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SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 17 day of August, 1991, by and between Sun Savings Association, Houston, Texas (OTS No. 8323) ("Institution"), for itself and any wholly-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 a certain regulation 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 28, 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:

Business Plan

- 1. (a) Within 60 days after the effective date of this Agreement, the Board of Directors shall prepare, adopt and submit to the Regional Deputy Director for review and no supervisory objection, a written Business Plan. The Business Plan shall contain the following components:
  - (i) Financial projections for two years on a quarterly basis, including major balance sheet and income statement components and a budget with respect to the overall operations of the Institution;
  - (ii) A narrative description of the strategy to be implemented to manage the Institution in such manner as to make it profitable and interest-rate scenario assumptions upon which the Business Plan is based;
  - (iii) An evaluation of operations including staffing, goals, income, expenses, and objectives; and

- (iv) A capital maintenance plan.
- (b) The Board of Directors hereby agrees to make all revisions to the Business Plan that are reasonably requested by the Regional Deputy Director and to comply with the Business Plan, provided that any material revisions will be sent to the Regional Deputy Director.
- (c) Beginning with the end of the quarter following the submission of the Business Plan, the Institution shall provide to the Regional Deputy Director, quarterly progress reports comparing the actual performance to the projections set forth in the Business Plan detailing all material variances.
- (d) The Institution shall update the two-year Business Plan on a semiannual basis and submit to the Regional Deputy Director Business Plan by 30 days after the end of the the six-month period.

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 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 Regional Deputy Director.
- 3. (a) As used in this Agreement, the Regional Deputy 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) As used in this Agreement, the term "affiliate" shall be as defined in 12 U.S.C. § 371c(b).
- (e) 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 Regional Deputy Director.

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

**SUN SAVINGS ASSOCIATION  
HOUSTON, TEXAS**

By:

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Director

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**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_  
Regional Director

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

I, the undersigned, being the duly qualified Secretary of Sun Savings Association, Houston, Texas, (OTS No. 8323) ("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 27, 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 directors of the Institution have been advised that the Office of Thrift Supervision ("OTS") is of the opinion that the Institution violated a regulation to which the Institution is subject and that such violation provides grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

WHEREAS the said directors have been informed that the OTS will forbear from the initiation of such proceedings as a result of the Institution's failure to comply with 12 C.F.R. § 563.161(a), as of May 28, 1991, to which the Institution is subject, as set forth in an examination report dated May 28, 1991, 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 the Institution have read and considered the proposed Agreement attached to the minutes of the meeting of the board of directors held on August 27, 1991; and

WHEREAS after due consideration, the directors of the Institution have determined to enter into the proposed Agreement in the interest of regulatory compliance and cooperation: Now, therefore, be it

RESOLVED, that the proposed Agreement, a copy of which is attached hereto and the provisions of which are incorporated herein by reference, be and is hereby approved by the board of directors 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 the Agreement and to comply with such Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Sun Savings Association, Houston, Texas, this 29th day of August, 1991.

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Secretary