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## SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is effective June 15  
\_\_\_\_\_, 2000 (Effective Date), by and between **Grand Federal Savings Bank** (Association), a federally chartered stock association, having its main office located in **Grove, Oklahoma** 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**, OTS is the primary federal regulator of the Association;  
and

**WHEREAS**, based on the Reports of Examination dated March 13, 2000 (ROE), May 18, 1998, and November 12, 1996, OTS is of the opinion the Association engaged in acts and practices: (i) resulting in violations of certain regulations and/or (ii) considered to be unsafe and unsound; and

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

**WHEREAS**, OTS is of the view it is appropriate to take measures intended to ensure 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 (Board), without admitting or denying any violations of laws or regulations and/or unsafe and unsound practices, wishes to cooperate with 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**, the parties 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 Section 560.170 of the OTS Regulations, 12 C.F.R. Section 560.170 (Records for lending transactions).

### CORRECTIVE PROVISIONS

### 2. Loan Policy

A. No later than May 31, 2000, the Board shall provide OTS with a board resolution certifying no nonhomogeneous lending will be conducted without proper credit and collateral documentation. Such documentation shall include:

- (i) written documentation of all sources of repayment for each loan;
- (ii) a written assessment of the ability of the borrower(s) and any guarantor(s) to repay the indebtedness in a timely manner; and
- (iii) written documentation to support the borrower(s)' legal ability to pledge collateral or enter into the lending arrangement.

B. No later than 30 days from the date of this Agreement, the Board shall modify the Association's loan policy to require the following:

- (i) written documentation of all sources of repayment for each loan;
- (ii) a written assessment of the ability of the borrower(s) and any guarantor(s) to repay the indebtedness in a timely manner;
- (iii) written documentation to support the borrower(s)' legal ability to pledge collateral or enter into the lending arrangement; and
- (iv) a system for ongoing credit analysis.

### 3. Loan Exceptions

No later than May 31, 2000, the Board shall adopt and provide to OTS

a compliance plan which provides for the: (a) timely resolution of the loan exceptions disclosed on the Association's internally generated loan exceptions report as of March 13, 2000; and (b) ongoing monitoring of the resolution of loan exceptions.

4. **Allowance for Loan and Lease Losses Policy**

No later than May 31, 2000, the Board shall amend the Association's allowance for loan and lease losses policy to include an allocation for special mention assets that is indicative of the related risk.

**MISCELLANEOUS**

5. **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 has the ultimate responsibility for overseeing the Association's safe and sound operation at all times, including compliance with the Regional Director's determinations.

6. **Compliance with Agreement**

A. The Board and officers of the Association shall take immediate action to ensure the Association's compliance with the terms of this Agreement and shall take all necessary or appropriate actions thereafter to ensure the Association's compliance with the provisions of this Agreement.

B. Each quarter, the Board shall undertake a diligent inquiry to confirm the Association's compliance with each provision of this Agreement.

C. The Board shall adopt a resolution (the Compliance Resolution) attesting to the Association's compliance with this Agreement. If the Board determines the Association was not in full compliance, the Compliance

Resolution shall include the reasons for non-compliance.

D. The board minutes shall set forth the following information regarding 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.

E. The Association shall provide to the Regional Director a certified true copy of the Compliance Resolution(s) no later than the 25th Calendar Day of the month following the end of a calendar quarter. In the event one or more Directors do not agree with the representations in a Compliance Resolution, the board minutes shall reflect such disagreement.

## 7. Definitions

A. 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.

B. For purposes of this Agreement, except for paragraph 9, OTS Assistant Directors of the Midwest Region are deemed to be designees of the Regional Director. However, the Regional Director may make other designations for purposes of this Agreement or otherwise.

## 8. Successor Statutes, Regulations, Guidance, Amendments

Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall include references to all amendments to such provisions as of the Effective Date and references to successor provisions as they become applicable.

9. **Duration, Termination or Suspension of Agreement**

A. This Agreement shall: (i) become effective upon its execution by OTS, through its authorized representative whose signature appears below and (ii) remain in effect until terminated, modified or suspended in writing by OTS, acting through its Director or the Regional Director (including any authorized designee thereof).

B. The Regional Director in his/her sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

10. **Time Limits**

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

11. **Effect of Headings**

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

12. **Separability Clause**

If any court of competent jurisdiction rules any provision in this Agreement to be invalid, illegal or unenforceable, that decision shall not affect or impair the validity, legality and enforceability of the remaining provisions unless the Regional Director in his/her sole discretion determines otherwise.

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

Nothing in this Agreement: (i) allows the Association to violate any law, rule, regulation, or policy statement to which it is subject or (ii) restricts OTS from taking such action(s) that are appropriate in fulfilling its responsibilities including, without limitation, any type of supervisory, enforcement or

resolution action that OTS determines to be appropriate.

**14. 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 any person or entity, other than the parties hereto and the Federal Deposit Insurance Corporation and their successors, any benefit or any legal or equitable right, remedy or claim under this Agreement.

**15. Signature of Directors**

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

**16. Integration Clause**

This Agreement represents the final written agreement of the parties and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter.

**17. 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 OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. §1818.

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

OFFICE OF THRIFT SUPERVISION

THE ASSOCIATION

By:

By:

151  
Name: Frederick R. Casteel  
Title: Midwest Regional Director

151  
Name: R. Mark London  
Title: Chief Executive Officer,  
President, Director

DIRECTORS OF THE ASSOCIATION

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Director Eugene S. Jones

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Director D. Earl Shero

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Director LeAdell Bass

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Director William Bloomer

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Director Johnnie R. Earp

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Director M. Elaine Gardner

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Director Vernon Austin

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Director Gary P. Conklin

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Director L. Victor Evans

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Director Kirby Lane

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

I, the undersigned, being the duly appointed and qualified Secretary of **Grand Federal Savings Bank, Grove, Oklahoma (Association)** hereby certify as follows:

1. A duly called meeting of the Board of Directors of the Association was held on June 12, 2000;

2. At this meeting a quorum was present and voting throughout;

3. The following is a true copy of resolutions duly adopted by the Association's Board of Directors, which resolutions have not been rescinded or modified and are now in full force and effect:

**WHEREAS**, the Board of Directors of the Association wishes to cooperate with OTS and demonstrate that said Board and the Association have the intent to: (1) comply with all applicable laws and regulations and (2) engage in safe and sound practices; and

**WHEREAS** the Directors of the Association have read and considered the proposed Supervisory Agreement (Agreement) which shall be attached to the minutes of this meeting; and

**WHEREAS** after due consideration, the Directors of the Association have determined to cause the Association to enter into the proposed Agreement which is in the best interest of the Association;

**NOW THEREFORE, BE IT RESOLVED**, that the Association be and it hereby is authorized to enter into the Agreement in the form attached to the minutes of the meeting.

**FURTHER RESOLVED**, that the execution and delivery of, and performance of all of the provisions of the Agreement are authorized and approved,

**FURTHER RESOLVED**, that the Directors and Officers of the Association are authorized and directed to execute and deliver the Agreement and to take all steps necessary or appropriate to implement the terms of the Agreement and to cause the Association to comply in all respects with the terms of the Agreement.

4. All members of the Board of Directors were present and voted at the meeting (except \_\_\_\_\_) and all members of the Board of Directors (except \_\_\_\_\_) voted in favor of the resolution;

**IN WITNESS WHEREOF**, I have hereto subscribed my name and affixed the seal of the Association on June 12, 2000.

  
Name:  
Title: *V.P., Sec, TREAS*  
(SEAL)