

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 23 day of November, 1992, by and between Bank Western, a Federal Savings Bank, Denver, Colorado, Docket No. 02254 ("Institution"), for itself and for 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 12 U.S.C.S. Sections 1818(b)(1) and (i)(2) (Law. Co-op. 1984, Supp 1992).

WHEREAS, the Board of Directors of the Institution (board) 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 board for the benefit of the Institution and its depositors, other creditors, and borrowers; and

WHEREAS, the Institution's 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 has violated a condition imposed in writing by the OTS in connection with the granting of an application and 12 C.F.R. Sections 563.161, 563.233, 563.177, 12 C.F.R. Parts 202 and 563e and 31

C.F.R. Part 103 (1992), 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. Section 1818(b); and

WHEREAS, without admitting or denying the aforesaid alleged violations, and that they provide grounds for the initiation of cease-and-desist proceedings against the Institution, the Institution, nevertheless, in the interest of regulatory compliance and cooperation, is willing to enter into this Agreement in order to resolve the controversy with the OTS and 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 to the matters alleged above 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, provided, that whenever the Institution is required to seek the approval of the Regional Deputy Director pursuant to paragraphs 2 and 3 of this Agreement, by virtue of a refinancing, modification, extension, or renewal which would cause the Institution to "invest in" a loan, extension of credit, or other investment, the Regional Deputy Director will review all proposed transactions that do not require financing by the Institution within five (5) calendar days from the date all necessary information is submitted to the OTS, and will review all proposed transactions that require financing by the Institution within five (5) business days from the date all necessary information is submitted to the OTS, provided, however, that the proposed transaction shall be deemed approved by the OTS if the Institution does not receive disapproval of the proposed transaction from the OTS within the requisite five-day period;
- c. "transfer" means to sell, assign, pledge, exchange, or to commit to do any of these;
- d. "real estate investment" means the net book value of real estate purchased, acquired by foreclosure or deed in lieu thereof, or owned in any manner, inclusive of any expenditures incurred in connection

with holding or improving such real estate and following adjustment for any loss reserves or allowances.

II. OPERATING RESTRICTIONS

2. Except for existing legally binding commitments and investments that qualify as liquid assets under 12 C.F.R. Section 566.1 (1992), without prior written approval of the Regional Deputy Director for the Midwest Region, OTS, ("Regional Deputy Director") or his/her successor or designee, the Institution shall not, and shall not allow any wholly-owned subsidiary of the Institution to:
 - a. invest in any real estate investment or set of such investments;
 - b. invest in, or increase its investment in, any service corporation or any subsidiary thereof or finance subsidiary, if such investment would be inconsistent with the Institution's Business Plan. For the purposes of this subparagraph, "invest in" shall include, but is not limited to, the making of investments in securities issued by such entities, and the extensions of credit to, or the guaranteeing of the debt of, such entities;
 - c. enter into any joint venture agreements;
 - d. make any material change in accounting method except that the Institution may make changes in its accounting method to correspond to changes in Generally Accepted Accounting Principles ("GAAP"), or

that are mandated by statute, or regulation or order of the OTS.

3. Without five days prior written notification to the Regional Deputy Director, the Institution shall not, and shall not allow any wholly-owned subsidiary of the Institution to:

a. invest in any loans or contracts secured by real estate or participations therein (including any acquisition, construction, and development loans) or any set of such loans or participations, except loans made at current market interest rates and terms which are:

- (1) to finance the bona fide purchase of, or construction of one- to four-family residences secured by first liens on such properties; or
- (2) to refinance loans on existing one- to four-family residences secured by first liens on such properties; or
- (3) to be secured by second liens on existing one- to four-family residences; or
- (4) to finance residential real estate other than one- to four-family residences where the loan-to-value (LTV) ratio does not exceed 80 percent (80%) and such loan does not exceed One Million Dollars (\$1,000,000); or
- (5) to refinance residential real estate other than one- to four-family residences if such loan does

- not exceed One Million Dollars (\$1,000,000); or
- (6) to finance nonresidential real estate where the LTV ratio does not exceed 80 percent (80%) and such loan does not exceed One Million Dollars (\$1,000,000); or
- (7) to refinance nonresidential real estate where the LTV ratio does not exceed 80 percent (80%) and such loan does not exceed One Million Dollars (\$1,000,000);
- provided, however, such loans shall not exceed the limitations contained in Sections 5(c)(2) and 5(u) of the Home Owners' Loan Act ("HOLA"), 12 U.S.C. Section 1464(c)(2) and (u);
- b. transfer any real estate investment (e.g., real estate owned) or set of such investments with a net book value in excess of One Million Dollars (\$1,000,000), or, irrespective of the foregoing sum, the loss to be recognized upon transfer exceeds the greater of 15 percent (15%) of the net book value or Two Hundred Thousand Dollars (\$200,000);
- c. transfer any loan secured by real estate or participation therein or any set of such loans or participations if the net book value of any such loan or participation exceeds One Million Dollars (\$1,000,000), except loans made at then current market interest rates and terms to finance bona fide purchases of, or refinance existing owner-occupied

one- to four-family residences secured by a first lien on such residences; and except loans secured by one- to four-family residences conforming to Federal National Mortgage Association, Government National Mortgage Association, and Federal Home Loan Mortgage Corporation guidelines purchased through the secondary market, and except consumer loans;

- d. invest in, or transfer commercial loans or letters of credit, whether secured or unsecured, with a book value in each case in excess of Seven Hundred Fifty Thousand Dollars (\$750,000); provided, however, such investments shall not exceed the limitations contained in Sections 5(c) and 5(u) of the HOLA, 12 U.S.C.S. Section 1464(c) and (u) (Law. Co-op. 1992), and provided, however, that in the event a commercial loan is transferred by the Institution without loss, the Institution shall be required to notify the Regional Deputy Director of such transfer, but shall not be required to obtain approval of the Regional Deputy Director prior to the transfer;
 - e. invest in or transfer any loan or set of loans secured by manufactured housing if such investment or transfer results in a loss that would exceed 15 percent (15%) of the net book value of the asset.
4. The Institution shall take all necessary actions to comply with the April 23, 1987 approval by the Federal Home Loan Bank of Topeka's Principal Supervisory Agent of

the Institution's Application for Approval of Service Corporation Joint Venture with Securities Broker Dealer. Such action shall include, but not be limited to, providing PAMCO Securities and Insurance Services representatives segregated and distinct areas of the Institution's offices in which to conduct business and ensuring that the requisite signs are displayed disclosing that PAMCO Securities and Insurance Services and the Institution are separate and unrelated entities.

III. CONSUMER COMPLIANCE

5. a. The board shall establish and adopt a written program designed to ensure compliance ("Compliance Program") with the applicable consumer and public-interest related laws and regulations, including, but not limited to, those referenced in Paragraphs 6 through 8 of this Agreement.
- b. The Compliance Program shall provide for written policies and procedures that set forth the requirements of the applicable laws and regulations, including those referenced in subparagraph 5(a) of this Agreement, as well as incorporate the OTS regulatory guidelines, and shall, at a minimum, include:
 - (1) a designated individual(s) (compliance officer(s)) to coordinate and monitor the program;
 - (2) internal control;

- (3) independent testing of compliance;
- (4) training; and
- (5) any other specific requirements of the applicable laws and regulations.

Bank Secrecy Act

6. a. Within 30 days of the effective date of this Agreement, the board shall appoint an on-site Bank Secrecy Act Compliance Officer responsible for coordinating and monitoring compliance by the Institution with the Bank Secrecy Act, 31 C.F.R. Part 103 (1992), implementing regulations, and this paragraph.
- b. Within 60 days of the effective date of this Agreement, the board shall adopt and comply with, a Bank Secrecy Act Policy, which at a minimum, complies with 12 C.F.R. Section 563.177 and the Bank Secrecy Act and provides for the following:
 - (1) the proper creation, maintenance, and formatting of Currency Transaction Reports, logs, and an updated exemption list;
 - (2) the schedule and documentation of training of relevant staff of the Institution; and
 - (3) procedures designed to obtain compliance with the Bank Secrecy Act and the implementing regulations.

Equal Credit Opportunity Act

7. In each credit transaction subject to 12 C.F.R. Part 202 (1992), the Institution shall revise its loan application forms so as to limit the collection of information regarding the race, religion, or national origin of potential borrowers only to those types of loan transactions where the law requires that such information be collected, and the Institution shall discontinue the collection of any such information in other potential loan transactions where such information is not by law required to be collected.

Community Reinvestment Act

8. Within 60 days of the effective date of this Agreement, the Institution shall adopt, and shall thereafter act in good faith to attempt to comply with, a Community Reinvestment Act Action Plan designed to define the Institution's plan to meet the credit needs of the Institution's local community or local communities in accordance with the purposes and general principles reflected in the Community Reinvestment Act of 1977, 12 C.F.R. Part 563e (1992), as amended, and the regulations promulgated thereunder.

IV. BUSINESS PLAN

9. The Institution shall continue to operate in accordance with the projected business strategies, budget assumptions and operations contained in its approved business plan ("Business Plan"). Any proposed

modifications or material adverse deviations from the Business Plan shall be approved by the board and shall require the prior written approval of the Regional Deputy Director, which approval shall not be unreasonably withheld. The board shall monitor the Business Plan on a continuing basis. The minutes of the Institution's board meetings shall disclose the extent of the board's involvement in this monitoring process.

No later than forty-five (45) days after the last day of each calendar quarter, the board shall see that a written report documenting its review of the Institution's year-to-date operating results for the period through the end of the preceding calendar quarter shall be submitted to the Regional Deputy Director. Such report shall include a comparison of actual results against the projected results in the Business Plan. If such actual operating results fail in any material adverse way to meet the projected results in the Business Plan, the report shall include an explanation of such material adverse deviation and a specific description of the measures that have been implemented or proposed to correct and/or abate such adverse deviation. For the purpose of determining an adverse material deviation under this provision, any deviation of 15 percent (15%) or more shall be deemed to be a material adverse deviation. For income and expense items, the 15 percent (15%) deviation shall be on a cumulative year-to-date

basis, beginning with the first period set forth in the Business Plan. Within thirty (30) days prior to the end of the fiscal year, the Institution's board shall review and update the Business Plan and submit it to the Regional Deputy Director for approval. The OTS shall not unreasonably withhold its approval of matters submitted pursuant to this paragraph.

V. LIABILITY GROWTH

10. The Institution shall not increase its liabilities:
 - a. During any calendar quarter, in excess of 5 percent (5%) of the amount of liabilities provided for in the Business Plan;
 - b. During any year (a year being twelve (12) calendar months from the date this Agreement is executed, and twelve (12) calendar months from each anniversary of the execution of this Agreement), in excess of 5 percent (5%) of the amount of liabilities provided for in the Business Plan; and
 - c. The Institution shall comply with Regulatory Bulletin 3a-1, dated January 9, 1990.

VI. REPORTING REQUIREMENTS

11. The Institution shall submit the following monthly and quarterly reports:

Monthly Reports

- a. A written narrative, reviewed by the Institution's board, that discusses the material variances noted in the Institution's financial reports;

- b. A financial summary reviewed by the board, which includes all major balance sheet and income statement accounts, reports, variances from the prior month and prior year, and supplemental information on deposits;
- c. A summary of the mobile home loan and repossession portfolios including:
 - (1) For Bank Western, Westco, and Shelter America Corporation, the total month end gross balance of both mobile home loans and repossessions, total charge-offs, and general valuation allowances;
 - (2) A written narrative of changes in the balances since the prior month;
 - (3) The total dollar amount of delinquencies, including loans managed by Greentree;
 - (4) A written discussion of Greentree activities, including how many repossessions and loans (dollar amount and number) are being managed by Greentree, how many repossessions have been sold during the month, the average amounts of sales, and a comparison of the actual sales prices to the assumptions used by management in its fair value and general valuation allowance calculations;
 - (5) A written narrative of any mobile home related loans financed by Bank Western; and

- (6) A discussion of any changes made by management to the fair value calculation and general valuation allowance calculations.

Quarterly Reports

- a. Management's classification of assets listing; and
- b. Management's internal write-ups on classified assets. Each write-up should be contained on one legal size page that indicates basic loan or real estate owned information, monthly and year-to-date total income and expenses for the property, indicate the fair value and the net realizable value calculated by management, give a discussion of the history of the asset, and indicate the prospects for resolution.

The above reports are to be submitted within 30 days following the month or quarter end as appropriate.

12. No later than the last day of each calendar month, the Institution shall file with the Regional Deputy Director a resolution, similar to the resolution attached to this Agreement, signed by each director in attendance at the regularly scheduled board meeting for that month.

VII. CORPORATE INDEPENDENCE

13. Bank Western shall be operated independently of, and without undue influence by, First Bank System, Inc. and its affiliated companies. The Institution shall respond fully and promptly to any requests for information made by this office, concerning applications for acquisition and merger.

14. 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.
15. 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.
16. 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.
17. Upon the execution of this Agreement, the Supervisory Agreement, dated June 24, 1991, is terminated.
18. This Agreement shall remain in effect until terminated or suspended by the OTS, acting through its Regional Deputy Director for the Kansas City Area Office. Such Regional Deputy Director may suspend, in his or her sole discretion, any or all provisions of this Agreement during the term of this Agreement. The Regional Deputy Director will entertain, in good faith, written requests for termination of this Agreement, if, in his or her

opinion, the Institution has at all times complied with the terms of this Agreement and has maintained compliance with regulatory capital requirements for three (3) consecutive calendar quarters.

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 Bank Western, authorizing the execution of this Agreement is attached hereto and made a part hereof.

OFFICE OF THRIFT SUPERVISION

By: IS/
Regional Deputy Director

BANK WESTERN, A FEDERAL
SAVINGS BANK
DENVER, COLORADO

By: IS/
Its: PRESIDENT

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of Bank Western, a Federal Savings Bank, Denver, Colorado ("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 _____, 1992, 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 representatives of the Office of Thrift Supervision ("OTS") believe the Institution to have violated 12 C.F.R. Sections 563.161, 563.233, 563.177, 12 C.F.R. Parts 202 and 563e and 31 C.F.R. Part 103, to which the Institution is subject, and violated a condition imposed in writing by the OTS in connection with the granting of an application, thereby providing grounds for the initiation of cease-and-desist proceedings against the Institution by the OTS, pursuant to 12 U.S.C. Section 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 Supervisory Agreement ("Agreement") attached

to the minutes of this meeting and thereby made a part hereof, 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 Agreement 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 Agreement, be and is hereby approved by the Board of Directors of Bank Western, a Federal Savings Bank, and that the President of the Institution, Robert J. Malone, is authorized to sign and execute the Agreement on behalf of the Institution, and that 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 _____ this ____ day of _____, 1992.

Secretary

RESOLUTION

WHEREAS, the Board of Directors of Bank Western, a Federal Savings Bank, Denver, Colorado ("Institution"), has been required to make certain certifications regarding the activities as outlined in the Supervisory Agreement between the Office of Thrift Supervision ("OTS") and the Institution dated _____, 199_ (the "Supervisory Agreement"), and

WHEREAS, the Board of Directors has reviewed, with the senior officers of the Institution, the activities and transactions of the Institution occurring during the month of _____, 199_;

NOW, THEREFORE, BE IT RESOLVED, that based upon reports and information provided to the undersigned Directors by the senior officers of the Institution, the undersigned members of the Board of Directors hereby certify that, to the best of our knowledge and belief, Bank Western, a Federal Savings Bank has complied with all conditions of the Supervisory Agreement during the month of _____, 199_.

DATE: _____