

AGREEMENT

This Agreement ("Agreement") is made and is effective this 24th day of September 1991 ("Effective Date"), by and between BELL FEDERAL SAVINGS AND LOAN ASSOCIATION (OTS Docket No. 00067), CHICAGO, ILLINOIS ("Bell Federal") for itself and any controlled 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 Bell Federal. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8(b)(1) and (i)(2) of the Federal Deposit Insurance Act, at 12 U.S.C. Sections 1818(b)(1) and (i)(2)).

WHEREAS, the OTS is of the opinion that Bell Federal has not complied with certain of the regulations to which Bell Federal is subject in conducting its business, as recited in the Report of Examination as of August 5, 1991 ("Report"), and has not adequately addressed the credit needs of its local community and has not adequately performed under the Community Reinvestment Act; thereby providing grounds for formal enforcement action against Bell Federal by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of formal enforcement action proceedings against Bell Federal for its failure to comply with statutes and regulations, as set forth in Bell Federal's Report of Examination dated August 5, 1991 for so long as the Bell Federal is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, Bell Federal, by its Board of Directors ("Board"), is willing to enter into this Agreement to avoid the initiation of such formal enforcement action proceedings;

NOW, THEREFORE, in consideration of the above-stated forbearance by OTS from the initiation of formal enforcement action proceedings against Bell Federal, it is agreed between the parties hereto as follows:

Statutes and Regulations

1. Bell Federal and its controlled subsidiary shall correct existing violations cited in this section and the Report of Examination, dated August 5, 1991, and shall not initiate any action which would result in a violation of, or in the aiding and abetting of, any violation of:

31 C.F.R. § 103.22(a)(1), pertaining to multiple currency transactions in excess of \$10,000 not reported;

31 C.F.R. § 103.27(d), pertaining to the omission of information on the currency transaction reports;

31 C.F.R. § 103.28, pertaining to failure to verify identification of customer; and

12 C.F.R. § 563.177(c), pertaining to lack of or inadequate procedures for testing for reportable transactions and accurate currency transaction report filing.

Bank Secrecy Act

2. Within forty-five (45) calendar days from the date of this Agreement, the Board shall develop and adopt a written program to establish a system of internal controls and audit procedures designed to ensure compliance with the Financial Recordkeeping and Currency and Foreign Transactions Reporting Act (31 U.S.C § 5311) and the regulations promulgated thereunder at 31 C.F.R. § 103, and 12 C.F.R. § 563.177 (collectively referred to as the "Bank Secrecy Act"). At a minimum, this written program shall establish:

- (a) Operating procedures for the detection of multiple transactions if they are by, or on behalf of any person or entity, and result in either cash in or cash out totaling in excess of \$10,000, during any single business day;
- (b) Procedures governing the accurate and timely filing of currency transaction reports; and
- (c) A comprehensive ongoing training program for all tellers and appropriate supervisory personnel to ensure their awareness of and compliance with the requirements of the Bank Secrecy Act.

3. Within forty-five (45) calendar days from the date of this Agreement, the Board shall expand, to the extent not already accomplished, existing internal audit procedures to include:

- (a) development of a program to test the adequacy of internal controls to ensure adherence to the requirements of the Bank Secrecy Act;
- (b) appropriate verification procedures as part of the regular internal audit program; and
- (c) Prompt management response and follow-up to all audit exceptions or other recommendations of Bell Federal's internal auditor or compliance officer.

4. Within five (5) calendar days of the Board's adoption of the program required in Article 3, a copy of such program shall be submitted to the OTS Manager for review and approval. Subsequent to

the OTS Manager's approval of this program, Bell Federal shall comply with it in all respects.

Community Reinvestment Act

5. Within sixty (60) calendar days from the date of this Agreement, the Board shall produce a written analysis of the credit needs of Bell Federal's community based on its CRA community delineation. In preparing the written analysis, the Board shall take into account Section 220 of the OTS's Regulatory Handbook regarding Compliance Activities, as well as:

- (a) Any written, signed public comments received in response to Bell Federal's CRA statement(s);
- (b) Existing studies concerning local credit needs; and
- (c) Direct communications with community members and organizations including Bell Federal's customers, the PTA, local government officials, neighborhood organizations, block clubs, minority organizations, small business groups, and consumer groups.

6. On an ongoing basis, Bell Federal shall consider the credit needs of its delineated community(ies). At least annually, the Board shall amend, if appropriate, its CRA Statement(s) to reflect changes in the credit needs of the community.

7. Within seventy-five (75) calendar days from the date of this Agreement, the Board shall develop a plan ("Plan") designed to meet the credit needs of the community consistent with the safe and sound operation of Bell Federal. The Plan shall, at a minimum, include the following:

- (a) A description of the various types of credit that Bell Federal is prepared to extend within its delineated community based on the written analysis conducted pursuant to Article 5. At a minimum, the types of credit offered should reflect the needs of low and moderate income neighborhoods consistent with Bell Federal's assessment of the community and safe and sound practices, and subject to the Board's business judgement;
- (b) A description of the methods Bell Federal will use to communicate the availability of credit services to the community. Such methods may include utilizing media targeted to the community such as neighborhood or minority newspapers and radio stations, or notification to real estate and mortgage brokers serving those areas of Bell Federal's delineated community;

- (c) A marketing program designed to encourage applications for loans in its community particularly in low- and moderate-income neighborhoods;
- (d) Specific goals and objectives to increase Bell Federal's servicing of the credit needs in low- and moderate-income neighborhoods within its delineated community consistent with safe and sound practices, and subject to the Board's business judgement; and
- (e) Procedures for the Board to monitor the effectiveness of and Bell Federal's adherence to the Plan on a quarterly basis.

8. Within five (5) calendar days of the Board's approval of the Plan required in Article 7, a copy of the Plan shall be submitted to the OTS Manager for review and approval. Upon receipt of written approval from the OTS Manager, the Board shall adopt and adhere to the Plan in all respects.

9. Beginning with the quarter end following approval by the OTS Manager of the Plan required in Article 7, and on a quarterly basis thereafter, the Board shall submit a status report to the OTS Manager that compares Bell Federal's performance in adhering to the Plan.

10. Within seventy-five (75) calendar days from the date of this Agreement, the Board shall establish procedures to monitor and thoroughly evaluate the geographic distribution of Bell Federal's credit extensions, credit applications, and credit denials. Such procedures shall be designated to permit Bell Federal to determine whether it is meeting the credit needs of the community, including low- and moderate-income neighborhoods. A copy of the procedures should be submitted to the OTS Manager for review and approval.

11. Within ninety (90) calendar days from the date of this Agreement, the Board shall conduct an analysis regarding Bell Federal's origination or purchase of loans within its delineated community through government-guaranteed and/or insured loan programs.

Closings

12. Although the Board is by this Agreement required to submit certain proposed actions and programs for the review or approval of the Regional Director or his/her designee, the Board has the ultimate responsibility for proper and sound management of Bell Federal. In exercising and fulfilling its fiduciary duties, the Board may consider reports of management, counsel, and other agents

and consultants of the Board. Nothing contained herein shall require the Board or any member or agent thereof to take any action or omit to take any action inconsistent with his or her fiduciary duties.

13. It is expressly and clearly understood that if, at any time, the OTS deems it appropriate in fulfilling the lawful responsibilities placed upon it by the several laws of the United States of America to undertake any lawful action affecting Bell Federal, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the OTS from doing so.

14. Any time limitations imposed by this Agreement shall begin to run from the Effective Date of this Agreement, unless otherwise provided. Such time limitations may be extended by the Regional Director or his/her designee for good cause upon written application by the Board.

15. 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 the rules and regulations adopted by OTS (including, without limitation, Chapter V of Title 12 Code of Federal Regulations). Any such technical words or terms used in this Agreement and undefined in said rules and regulations shall have meanings that accord with the best custom and usage in the thrift industry.

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. It is understood that the execution of this Agreement shall not be construed as an approval of any application or notices that are contemplated by Bell Federal.

18. Any report or other document required by this Agreement to be submitted to OTS shall be filed with the Office of Thrift Supervision, 111 E. Wacker Drive, Suite 800, Chicago, Illinois, 60601, Attn: Renaldo A. Salonis. All reports and other documents shall be deemed filed when received by OTS.

19. In the event any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

20. The section headings used in this Agreement are for convenience of reference only and are not to affect the construction of, or be taken into consideration in, the interpretation of this Agreement.

21. This Agreement shall remain in effect until terminated, modified, or suspended by OTS, acting through the Regional Director or his designee. The Board may request termination of this Agreement at any time.

IN WITNESS WHEREOF, the OTS, acting through the Regional Director, and Bell Federal, by its board of directors, have executed this Agreement on the date first written above.

OFFICE OF THRIFT SUPERVISION
CHICAGO, ILLINOIS

By:

Stuart M. Brafman
Regional Director

9-24-91
Date

BELL FEDERAL SAVINGS AND LOAN ASSOCIATION
CHICAGO, ILLINOIS

By:

15/
Director Roland J. Barstow

15/
Director Vernon Fryburger

15/
Director Richard W. Hanzel

Director Robert J. Hilker

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Director Gunther H. Knoedler

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Director Edmond M. Shanahan

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OFFICE OF THRIFT SUPERVISION
CHICAGO, ILLINOIS

By: _____
Stuart M. Brafman
Regional Director

Date

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