirmative Action Plan.

34. After these policies are adopted by the Board, the Institution shall comply with them in all respects.

Closings

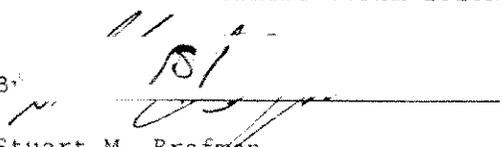
35. (a) Any report or other document required by this Agreement to be submitted to the OTS shall be filed with the Office of Thrift Supervision, 111 East Wacker Drive, Suite 800, Chicago, IL 60601. All reports and other documents shall be deemed filed when received by the OTS.
- (b) Although the Board is by this Agreement required to submit certain proposed actions and programs for the review or approval of the OTS Manager or Regional Director, the Board has the ultimate responsibility for proper and sound management of the Institution.
- (c) It is expressly understood and acknowledged by the Institution that if, at any time, the OTS deems it appropriate in fulfilling the responsibilities placed upon it by the several laws of the United States of America to undertake any action affecting the Institution, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the OTS from doing so.
- (d) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time limitations may be extended by the OTS Manager or Regional Director for good cause upon written application by the Board.
- (e) 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 Chapter V of Title 12 of the Code of Federal Regulations, or as such definition is amended after the execution of this Agreement. Any such technical words or terms used in this Agreement and undefined in the Code of Federal Regulations shall have meanings that accord with the best custom and usage in the thrift industry.

- (f) The provisions of this Agreement are effective upon issuance of this Agreement 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 Agreement shall have been amended, suspended, waived, or terminated by the OTS.
- (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) 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.
- (i) 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.
- (j) This Agreement shall remain in effect until terminated, modified, or suspended by the OTS, acting through the Regional Director or designee.

IN WITNESS WHEREOF, the OTS acting through its Regional Director, and the Institution by its board of directors, have executed this Agreement on the date first above written.

THE OFFICE OF THRIFT SUPERVISION

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Stuart M. Brafman
Regional Director
Central Region

First Federal Bank for Savings .
Des Plaines, Illinois

By:

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Director

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Director