

95162

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 29th day of August, 1991, by and between Dalhart Federal Savings and Loan Association, Dalhart, Texas, (OTS No. 3101) ("Institution") for itself and 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 Sections 902 and 907 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73 ("FIRREA"), §§ 902 and 907, 103 Stat. 183 (1989) (codified as amended at 12 U.S.C. §§ 1818(b)(1) and (i)(2)).

WHEREAS, the OTS is of the opinion that the Institution has not complied with certain of the regulations to which the Institution is subject in conducting the business of the Institution, specifically 12 C.F.R. § 563.161(a), thereby providing grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease and desist proceedings against the Institution for its failure to comply with 12 C.F.R. § 563.161(a) as of May 13, 1991, as set forth in the Institution's examination report dated May 13, 1991, 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 is willing to enter into this Agreement to avoid the initiation of such cease and desist proceedings:

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

1. Interest-Rate-Risk

(a) Within 60 days of the effective date of this Agreement, the Board of Directors shall revise, adopt and submit to the Regional Deputy Director for review and notice of no supervisory objection, interest-rate-risk ("IRR") management policies and procedures in accordance with 12 C.F.R. §§ 563.176, 571.3(a), and Thrift Bulletin 13 dated January 26, 1989.

(b) The policies described in Paragraph 1(a) above shall be revised to: (i) address the impact of various strategies on Institution earnings; (ii) identify and justify the Board of Directors' current IRR strategies; and (iii) include exposure limits for the sensitivity of net interest income and market value of portfolio equity to alternate increasing and decreasing interest rate scenarios.

(c) Within 60 days of the effective date of this Agreement, the Board of Directors shall prepare and submit to the Regional Deputy Director for review and notice of no supervisory objection, a detailed plan for the implementation of the current IRR strategies and the reduction of IRR. The Plan shall include, but not be limited to: (i) timeframes for marketing any loans to be sold and for obtaining buyer approval of such sales; (ii) timeframes for the actual sale, delivery, and payment of any assets to be sold; and (iii) relevant projected interest rates in the market which will trigger such sales.

(d) The Plan described in Paragraph 1(c) above must demonstrate that the Institution shall achieve compliance, within nine months after submission of the plan to the OTS, with the exposure limits for net interest income and market value of portfolio equity as set forth in the IRR policy. Compliance with the IRR policy shall be determined using OTS Schedule 9 or a measurement system acceptable to the Regional Deputy Director.

(e) The Institution shall make any revisions to the policies and the plan described in Paragraphs 1(a) and (c) above as the Regional Deputy Director may reasonably request and shall comply with such policies and plan, including any revisions thereto.

General Provisions

2. The Board of Directors shall, at each regular meeting, formally resolve that, to the best of its knowledge and belief, and based on a prudent review of management reports, during the previous calendar month the Institution and its subsidiaries complied with each condition of this Agreement except as otherwise stated. The resolution shall specify in detail how, if at all, full compliance was found not to exist. The resolution further shall set forth any exceptions to any conditions of this Agreement approved by the Deputy Regional Director.
3.
 - (a) As used in this Agreement, the Deputy Regional Director or his successor is the "senior supervisory official" within the meaning of Section 723(d) of the FIRREA, § 723(d), 103 Stat. 183 (1989).
 - (b) As used in this Agreement, the term "subsidiary" or "subsidiaries" shall be as defined in 12 C.F.R. § 567.1(dd).
 - (c) As used in this Agreement, the term "savings association" shall have the meaning as set forth in Section 2(4) of the HOLA, as amended by Section 301 of the FIRREA, § 301, 103 Stat. 183 (1989).
 - (d) Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the effective date of this Agreement pursuant to Section 401(h) of the FIRREA, § 401(h), 103 Stat. 183 (1989), and references to successor provisions as they become applicable.

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, and Federal Deposit Insurance Act, as amended ("FDIA"). Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

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 the Deputy Regional Director.

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

**DALHART FEDERAL SAVINGS AND
LOAN ASSOCIATION
DALHART, TEXAS**

By:

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Director

Director

Director

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Director

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Director

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Director

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Director

Director

OFFICE OF THRIFT SUPERVISION

By:

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Deputy Regional Director