95264

Docket #5624

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 31st day of December, 1990, by and between Postal Savings and Loan Association, Topeka, Kansas, Docket No. 05624 ("Institution"), for itself and for any wholly 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. §§ 1818(b)(1), (e)(1) and (i)(2), as amended by The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), Pub.L. No. 101-73, §§ 902 and 907 (1989).

WHEREAS, the board of directors ("board") of the Institution has reviewed the operations, managerial resources, and financial condition of the Institution and finds that the present condition of the Institution justifies and requires extraordinary action by the board for the benefit of the Institution and its depositors, other creditors, and borrowers; and

WHEREAS, the board 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 is in noncompliance with the loan underwriting requirements set forth in 12 C.F.R. §§ 563.170 and 563.171 (1990), the conflict of interest regulations found at 12 C.F.R. §§ 563.41, 563.43 and 571.7 (1990), and the statutory restrictions on transactions with affiliates set forth in §§ 22(h) and 23A of the Federal Reserve Act, 12 U.S.C. §§ 375b and 371c, thereby providing grounds for the initiation of cease and desist proceedings against the Institution by the OTS; 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; 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 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's above-stated forbearance, it is agreed between the parties hereto as follows:

I. DEFINITIONS

1. For the purposes of this Agreement, except as otherwise indicated, the following definitions shall apply:

a. a "set" is a group of loans, participations, investments, securities, or other assets related, by being sold or pledged to, purchased from, or exchanged with any persons, entities, or institutions acting together in a single transaction;

b. "invest in" means to make, originate, purchase, acquire, guarantee, refinance, modify, extend, renew, or to commit to do any of these; and

c. "transfer" means to sell, assign, pledge, exchange, or to commit to do any of these.

II. OPERATING RESTRICTIONS

2. The Institution shall not, and shall not allow any wholly or partly-owned subsidiary of the Institution to, make any payment, disbursement of funds, reimbursement, loan or extension of credit to, or purchase, sell, or lease any real or personal property from or to, George M. Hersh, John M. Hersh, George M. Hersh, Jr., Marjorie L. Hersh, Brian C. Hersh, Lisa A. Hersh, or any member of their immediate families, or any affiliate, or affiliated person of the Institution, without the prior written approval of the Assistant Deputy District Director. Regularly scheduled salaries and year-end bonuses not to exceed 5% of the regularly scheduled salaries are excepted from the restrictions of this paragraph.

3. Without the prior written approval of the Assistant Deputy District Director, the Institution shall not, and shall not allow any wholly or partly-owned subsidiary of the Institution to, invest in or transfer any loan where the primary obligor, secondary obligor, cosigner or guarantor on said loan is an officer, stockholder, director, member of the immediate family of a stockholder, officer, director, or affiliated person of the Institution.

4. The Institution shall provide to the Assistant Deputy District Director a list of all loans to stockholders, directors, executive officers, all companies controlled by such individuals, or affiliates outstanding as of the date of this Agreement by January 15, 1991. The information for each loan shall include:

i. the identity of the obligor and guarantor, if any;

ii. the date of the loan and dates of all renewals;

iii. the total amounts disbursed and dates of disbursement;

iv. the loan amount remaining to be disbursed;

v. the terms of the loan;

vi. the publicly available terms for similar loans as of date of latest renewal;

vii. the collateral for the loan;

viii. a brief description of the payment history of the loan; and

ix. the prospects for repayment.

At the time of the next renewal, modification or extension, each loan shall be brought into compliance with § 22(h) of the Federal Reserve Act, 12 U.S.C. § 375b.

5. The Institution shall submit to the Assistant Deputy District Director by January 31, 1991, a written policy concerning loans and other extensions of credit (including overdrafts and the establishment or maintenance of accounts receivable) to employees and other affiliated persons and affiliates. This policy, before being implemented, shall be subject to the review and approval of the Assistant Deputy District Director and shall, at a minimum, fully comply with 12 C.F.R. §§ 563.41 and 563.43 (1990) and § 22(h) of the Federal Reserve Act, 12 U.S.C. § 375b.

6. The Institution shall adhere to the policy statement guidelines set forth in 12 C.F.R. §§ 571.7 and 571.9 (1990) concerning conflicts of interest and usurpation of corporate opportunity. The Institution shall submit a written policy by January 31, 1991, fully acceptable to the Assistant Deputy District Director, concerning avoidance of conflicts of interest and usurpation of corporate opportunity. At a minimum, such plan shall fully comply with §§ 23A, 23B and 22(h) of the Federal Reserve Act, 12 U.S.C. §§ 371c, 371c-1, and 375b, respectively, and shall:

a. specify, by name, any director, stockholder, officer, employee, agent, or attorney whose occupation or business interests may create possible conflicts of interest or corporate opportunity abuses with the Institution;

b. identify specific areas in which such abuses could occur. This shall include, but not be limited to, overdrafts, loans, accounts receivable, and use of Institution property and personnel;

c. describe specific policies and actions that the Institution will adopt to avoid potential conflicts of interests and corporate opportunity abuses;

d. establish specific procedures for dealing with directors and management officials who violate the Institution's policies in these areas; and

e. set forth the steps to be taken to eliminate any current or prevent future conflicts of interest (except for transactions specifically approved by the OTS), or the appearance of any conflicts of interest, or corporate opportunity abuses, or the appearance thereof.

To the extent deviations from the plan are authorized by the board (or otherwise), the Assistant Deputy District Director shall be notified of the reasons therefore and provided a list of the directors' votes authorizing and opposing such deviations.

7. The Institution shall take all actions necessary to sell on or before June 1, 1991, the two boats it now owns.

8. The Institution shall submit to the Assistant Deputy District Director by January 31, 1991 the business justification for each Institution-owned automobile which the Institution intends to retain. The Assistant Deputy District Director, or his/her designee, may in his/her sole discretion accept or reject the justification. All automobiles for which the justification has been rejected shall be sold within thirty days of notification of the rejection. All automobiles for which the institution does not submit a business justification for retention shall be sold by January 31, 1991.

9. The Institution shall submit to the Assistant Deputy District Director by January 31, 1991 the business justification for each item of Institution-owned construction equipment which the Institution intends to retain. The Assistant Deputy District Director, or his/her designee, may in his/her sole discretion accept or reject the justification. All items of construction equipment for which the justification has been rejected shall be sold within thirty days of notification of the rejection. All items of construction equipment for which the Institution does not submit a business justification for retention shall be sold by Feburary 28, 1991.

10. The Institution shall determine the value of the personal use by officers, directors, employees, or affiliates of all automobiles, boats, and construction equipment

described in paragraphs 7, 8, and 9. The Institution shall bill and make all reasonable efforts to collect reimbursement for providing the use of these items to affiliates and affiliated persons. Such bills and evidence of collection efforts shall be included in the quarterly reports.

11. The Institution shall obtain and provide to the Assistant Deputy District Director, by February 15, 1991, an opinion from an independent attorney or accountant addressing the Institution's responsibilities for reporting the transactions described in paragraphs 7, 8, and 9 under the relevant tax codes. All appropriate reporting to taxing authorities shall be accomplished as soon as practicable following February 15, 1991, but no later than February 28, 1991.

12. The Institution shall establish the appropriate valuation allowances for the criticized assets and losses as they are detailed on pages A-11.1 through A-12.13 of the August 13, 1990 Report of Examination. The Institution shall, by December 31, 1990, acknowledge in writing to the Assistant Deputy District Director that such valuation allowances have been established.

13. The Institution shall use independent appraisers for appraisals required for loan underwriting and for valuation of real estate owned. With respect to current real estate owned, the Institution shall obtain independent

appraisals for each parcel which is not disposed of within six months of the date of this Agreement. Such appraisals shall be submitted to the Assistant Deputy District Director no later than June 30, 1991. In addition to the above requirements, the Institution shall comply with the requirements of 12 C.F.R. § 563.172 (1990) as it pertains to the Institution's obligation to obtain an appraisal on each parcel of real estate owned at the earlier of in-substance foreclosure or at the time the Institution acquires such property and at such times thereafter as dictated by prudent management policy.

14. The Institution and its service corporations shall operate in such a manner to ensure the separate corporate existence of the Institution, as distinguished from its service corporations, as required by 12 C.F.R. §§ 563.37 and 571.21 (1990).

15. The Institution and Post Service Corporation shall make all reasonable efforts to collect interest at a rate not less than prime for the full period during which there were amounts outstanding in the accounts receivable from Northland Shopping Center, Inc. The Institution shall notify the Assistant Deputy District Director by January 31, 1991 of the amounts to be collected and the interest rates used to calculate such amounts. Evidence of collection efforts shall be included in the quarterly report.

16. The Institution shall determine the value of all accounting, check-writing, and other services provided by employees of the Institution for the personal benefit of affiliated persons and affiliates of the Institution. The Institution shall bill and make all reasonable efforts to collect reimbursement for providing such services to affiliates and affiliated persons. Such bills and evidence of collection efforts shall be included in the quarterly reports. The term "affiliated person" as used in this paragraph shall have the meaning as set forth in 12 C.F.R. § 561.5, Section 11(b) of the Home Owner's Loan Act ("HOLA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), to be codified at 12 U.S.C. § 1468(b), Section 22(h) of the Federal Reserve Act ("FRA"), 12 U.S.C. § 375b, and Regulation "O" promulgated thereunder. 12 C.F.R. Part 215. The term "affiliate" as used in this paragraph shall have the meaning as set forth in 12 C.F.R. Section 561.4, Section 11 (a)(3) of the HOLA, as amended by FIRREA, to be codified at 12 U.S.C. § 1468(a)(3), and Sections 23A and 23B of the FRA. 12 U.S.C. §§ 371c and 371c-1.

17. The Institution shall obtain and provide to the Assistant Deputy District Director by February 15, 1991, an opinion from an independent attorney or accountant addressing

the Institution's responsibilities for reporting the transactions described in paragraph 16 under the relevant tax codes. All appropriate reporting to taxing authorities shall be accomplished as soon as practicable after February 15, 1991, but no later than February 28, 1991.

III. UNDERWRITING STANDARDS

18. No later than February 28, 1991, the Institution shall submit to the Assistant Deputy District Director for approval, specific loan and investment policies and procedures that shall govern all loans, other extensions of credit, and loan investments made or purchased by the Institution or its subsidiaries ("Underwriting Standards"). These Underwriting Standards, at a minimum, shall require that prior to making or purchasing any loan, other extension of credit, or loan investment, the Institution or its subsidiaries must have obtained, as appropriate, each of the items listed in subsections (a) through (p) of paragraph 19 and in 12 C.F.R. § 563.170(c) (1990), provided, that any commitment to make or purchase any loan, other extension of credit or loan investment shall be made subject to an agreement to obtain each of the items listed in subsections (a) through (c) of paragraph 20 and in § 563.170(c).

19. Until it has received approval of the Underwriting Standards from the Assistant Deputy District Director, the Institution or any of its subsidiaries shall not make, purchase, renew, or modify any loan (other than one-to-four-family dwelling loans from FHLMC, FNMA, or GNMA supervised lenders), other extension of credit or investment without having first obtained, as appropriate, each of the following:

a. a written application signed by the borrowers and guarantors stating the purpose of the loan, extension of credit or investment, and the identity of the security property;

b. signed financial statements of the borrowers and guarantors;

c. a signed statement disclosing the purchase price paid by the borrowers;

d. current credit reports for each borrower and guarantor together with a written report signed by an employee of the Institution responsible for analyzing the loan, extension of credit, or investment ("Underwriter") explaining all outstanding derogatory items in the report and reflecting compliance with the Equal Credit Opportunity Act;

e. a written report, signed by the Underwriter, evidencing that material items in the borrowers' and guarantors' financial statements have been verified and analyzed to ensure that the borrowers and guarantors have sufficient assets and cash flow to retire the loan under the terms of the note and/or guaranty;

f. in the case of a loan or extension of credit upon real property or real property interests, an appraisal report which complies with 12 C.F.R. §§ 563.170(c)(1)(iv), printed in 55 Fed. Reg. 34547 (Aug. 23, 1990), and 12 C.F.R. Part 564, printed in 55 Fed. Reg. 34547 et seq. (Aug. 23, 1990), and conforms to generally-acceptable appraisal policy and practice guidelines;

g. in the case of a loan secured by property other than real estate, an appropriate statement of value of the security property prepared by a qualified person, a verification of the lien status of the security property current through the date of the loan or commitment decision and, where appropriate, documents verifying the existence of the proposed security property and that it is owned by and/or title is held by the proposed borrower;

h. written evidence, duly verified, that the borrower has invested cash or another form of equity, as appropriate, in the security property;

i. in the case of construction loans or multiple disbursement loans for improvements, written cost estimates and breakdowns prepared by a qualified engineer, architect, or other person qualified to prepare such an estimate;

j. written market feasibility studies prepared by a qualified professional for all acquisition, development, and construction loans, as the phrase acquisition, development, and construction loan is defined in § 213 of the Thrift Activities Handbook, dated June 1990; except that if underwriting standards are accepted by OTS, then those standards shall govern the need for market feasibility studies;

k. a written approval form showing when and by whom the loan, other extension of credit, or investment was approved and the terms and conditions of such approval;

l. title insurance commitment or acceptable attorney's opinion establishing the quality and validity of the Institution's lien on any real estate securing the extension of credit, and subsequent to closing of the loan, a title insurance policy or acceptable attorney's opinion reflecting the required quality and validity of the Institution's lien;

m. written documentation showing that the Institution, upon the closing of the loan, or other extension of credit, furnished the borrowers or guarantors a statement setting forth in detail all charges and fees paid and obligated to be paid, including, but not limited to, the loan settlement statement;

n. a written record showing the status of taxes, assessments, insurance premiums, and other charges on the security of the loan, other extension of credit or investment;

o. written documentation evidencing hazard insurance, in full force and effect, to protect the Institution from loss, as outlined in the policy statement at 12 C.F.R. § 571.4 (1990); and

p. the file for each loan granted or purchased by the Institution shall include a written certification by an officer or other employee of the Institution that upon actual review, knowledge, and belief the loan complies with all acceptable provisions of the OTS Regulations and this Agreement.

20. The Institution shall not disburse funds on <u>existing</u> participations, loans in process, investments or other extensions of credit, other than one-to-four-family residential loans acquired through secondary markets, and investments eligible as assets qualifying for liquidity as defined in 12 C.F.R. § 566.1 (1990), without first having obtained, as appropriate, each of the items listed in subsections (a) through (p) of paragraph 19 of this

Agreement. Furthermore, the Institution shall not disburse funds for any loan, participation, or other extension of credit unless it has obtained the following:

a. written documentation showing the date, amount, purpose, and recipient of every disbursement;

b. written documentation evidencing all modifications to the original contract, including appropriate approval of each modification; and

c. written documentation supporting all release of any portion of the collateral supporting the loan or other extension of credit.

Every disbursement of funds, except as excluded above, of Twenty-five Thousand Dollars ($25,000) or more shall be approved in advance by a committee established by the board, which committee shall consist of at least one outside director. The minutes of each meeting of such committee shall reflect such approval and shall adequately describe the nature and purpose of the disbursement.

21. The Institution shall comply in all respects with the limitations on loans-to-one-borrower and the maintenance of adequate records for multiple borrowers as set forth in 12 C.F.R. § 563.93, as republished in 55 Fed. Reg. 11294 et seq (March 27, 1990).

IV. PLANS AND POLICIES

22. The Institution shall, by February 28, 1991, submit to the Assistant Deputy District Director for approval, comprehensive plans, policies, procedures, or guidelines ("policies") for the following:

a. a plan which addresses internal asset classification as required by 12 C.F.R. § 563.160 (1990);

b. a plan which addresses the Institution's management and disposition of real estate owned;

c. a plan which addresses the collection of loans in default; and

d. specific policies relating to loan modifications for troubled debt restructuring. This policy shall state the terms and conditions upon which modifications will be considered, the levels of approval required and a commitment to following generally accepted accounting principles in recording and reporting modified loans.

Any material deviations from the policies, once approved, shall require the prior written approval of the Assistant Deputy District Director. The board shall review and approve said policies and shall monitor these policies on a continuing basis. The minutes of the board meetings shall disclose the extent of the board's involvement in this monitoring process. At a minimum, all policies shall be reviewed by the board on an annual basis.

23. The Institution shall submit to the Assistant Deputy District Director a review of the current management and a plan for the orderly augmentation or succession of the Institution's management personnel ("Management Plan") by April 30, 1991. Such Management Plan shall provide for the replacement of the president and treasurer, whom it is understood may retire in the near future, 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 Plan shall also contain an organizational chart of the proposed management of the Institution, including the identity of all officers, a description of their respective responsibilities, and the specific qualifications of each of the proposed officers. The Management Plan, before being implemented, shall be subject to the review and approval of the Assistant Deputy District Director.

24. The Institution shall submit to the Assistant Deputy District Director a review of the staffing needs of the Institution and each of its branches ("Staffing Plan") by February 28, 1991. The Staffing Plan shall discuss the current and proposed staffing needs of the Institution and describe the respective

responsibilities, duties and qualifications for each staff position. The Staffing Plan shall, before implementation, be subject to the review and approval of the Assistant Deputy District Director, or his/her designee.

25. No later than January 31, 1991, the Institution shall submit to the Assistant Deputy District Director a study of the feasibility and profitability of the Northland branch. This study shall make specific proposals concerning the future of the Northland branch and shall include discussions of whether the current lease should be modified to reflect current market rates for such premises or whether the branch should be closed.

26. The Institution shall submit to the Assistant Deputy District Director a budget for the 1991 calendar year no later than December 31, 1990.

27. The Institution shall submit to the Assistant Deputy District Director, for approval, policies and procedures for the management of interest rate risk and for asset liability management no later than February 28, 1991. Once approved, the Institution shall comply with these policies and procedures and the board shall monitor compliance therewith.

28. The Institution shall submit to the Assistant Deputy District Director, for approval, an appraisal policy no later than March 31, 1991. Such policy shall include, but not be limited to, the requirements provided in 12 C.F.R. § 564 (1990).

29. The Institution shall submit to the Assistant Deputy District Director, for approval, a Dividend Policy no later than March 31, 1991. Once approved, any material deviations from the policy shall require the prior written approval of the Assistant Deputy District Director.

30. The Institution shall submit to the Assistant Deputy District Director, for approval, a comprehensive business plan no later than April 30, 1991. Such plan shall address the implementation of the Institution's plans, policies and procedures, and shall include pro forma financial statements for at least two years. Once approved, the board shall monitor compliance with the business plan on at least a quarterly basis and shall obtain from management an explanation for all material deviations from the plan. The minutes of the board meetings shall disclose the extent of the board's involvement in this monitoring process. Reports to the board on compliance with the plan shall also be submitted to the Assistant Deputy District Director within 30 days of the end of each quarter.

V. REPORTING REQUIREMENTS

31. No later than the last day of each calendar month, the board shall file with the Assistant Deputy District Director a resolution, similar to the attached resolution, signed by each

director present during the board meeting immediately preceding the last day of such calendar month, certifying that the Institution has complied with all conditions of this Agreement for the preceding month.

32. The Institution shall file all financial reports required by the OTS, including monthly and quarterly reports, by the required due date and such other reports requested by the Assistant Deputy District Director by the requested due date. In addition to these reports, the Institution shall submit a quarterly report beginning December 31, 1990. At a minimum, this report shall include the following:

a. Loans classified at August 13, 1990 examination or subsequently classified:

1. original loan amount;
2. current book value, detailing any established valuation allowance;
3. major terms of loan;
4. description and valuation of collateral;
5. delinquency status;
6. amount of accrued interest;
7. an estimate of the Institution's loss exposure;
8. the interest paid to date; and
9. status of collection efforts and litigation, if applicable.

b. Real Estate and other Repossessed Collateral:

1. description of property;
2. current book value, detailing the basis used for valuation allowance;
3. valuation of property, detailing the basis for valuation; and
4. status of disposition efforts.

c. Evidence of the Institution's efforts to comply with paragraphs 10, 15, and 16 of this Agreement.

The quarterly report should be submitted to this Office within 30 days after the end of each three-month period. The first report is due by January 30, 1991.

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

All OTS memoranda, bulletins, 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.

Nothing in this Agreement shall be construed as allowing the Institution to violate any law or regulation to which it is subject.

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 and is not intended for the benefit of any third parties.

This Agreement shall remain in effect until terminated, modified, or suspended by the OTS, acting through its District Director for the Topeka District or his/her designee. The District Director, or his/her designee, may suspend, in his/her sole discretion, any or all provisions of this Agreement during the term of this Agreement. The District Director, or his/her designee, will entertain, in good faith, written requests for termination of the Agreement, at the later of eighteen (18) months or the completion of an examination which finds substantive compliance with all terms of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement individually or by their duly designated agent. A certified copy of the resolution of the board of Postal Savings and Loan Association authorizing the execution of this Agreement is attached hereto and made a part hereof.

OFFICE OF THRIFT SUPERVISION
TOPEKA DISTRICT

By: /S/

For the District Director

POSTAL SAVINGS AND LOAN
ASSOCIATION
TOPEKA, KANSAS

By: /S/ George M. Hersh 12-31-1990 10:AM

Its: President

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of Postal Savings and Loan Association, Topeka, Kansas ("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 10AM December 31, 1990, 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 be in noncompliance with the loan underwriting requirements set forth in 12 C.F.R. §§ 563.170 and 563.171 (1990), the conflict of interest regulations found at 12 C.F.R. §§ 563.41, 563.43 and 571.7 (1990), and the statutory restrictions on transactions with affiliates set forth in §§ 22(h) and 23A of the Federal Reserve Act, 12 U.S.C. §§ 375b and 371c, thereby providing grounds for the initiation of cease and desist proceedings against the Institution by the OTS, 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 failure to comply with 12 C.F.R. §§ 563.41, 563.43, 563.170, 563.171 and 571.7 (1990), and §§ 22(h) and 23A of the Federal Reserve Act, 12 U.S.C. §§ 375b and 371c, and

WHEREAS, the directors have read and considered the Agreement attached to the minutes of the meeting of the board of directors held on December 31, 1990 and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter into the Agreement:

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. The president of the Institution is authorized to sign and execute the 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 the Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of postal Saving & Loan Association this 31st day of December, 1990.

John M. Hersl /S/
Secretary
of Postal Saving and Loan Association