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SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 24th day of September 1999 (the "Effective Date"), by and between **First American Savings Bank, FSB** (the "Association"), a stock-chartered association, having its main office located in **Omaha, Nebraska**, and the Office of Thrift Supervision ("OTS"), an office within the United States Department of the Treasury, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C., acting through its Midwest Regional Director or his/her designee ("Regional Director").

WHEREAS, the OTS is the primary federal regulator of the Association; and

WHEREAS, based on the Report of Examination dated April 9, 1999 ("ROE"), the OTS is of the opinion that the Association has engaged in acts and practices that: (i) have resulted in violations of certain of the laws or regulations to which the Association is subject, and/or (ii) are considered to be unsafe and unsound; and

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of administrative proceedings against the Association; and

WHEREAS, the OTS is of the view that it is appropriate to take measures intended to ensure that the Association will: (i) comply with all applicable laws and regulations, and (ii) engage in safe and sound practices; and

WHEREAS, the Association, acting through its Board of Directors (the "Board") without admitting or denying any violations of laws or regulations and/or unsafe and unsound practices wishes to cooperate with the OTS and to evidence the intent to: (i) comply with all applicable laws and regulations, and (ii) engage in safe and sound practices.

NOW THEREFORE, in consideration of the above premises, the mutual undertakings set forth herein, the parties hereto agree as follows:

COMPLIANCE WITH LAWS, REGULATIONS & SAFE AND SOUND PRACTICES

1. Compliance with Regulations

The Association shall take all necessary and appropriate actions to achieve compliance with the following:

- A. Section 5(v) of the Home Owners' Loan Act (HOLA), 12 U.S.C. § 1464(v) (regarding reports of condition);
- B. Section 560.93 of the OTS Regulations, 12 C.F.R. § 560.93 (regarding lending limitations);
- C. Section 560.101 of the OTS Regulations, 12 C.F.R. § 560.101 (regarding real estate lending standards);

- D. Section 560.160 of the OTS Regulations, 12 C.F.R. § 560.160 (regarding asset classification);
- E. Section 560.170 of the OTS Regulations, 12 C.F.R. § 560.170 (regarding records for lending transactions);
- F. Section 562.2 of the OTS Regulations, 12 C.F.R. § 562.2 (regarding regulatory reporting standards);
- G. Section 563.161 of the OTS Regulations, 12 C.F.R. § 563.161 (regarding management and financial policies and compensation);
- H. Section 563.41 of the OTS Regulations, 12 C.F.R. § 563.41 (regarding loans and other transactions with affiliates and subsidiaries);
- I. Section 563.42 of the OTS Regulations, 12 C.F.R. § 563.42 (regarding additional standards applicable to transactions with affiliates and subsidiaries);
- J. Section 563.170(c) of the OTS Regulations, 12 C.F.R. § 563.170(c) (regarding establishment and maintenance of records);
- K. Section 563.176 of the OTS Regulations, 12 C.F.R. § 563.176 (regarding interest rate risk management);
- L. Section 564.4 of the OTS Regulations, 12 C.F.R. § 564.4 (regarding minimum appraisal standards);

CORRECTIVE PROVISIONS

2. Board Review and Corrective Action

- (a) By August 31, 1999, the Board shall retain an independent third-party consultant to undertake a comprehensive review and analysis of the operations of the Association, including, but not limited to: the organizational structure; weaknesses in the chain of command and areas of responsibility; and policies and procedures relating to management, real estate lending standards, interest rate risk, asset classification, establishment of valuation allowances, transactions with affiliates, establishment and maintenance of records for lending transactions, and legal lending limits.
- (b) Prior to commencing the operational review and analysis of the Association, the Board shall submit a written plan of such review and analysis to the Regional Director.

3. Asset Review and Classification

- (a) By September 30, 1999, the Board shall adopt and implement a written asset review and classification system as provided for in 12 C.F.R. § 560.160, and review its

assets in accordance with such system, and shall establish adequate valuation allowances or charge-offs as appropriate.

- (b) At a minimum, the asset review and classification system shall require a formal loan memorandum for all nonmortgage and/or consumer loan concentrations over \$100,000 which describes the amount, purpose, collateral (if any), and its value, and repayment terms and sources of payment, as well as a brief summary of financial data for the borrower for prior approval. Such formal memorandum should be updated during internal loan reviews.
- (c) The asset review and classification system shall require a formal loan memorandum for all commercial real estate loans and concentrations of commercial real estate loans over \$500,000 which describes the amount, purpose, collateral (if any), and its value, and repayment terms and sources of payment, as well as a brief summary of financial data for the borrower for prior approval. Such formal memorandum should be updated during internal loan reviews.
- (d) By September 30, 1999, the Association shall take all necessary actions to protect its interest with regard to the identified classified assets.

4. Financial Recordkeeping and Reporting

By September 30, 1999, the Board shall adopt policies and procedures to maintain adequate and accurate financial records in accordance with the requirements of 12 C.F.R. § 562.1. Such procedures shall ensure the completion and submission to the OTS of accurate Thrift Financial Reports as required by 12 C.F.R. § 562.2.

5. Lending Policy and Standards

- (a) Within 30 days of the Effective Date, the Board shall establish and implement a lending policy that incorporates the standards for real estate lending in 12 C.F.R. § 560.101, and for maintenance of records in all lending transactions as provided in 12 C.F.R. § 560.170.
- (b) At a minimum, the lending policy and procedures shall provide that the loan documentation include the purpose of the loan, who approved the loan, an analysis of the borrower(s) and grantor(s) ability to repay the loan in a timely manner, and ensure that the association has the necessary and legally enforceable security interests in any collateral.

6. Loans to One Borrower

- (a) The Association shall not make any loans that do not comply with the lending limits set forth in 12 C.F.R. § 560.93, and shall maintain the documentation required under 12 C.F.R. § 560.93(f).

- (b) By September 30, 1999, the Association shall review all loans and compile a list of those loans currently in violation of 12 C.F.R. § 560.93, and establish a written plan for bringing each loan into full compliance with the regulatory requirements.
- (c) By September 30, 1999, the Association shall establish written policies and procedures to prevent future violations of the lending limits.

7. Transactions With Affiliates

- (a) The Association or its subsidiaries shall not, either directly or indirectly, engage in any transaction with an affiliate, except as specifically provided in 12 C.F.R. § 563.41 and 12 C.F.R. § 563.42.
- (b) By August 31, 1999, the Association shall ensure that any transaction(s) with any of its affiliates that is not in compliance with the regulatory requirements shall cease, or that such transaction shall be made to conform with all applicable requirements.
- (c) By August 31, 1999, the Association shall obtain reimbursement of all expenses paid on by the Association, on behalf of its holding company, A & S Financial Services, Inc.

8. Interest Rate Risk

By October 31, 1999, the Association shall devise and adopt an interest rate risk policy in conformance with the requirements of 12 C.F.R. § 563.176.

9. Liquidity

- (a) By September 30, 1999, the Board shall establish a deposit pricing committee to conduct and document competitive market rate surveys, set deposit rates, and determine available alternative sources of funds. The committee shall also maintain adequate minutes of the meetings.
- (b) By October 15, 1999, the Association shall develop and implement a plan to meet its cash flow needs in November and December 2000.

10. Brokered Deposits

The Association shall not accept, renew, or roll over any brokered deposits unless it applies for and is granted a waiver of this prohibition by the FDIC in accordance with the provisions of 12 C.F.R. § 337.6.

11. Changes in Directors or Executive Officers; Terms of Employment and Golden Parachute Payments.

- (a) As required by Section 32 of the FDIA, 12 U.S.C. § 1831i, and Notice of Changes of Director or Senior Executive Officer, 12 C.F.R. § 563.550 of the OTS Regulations,

the Association shall provide at least 30 days' prior written notice of any changes to its directorate or executive officer staff to the OTS before the employment becomes effective.

- (b) Pursuant to OTS Regulatory Bulletin No. 27a, the Association shall not enter into, renew, extend or revise any contractual arrangement related to compensation or benefits with any director, senior executive officer of the Association, or any subsidiary thereof, unless it first (i) provides a minimum of 30 days' advance notice of the proposed transaction, and (ii) receives a written notice of nonobjection from the Regional Director.
- (c) The Association shall not make any "golden parachute payment", as that term is defined in Section 18(k) of the FDIA 12 U.S.C. § 1828 (k), and as it may be further defined in regulations adopted by the Federal Deposit Insurance Corporation (FDIC) under that authority, unless it first (i) provides a minimum of 30 days' advance notice of the proposed payment, and (ii) receives a written notice of nonobjection from the Regional Director with regard thereto.

MISCELLANEOUS

12. Director Responsibility

Notwithstanding the requirements of this Agreement that the Board submit various matters to the Regional Director for the purpose of receiving his approval, non-objection or notice of acceptability, such regulatory oversight does not derogate or supplant each individual member's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of the Association at all times, including compliance with the determinations of the Regional Director as required by this Agreement.

13. Compliance with Agreement

- (a) The Board and officers of the Association shall take immediate action to cause the Association to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Association to continue to carry out the provisions of this Agreement.
- (b) The Board, on a monthly basis, shall adopt a board resolution (the "Compliance Resolution") formally resolving that, following a diligent inquiry of relevant information (including reports of management), to the best of its knowledge and belief, during the immediately preceding calendar month, the Association has complied with each provision of this Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall: (i) specify in detail how, if at all, full compliance was found not to exist, and (ii) identify all notices of exemption or non-objection issued by the Regional Director that were outstanding as of the date of its adoption.
- (c) The minutes of the meeting of the Board shall set forth the following information with respect to the adoption of each Compliance Resolution: (i) the identity of each director voting in favor of its adoption, and (ii) the identity of each director voting in

opposition to its adoption or abstaining from voting thereon, setting forth each such director's reasoning for opposing or abstaining.

- (d) No later than the 25th Calendar Day of the month following the end of a calendar quarter, beginning with the end of the first calendar quarter following the Effective Date, the Association shall provide to the Regional Director a certified true copy of the Compliance Resolution[s] adopted at the Board meeting of each month in such calendar quarter. The Board, by virtue of the Association's submission of a certified true copy of each such Compliance Resolution to the Regional Director, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except as provided below. In the event that one or more Directors do not agree with the representations set forth in a Compliance Resolution, such disagreement shall be noted in the minutes of the Association.

14. Definitions

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, FDIA or OTS Memoranda. Any such technical words or terms used in this Directive 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.

15. Successor Statutes, Regulations, Guidance, Amendments

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 and references to successor provisions as they become applicable.

16. Notices

Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Directive to be made upon, given or furnished to, delivered to, or filed with the OTS or the Association shall be in writing and mailed, first class or overnight courier, or means of electronic transmission, or physically delivered, and addressed as follows:

OTS: Midwest Regional Office
122 W. John Carpenter Fwy.
Suite 600
Irving, TX 75039
(972) 281-2000 - Main Number
(972) 281-2001 - Main Facsimile

Association: First American Savings Bank, FSB
3540 South 84th Street
Omaha, NE 68124-4013
(402) 399-8400 - Main Number

17. Duration, Termination or Suspension of Agreement

- (a) This Agreement shall: (i) become effective upon its execution by the OTS, through its authorized representative whose signature appears below, and (ii) remain in effect

until terminated, modified or suspended in writing by the OTS, acting through its Director or the Regional Director (including any authorized designee thereof).

- (b) The Regional Director in his or her sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

18. Time Limits

Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

19. Effect of Headings

The Section headings herein are for convenience only and shall not affect the construction hereof.

20. Separability Clause

In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his/her sole discretion determines otherwise.

21. No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS Not Restricted

Nothing in this Agreement shall be construed as: (i) allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject, or (ii) restricting the OTS from taking such action(s) that are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action that the OTS determines to be appropriate.

22. Successors in Interest/Benefit

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. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the parties hereto, the Resolution Trust Corporation, and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

23. Signature of Directors

Each Director signing this Agreement attests, by such act, that she or he, as the case may be, voted in favor of the resolution, in the form attached to this Agreement, authorizing the execution of this Agreement by the Association.

24. Integration Clause; Impact On Other Enforcement Documents

- (a) This Agreement represents the final written agreement of the parties with respect to the subject matter hereof and constitutes the sole agreement of the parties as of the Effective Date, with respect to such subject matter.
- (b) The June 16, 1999 Directive, issued by the Midwest Regional Director to the Board of Directors of the Association, remains in effect until terminated, and nothing contained herein is intended to supersede or otherwise modify such Directive.

25. Enforceability of Agreement

The Association represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Association. The Association acknowledges that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. § 1818.

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director and the Association, in accordance with a duly adopted resolution of its Board (copy attached hereto), hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

FIRST AMERICAN SAVINGS BANK, FSB
OMAHA, NEBRASKA

By:

By:

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Frederick R. Casteel
Midwest Regional Director

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Name: _____
Chief Executive Officer

DIRECTORS OF THE ASSOCIATION

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