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### SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 21st day of August, 1991, by and between Liberty Federal Savings Bank, Enid, Oklahoma, Docket No. 01532 ("Institution" or "Association"), for itself and for any wholly owned or partly owned 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.S. §§1818(b)(1) and (i)(2) (Law. Co-op. Supp. 1990).

WHEREAS, the Board of Directors of the Institution has reviewed the operations and financial condition of the Institution and finds that the present condition of the Institution justifies and requires action by the directors of the Institution for the benefit of the Institution and its depositors, other creditors, and borrowers; and

WHEREAS, the Institution's Board of Directors acknowledges the supervisory rights, powers, and authority of the OTS, with respect to the Institution under the statutes and regulations that govern the operations of the Institution; and

WHEREAS, the OTS is of the opinion that the Institution has violated 12 C.F.R. Section 563.98 (1990), and 12 C.F.R. Sections 563.170(c), 563.190 and 567.5(c)(2) (1991) thereby providing grounds for the initiation of cease and desist proceedings against the Institution by the OTS, pursuant to 12 U.S.C. §1818(b); and

WHEREAS, in the interest of regulatory compliance and cooperation, but without admitting or denying the aforesaid alleged violations of the regulations listed above or that they would be grounds for the institution of a cease and desist order, the Institution is willing to enter into this Agreement; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease and desist proceedings as the result of the Institution's alleged past failure to comply with the above-designated regulations as long as the Institution is in compliance with this Agreement;

NOW, THEREFORE, in consideration of the OTS' above-stated forbearance, it is agreed between the parties hereto as follows:

## I. BUSINESS PLAN

1. Within sixty (60) days after the execution of this Agreement, the Institution shall develop, adopt, and submit to the Regional Deputy Director a comprehensive business plan ("Business Plan") detailing projected business strategies, budget assumptions and operations for the Institution and its subsidiaries through the calendar year ending December 31, 1993, in a form acceptable to the Regional Deputy Director. The Business Plan should include pro forma financial statements (with adequate disclosure of material assumptions) for the period covered by the Business Plan,

should address the operating areas of asset/liability management, interest-rate risk, education lending, and capital compliance, which were identified as being deficiently addressed in the Business Plan during the course of the examination and should be consistent with providing sound and economical home financing and shall incorporate, as appropriate, the provisions of this Agreement.

The Business Plan, before implementation, shall be subject to the review and approval of the Regional Deputy Director and any material deviations from the Business Plan, once approved, shall require the prior written approval of the Regional Deputy Director. The Board of Directors of the Institution shall review and approve said Business Plan and shall monitor this Business Plan on a continuing basis. The minutes of the Board of Directors meetings shall disclose the extent of the board's involvement in this monitoring process.

No later than thirty (30) days subsequent to the last day of each full calendar quarter after the Business Plan is approved, the Board of Directors agrees to file with the Regional Deputy Director a written report documenting its review of the Association's year-to-date operating results for the period through the end of the preceding calendar quarter. Such report shall include a comparison of actual results against the projected results in the Business Plan. If such actual operating results fail to meet the projected results in the Business Plan in any material aspect, the report shall include an explanation of such deviation and a specific description of the measures that have been implemented or proposed to correct and/or abate any adverse deviations. For

the purpose of determining material deviations under this provision, any deviation of fifteen (15) percent or more would be material. For income and expense items, the fifteen (15) percent deviations would be on a cumulative year to date basis, beginning with the first period in the projections. Within thirty (30) days prior to the end of the fiscal year, the Board of Directors shall review and update the Business Plan and submit it to the Regional Deputy Director for approval.

2. Within sixty (60) days after the execution of this Agreement, the Institution shall adopt, and submit to the Regional Deputy Director the following policies which appropriately address the respective deficiencies cited and brought to management's attention during the course of the examination:

- a. the asset classification policy which addresses internal asset classification required by 12 C.F.R. Section 563.160;
- b. the lending policies which shall include, but not be limited to the requirements provided in 12 C.F.R. Section 563.170(c)(2);
- c. the investment policy which shall include, but not be limited to, the requirements provided in 12 C.F.R. Section 571.19;

- d. an appraisal policy which shall include, but not be limited to, the requirements provided in 12 C.F.R. Section 564.8.

The Board of Directors of the Institution shall review and approve said policies and shall monitor these policies on a continuing basis. The minutes of the Board of Directors' meetings shall disclose the extent of the board's involvement in this monitoring process.

3. Within sixty (60) days of the execution of this Agreement, the Institution shall develop, adopt, and submit to the Regional Deputy Director a plan of succession for key management positions ("Management Succession Plan"). Such Management Succession Plan shall provide for the replacement of senior and middle management, as appropriate, with new officers with experience in, and knowledge of, the savings and loan business or related businesses with the attendant commitment to safe and sound banking practices. The Management Succession Plan shall also contain an organizational chart of the Institution, and job descriptions for all employees. The Management Succession Plan, before being implemented, shall be subject to the review and approval of the Regional Deputy Director.

4. Within sixty (60) days of the execution of this Agreement, a board resolution, certifying that all internal audit deficiencies identified in the May 8, 1991 Report of Examination (ROE) have been corrected, shall be submitted to the Regional Deputy Director.

5. Within thirty (30) days after the effective date of this Agreement, management will submit to the OTS appropriate documentation evidencing the establishment of the additional general valuation allowances identified in the ROE.

6. Beginning October 31, 1991, and continuing on the last day of the month following each calendar quarter, the Institution will submit to the OTS a classified asset report detailing all classified assets by property type. Except for assets secured by one-to-four family residences and consumer goods, each asset shall be listed separately by net book value, amount of reserve established, and asset classification.

7. Within ninety (90) days of the date of this Agreement, the Board shall cause to be formulated an individual business plan for each classified asset with a book value exceeding \$250,000 and shall certify to the Regional Deputy Director completion of the individual business plans. The individual business plans shall be maintained at the Institution and shall be updated on a quarterly basis.

8. No later than the last day of each calendar quarter, the Board of Directors shall file with the OTS a resolution, similar to the attached resolution, signed by each director, certifying that the Institution has complied with all conditions of this Agreement for the immediately preceding quarter.

9. 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, HOLA, or the Federal Deposit Insurance Act ("FDIA") and any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, or FDIA shall have meanings that accord with the best custom and usage in the savings and loan industry.

All statutory and regulatory citations herein shall be in the form as codified or promulgated as of the date of this Agreement, or as amended or renumbered thereafter; except that the citation to 12 C.F.R. §563.98 refers to that regulation as contained in the 1990 edition of the Code of Federal Regulations.

The Institution is entering into this Agreement in the interest of regulatory compliance and cooperation but without admitting or denying that it has committed any of the alleged violations of statutes or regulations asserted by the OTS above in this Agreement or that they would be grounds for the institution of a cease and desist order.

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.

This Agreement shall remain in effect until terminated, modified or suspended by the OTS, acting through its Regional Deputy Director for the Topeka



**CERTIFIED COPY OF  
RESOLUTION OF BOARD OF DIRECTORS**

I, the undersigned, being the duly qualified Secretary of Liberty Federal Savings Bank, Enid, Oklahoma (the "Institution"), hereby certify that the following is a true copy of a resolution duly adopted by its Board of Directors at a meeting duly called and held on August 21, 1991, that at said meeting a quorum was present and voting throughout, and that said resolution has not been rescinded or modified and is now in full force and effect:

**RESOLUTION**

WHEREAS, the officers and directors of the Institution have been advised that the Office of Thrift Supervision ("OTS") representatives believe the Institution to have violated 12 C.F.R. §563.98 (1990), and 12 C.F.R. §§563.170(c), 563.190 and 567.5(c)(2) (1991) to which the Institution is subject, thereby providing grounds for the initiation of cease-and-desist proceedings against the Institution by the OTS, pursuant to 12 U.S.C. §1818(b), and

WHEREAS, said officers and directors have been informed that the OTS will forbear from the initiation of cease-and-desist proceedings as a result of the Institution's alleged violations noted above if the attached Supervisory Agreement ("Agreement") is executed by the Institution and if its terms are thereafter carried out by the Institution, and

WHEREAS, the directors of Institution have read and considered the Agreement attached to the minutes of the meeting of the Board of Directors held on

August 21, 1991, and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to authorize the Institution to enter into the Agreement in the form attached hereto, but in so doing the Board of Directors does not thereby admit or deny that either the Institution or its Board of Directors has committed any of the alleged violations of the statutes or regulations asserted by the OTS in the Agreement, or that they would be grounds for the institution of a cease-and-desist order.

NOW, THEREFORE, BE IT RESOLVED, that the proposed Agreement, a copy of which is attached hereto, be and is hereby approved by the Board of Directors of the Institution in the form attached hereto. The president of the Institution is authorized to sign and execute that Agreement on behalf of the Institution. The officers and employees of the Institution are directed and authorized to take all necessary steps to implement immediately the terms of that Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Liberty Federal Savings Bank this 21st day of August, 1991.

151  
Secretary (Assistant) J