

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 12th day of May 1992, by and between United Savings and Loan Bank, Seattle, Washington, (hereinafter "United" or the "Institution") and the Office of Thrift Supervision ("OTS"), an office of the United States Department of Treasury.

WHEREAS, the OTS is of the opinion that United has engaged in practices or failed to take certain actions in operating the business of the Institution that warrant supervisory correction;

NOW THEREFORE, in the interest of resolving OTS' supervisory concerns in a cooperative manner, United and OTS agree as follows:

1. Within 60 days of the date of this Agreement, in order to ensure ongoing and effective compliance with applicable nondiscrimination, consumer affairs and compliance laws and regulations, United shall revise and then implement its written "Consumer Compliance Statement of Policy" and related "Compliance Program ("Program")." The Program currently provides a written job description for the Compliance Officer, establishes a "Management Compliance Committee," sets forth the frequency and scope of compliance audits, and details comprehensive procedures for conducting internal reviews. The Program shall be revised to include the following:

- a. Identification of the person(s) responsible for achieving and assuring continued compliance with specific compliance laws and regulations;

- b. Specification of a timetable for the full implementation of all aspects of the Program;
- c. Provision for a complete self-assessment by the Compliance Officer of United's compliance efforts to identify and correct all compliance deficiencies;
- d. Provision for a system to implement new and/or amended compliance requirements;
- e. Identification of the means for implementing corrective actions; and
- f. Establishment of a system of periodic review to ensure the effectiveness of the Program.

2. Within 60 days of the date of this Agreement, the Institution will implement a program for retraining management and staff to ensure standardized implementation of the Program and an understanding of, and compliance with, applicable laws and regulations. A training schedule shall be submitted to the OTS.

3. Once a quarter, the Compliance Officer shall prepare and submit to the Board of Directors a comprehensive report regarding compliance matters. The Board of Directors will review the report prepared by the Compliance Officer and provide certification of such review to the OTS along with a description of any proposed corrective action.

4. The report by the Compliance Officer should include, at a minimum, evidence that corrective action has been implemented to rectify each of the violations identified at the February 25, 1992, Regular Compliance Examination. Specifically, corrective action is required to ensure that:

- a. Estimates of market value are fully documented, supported by market data, and retained in loan files pursuant to 12 C.F.R. § 528.3(a);
- b. The Loan Application Register is accurately maintained in accordance with 12 C.F.R. § 203.4 and 12 C.F.R. § 528.6(d);
- c. Truth-in-Lending disclosures for construction loans are prepared accurately and provided prior to consummation as required by 12 C.F.R. § 226.18 and 12 C.F.R. § 226.17(b), respectively;
- d. Truth-in-Lending disclosures for adjustable-rate mortgages and assumption loans are prepared accurately as required by 12 C.F.R. § 226.18;
- e. Mortgage Servicing Transfer disclosures are provided as required by 24 C.F.R. § 3500.21(b);
- f. Initial escrow account statements are provided in accordance with 12 U.S.C. § 2601(10)(c)(1);
- g. Annual escrow account statements are complete in accordance with 12 U.S.C. § 2609(10)(c)(2);
- h. Currency Transaction Reports are completed in accordance with 31 C.F.R. § 103.27(d);
- i. The correct method of identification is used when preparing Currency Transaction Reports pursuant to 31 C.F.R. § 103.28;
- j. Currency Transaction Reports are filed for multiple transactions as required by 31 C.F.R. 103.22(a)(1);

- k. Monetary instruments logs are accurately maintained as required by 31 C.F.R. § 103.29(a); and
- l. The written security program complies with revised regulatory requirements contained in 12 C.F.R. § 568.1 and 12 C.F.R. § 568.3.

The report shall also address the results of the Compliance Officer's periodic audits and any necessary revisions to written policies and procedures and strengthening of internal controls to correct deficiencies noted.

5. The OTS does not relinquish any of its rights to take any supervisory or other action whatsoever with respect to United as a result of this Agreement. United acknowledges that it has not received any oral or written representations to the contrary by OTS or any of its agents or employees.

6. References 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 FIRREA, Pub. L. No. 101-73, Section 401(h) (1989), and references to successor provisions as they become applicable.

7. All technical words or terms used in this Agreement, for which meanings are not defined or otherwise provided by the provisions of this Agreement, shall, insofar as applicable, have the meanings set forth in Chapter V of Title 12 of the Code of Federal Regulations and any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations

shall have meanings that accord with the best custom and usage in the savings and loan industry.

8. This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding agreement of United and the OTS. It is understood and agreed that this Agreement is a "written agreement" between the depository institution and the OTS, as that term is used in Section 8 of the Federal Deposit Insurance Act (12 U.S.C. § 1818).

9. This Agreement constitutes the entire agreement between the OTS and the Institution, but does not supersede any prior order, directive, or agreement imposed upon, or agreed to, by United. No amendment or modification of this Agreement shall be valid and binding unless executed in writing by both the OTS and United.

10. The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto, their successors in interest, and respective assigns.

11. This Agreement shall remain in effect until terminated by the OTS. All requests for termination of the Agreement shall be submitted to the Assistant Regional Director.

12. A certified copy of the Board's resolution authorizing the execution of this Agreement, evidencing its intent to be bound thereby and requiring action to be taken to comply with its terms, shall be attached hereto as Exhibit A and made part thereof.

EXHIBIT A
CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the Undersigned, being duly qualified Secretary of United Savings and Loan Bank, Seattle, Washington, hereby certify that the following is a true copy of a resolution duly adopted by its Board of Directors at a meeting held on MAY 12, 1992, that at said meeting a quorum was present and acting throughout, and that said resolution has not been rescinded or modified and is now of full force and effect:

RESOLUTION

WHEREAS, the executive officers and directors of United Savings and Loan Bank, Seattle, Washington, ("Institution") have been advised that the Office of Thrift Supervision ("OTS") has concerns about its record of compliance with nondiscrimination, consumer protection, and other compliance laws and regulations, and

WHEREAS, the directors of the Institution have read and considered the proposed Supervisory Agreement ("Agreement") attached to the minutes of the meeting of the Board of Directors held on MAY 12, 1992, and after due consideration, and in the interest of regulatory cooperation, have determined to enter into the proposed Agreement: