

95190

OTS No. >7408

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 30th day of September, 1991 (the "Effective Date"), by and between The Lincoln Savings Bank, FSB (the "Association"), a federally chartered stock savings bank, having its executive office located at 99 Park Avenue, New York, New York 10016 and the Office of Thrift Supervision ("OTS"), an office within the Department of the Treasury, a department in the Executive Branch of the United States Government, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C.

WHEREAS, the Association is a federally chartered stock savings bank, the deposits of which are insured by the Bank Insurance Fund ("BIF") of the Federal Deposit Insurance Corporation ("FDIC"), and is subject to federal laws and regulations; and

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

WHEREAS, the OTS, represented by the Regional Director for the Northeast Region ("Regional Director") is of the opinion that the Association has engaged in acts and practices in operating the business of the Association that may be violations of certain of the laws or regulations to which the Association is subject, and that may provide grounds for the initiation of judicial and/or 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: (1) comply with all applicable laws and regulations; (2) engage in safe and sound practices; and (3) maintain itself in a safe and sound condition; and

WHEREAS, the Board of Directors of the Association (the "Board") wishes to cooperate with the OTS and to demonstrate that they have the intent and ability to: (1) comply with all applicable laws and regulations; (2) engage in safe and sound practices; and (3) maintain the Association in a safe and sound condition, consistent with its fiduciary duties owed to the Association and its depositors.

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

COMPLIANCE WITH LAWS AND REGULATIONS

1. Compliance With Laws And Regulations

(a) The Association shall comply with the following Federal laws and regulations:

- (1) Section 563.39 of the OTS Regulations, 12 C.F.R. § 563.39 (regarding employment contracts);
- (2) Section 563.93 of the OTS Regulations, 12 C.F.R. § 563.93 (regarding lending limitations);
- (3) Section 563.160 of the OTS Regulations, 12 C.F.R. § 563.160 (regarding classification of assets);
- (4) Section 563.161 of the OTS Regulations, 12 C.F.R. § 563.161 (regarding management and financial policies/ compensation);
- (5) Section 563.170 of the OTS Regulations, 12 C.F.R. § 563.170 (regarding Examinations and audits; appraisals; establishment and maintenance of records);
- (6) Section 563.233 of the OTS Regulations, 12 C.F.R. § 563.233 (regarding accounting principles and procedures);
- (7) Section 564.8 of the OTS Regulations, 12 C.F.R. § 564.8 (regarding appraisal policies);
- (8) Part 567 of the OTS Regulations, 12 C.F.R. § 567 (regarding capital);
- (9) Section 571.7 of the OTS Regulations, 12 C.F.R. § 571.7 (regarding conflicts of interest);
- (10) Section 571.19 of the OTS Regulations, 12 C.F.R. § 571.19 (regarding investment portfolio);
- (11) Part 574 of the OTS Regulations, 12 C.F.R. § 574 (regarding change in control).

(b) The compliance requirements of subparagraph (a) hereof shall not be construed as an authorization for the Association to engage in the activities governed by the aforesaid laws, rules, and regulations. To the extent that it is lawful for the Association to engage in such activities, and if provisions of the Agreement set forth more strict restrictions, limitations and requirements than are set forth in applicable laws and regulations, then under such circumstances the Association shall, at all times, comply with and adhere to the more strict restrictions, limitations, and requirements otherwise set forth in the Agreement.

OPERATING REQUIREMENTS AND RESTRICTIONS

2. Prohibition on Asset Growth

The Association shall not increase its total assets to an amount in excess of the amount of its total assets as of March 31, 1991 and shall abide by any OTS policy restrictions on growth, including Regulatory Bulletin 3a-1.

3. Association Operating Restrictions

Except with the prior written notice of non-objection from the OTS (acting by and through the Regional Director or his designee), the Association shall not, directly or indirectly, make, invest in, purchase, sell, or commit to make, invest in, purchase or sell any type of loan or investment product not offered or employed by the Association prior to October 15, 1990. Notwithstanding the prohibition of this Section 3, the Association shall be permitted to make investments, directly or indirectly in the following, provided, however, that such investments are not otherwise prohibited under federal law and regulation:

- (a) United States government securities, including bills, notes, and bonds;
- (b) securities issued by, or fully guaranteed as to principal and interest by, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association, or any agency of the United States;
- (c) federal funds, including overnight and term obligations with a maturity not to exceed 12 months, within the limitations set forth by the Investment Policy Committee and approved by the Board;
- (d) commercial paper, with a maturity not to exceed 270 days, rated by Moodys' Investor Service and Standard and Poor's as P1 and A1, respectively, provided that at any given time, the total outstanding investments in such commercial paper pursuant to this Section 3(d) issued by any single issuer shall not exceed \$5MM and for all issuers shall not exceed \$25MM;
- (e) mortgage backed securities issued by any of the agencies specified in Section 3(b), including fixed rate and adjustable rate pass through mortgage backed securities, collateralized mortgage obligations (CMOs), real estate mortgage investment conduits (REMICs), provided that the Association shall not invest in any of such mortgage backed securities which are considered to be

high-risk pursuant to Thrift Bulletin No. 12 (such as stripped mortgage-backed securities (interest only securities (IOs), principal only securities (POs), companion tranches, residuals or any other tranches);

- (f) mortgage backed securities issued by private entities, including CMOs and REMICS, provided that: (i) the Association shall not invest in any of such mortgage backed securities which are considered to be high-risk pursuant to Thrift Bulletin No. 12; (ii) such issues are secured by whole loan mortgage collateral; (iii) such issues have a minimum rating by either Moody's Investor Service or Standard and Poor's of AA or better at the time of acquisition; and (iv) at any given time, the total outstanding investments in such securities pursuant to this Section 3(f) shall not exceed 10% of total assets;
- (g) corporate debt obligations, including non-mortgaged backed securities provided that: (i) such obligations have a minimum rating of A or better by both Moody's Investor Service and Standard and Poor's; (ii) for obligations with a rating of AA, the total amount outstanding at any given time from one issuer does not exceed the lesser of \$10MM or the Association's loan to one borrower ("LTOB") limitation; (iii) for obligations with a rating of A, the total amount outstanding at any given time from one issuer does not exceed the lesser of \$5MM or the LTOB limitation; and (iv) the total outstanding investments at any given time in such securities pursuant to this Section 3(g) do not exceed 10% of total assets.

4. Investments in Subsidiaries and/or Service Corporations

The Association shall not make, commit to make, increase or commit to increase any investment in real estate or investment in equity securities, service corporations, finance subsidiaries, or operating subsidiaries as those terms are defined in Section 563.98 of the OTS Regulations, 12 C.F.R. §563.98, or any subsidiary of a service corporation, without the prior written notice of non-objection from the OTS (acting by and through the Regional Director or his designee), except for: (a) commitments outstanding as of October 15, 1990; (b) investments made pursuant to Section 6(c) of this Agreement; (c) transfers of REO from the Association to an appropriate service corporation or operating subsidiary for the purposes of more efficient management and disposition; and (d) advances made to protect the value of REO or the Association's interest in collateral securing its loans.

5. Activities of Subsidiaries and/or Service Corporations

- (a) Except for activities pursuant to subsections (b) or (c) of this Section 5, or with the prior written notice of non-objection from the OTS (acting by and through the Regional Director or his designee), all subsidiaries

and service corporations of the Association shall not make, invest in, purchase, sell, refinance, extend or otherwise modify, or commit to make, invest in, purchase, sell, refinance, extend or otherwise modify any loan, participation, investment or extension of credit.

- (b) Subsidiaries and service corporations of the Association may refinance, extend, or otherwise modify, or commit to refinance, extend, or otherwise modify any outstanding loan or investment subject to the following OTS approval process:
- (1) For outstanding loans or investments less than or equal to \$1 million, no approval or notification is necessary.
 - (2) For outstanding loans or investments greater than \$1 million but less than or equal to \$5 million, the Association is required to notify OTS in writing upon closing. The notification should present all the relevant details of the credit, including but not limited to the terms of the loan and the status of the borrower.
 - (3) For outstanding loans or investments in excess of \$5 million, concurrent review by OTS and written notice of non objection is required from the OTS (acting by and through the Regional Director or his designee) prior to closing.
 - (4) Any proposed refinancing, extension or modification of an outstanding loan or investment which would result in a reduction in tangible capital of 10% or greater, shall require concurrent review by OTS and the written notice of non objection from the OTS (acting by and through the Regional Director or his designee) prior to closing.
- (c) The Association, its subsidiaries and service corporations shall reduce the current levels of loan and investment activity of the subsidiaries and service corporations, excluding Accord Agency, as quickly and prudently as possible, and shall submit a quarterly statement, signed by the Board, describing the Association's efforts to reduce these activities. Any proposed disposition of an asset of a subsidiary or service corporation which would result in a reduction in tangible capital of 10% or greater, excluding a disposition that requires approval of a formal application by the Corporate Activities Division of the OTS and/or the FDIC, shall require concurrent review by OTS and the prior written notice of non objection from the OTS (acting by and through the Regional Director or his designee).

6. Association Commercial Real Estate Lending

- (a) Except (i) with the prior written notice of non-objection from the OTS (acting by and through the Regional Director or his designee), (ii) activities pursuant to subsections (b) or (c) of this Section, or (iii) for written loan commitments by the Association which were outstanding and enforceable against the Association on October 15, 1990, the Association shall not, directly or indirectly, make, invest in, purchase, sell, refinance, extend or otherwise modify, any commercial real estate loan unless:
- (1) The Association itself underwrites the loan in accordance with written policies and procedures adopted by the Board;
 - (2) The loan is secured by a first mortgage and is not to be used for land speculation, land acquisition, development or construction;
 - (3) The loan does not exceed the lesser of 100% of the Association's loan to one borrower limitation as defined by Section 563.93 of the OTS Regulations, 12 C.F.R. 563.93, or \$5 million, in aggregate to any one borrower;
 - (4) The loan to value ratio is 80% or less and the minimum debt service coverage ratio is 1.15; and
 - (5) The underlying property is located within the Association's local market area which is designated to be the area within a 50 mile radius of any branch, except, however, the Association may originate loans secured by properties in Long Island as consistent with the Association's community reinvestment policy.
- (b) With regard to commercial mortgage loan participations, the Association may participate where the Association is the lead lender, or as a participant, performs a complete review of the underwriting to ensure that the loan is in accordance with written policies and procedures adopted by the Board and meets the 5 criteria noted in subsection (a) of this Section.
- (c) The restructuring of a commercial mortgage loan that does not conform to the restrictions of this Section of the Agreement may be consummated without prior notification provided that:
- (1) the loan is of a value less than \$5 million,

- (2) the restructuring will not result in a loss to the Association in excess of \$250 thousand, and
- (3) the Association (i) underwrites the loan as if it were a new loan, (ii) obtains the written approval of the Association's loan committee, and (iii) notifies the OTS in writing upon closing and such notification provides evidence that supports the Association's reasons for restructuring the credit.

7. Trading Activity Restrictions

- (a) Except (i) with the prior written notice of non-objection from the OTS (acting by and through the Regional Director or his designee), (ii) activities pursuant to subsections (b) and (c) of this Section, or (iii) with respect to any Normal Mortgage Banking Activity, the Association shall not engage in any forward commitment activity, except as set forth on Exhibit A attached to this Agreement and made a part hereof, futures transaction or financial options transaction as defined in Sections 563.173, 563.174 and 563.175 of the OTS Regulations (12 C.F.R. 563.173, 563.174 and 563.175), nor shall the Association conduct any trading activity as that term is referred to in Section 571.19 of the OTS Regulations, 12 C.F.R. §571.19, nor shall the Association conduct any transactions or series of transactions which the OTS deems to be in substance trading activity, except as indicated on Exhibit A hereto.
- (b) The Association may invest in investments which are rated investment grade by two major rating agencies or, if the investment has only one rating, a rating of AA or better.
- (c) The Association may continue to hedge against fluctuations in the currency exchange rate between the U.S. and Canadian dollars provided that the activity (i) is associated with the outstanding investment activity of Lincoln Realty Capital, Inc. ("LRC") in connection with Ronto Development Corporation ("Ronto"), and (ii) the effective amount of the dollars hedged shall not exceed the amount of the outstanding balance on the investment by LRC in Ronto.

8. Highly Leveraged Transactions

- (a) The Association shall not enter or commit to enter any highly leveraged transactions ("HLT").
- (b) Within 30 days of the end of each quarter, the Association shall submit to the OTS a schedule which will include (i) the level of HLTs, (ii) any legally binding commitments regarding HLTs, and (iii) the classification for each HLT in portfolio. The Association shall also submit a statement, signed by the Board of

Directors, describing the Association's efforts to reduce the Association's HLT investments (including outstanding commitments) and any HLT or corporate finance loan restructurings.

- (c) Any proposed disposition or restructuring pursuant to Section 8(b) which shall result in a reduction in tangible capital of 10% or greater, shall require the prior written notice of non-objection of OTS (acting by and through the Regional Director or his designee).

9. Internal Asset Review/Establishment of Allowances

- (a) Within 30 days of the date of this Agreement, the Association shall adopt and implement a comprehensive portfolio evaluation program ("Program"), acceptable to the Regional Director or his designee, that ensures: (i) the proper reporting of the level of asset classifications and (ii) that the Association will provide adequate valuation allowances to reflect credit risk in its portfolio (including contingencies). The Program shall, inter alia, name a management official responsible for carrying out the program that: (i) is independent of the lending function and (ii) reports directly to the Board.
- (b) Within 30 days of the date of this Agreement and within 30 days after the end of each calendar quarter, the Board shall provide OTS with a corporate resolution certifying that to the best of their knowledge and belief and based upon their review of reports and analyses of management and independent consultants, if any, the Board has determined that the level of general valuation allowances ("GVAs") and specific valuation allowances ("SVAs") reported on Schedule VA of the quarterly Thrift Financial Report ("TFR") appropriately reflect the level of current and anticipated credit exposure in the Association's portfolio. The Board shall consider and attach to the corporate resolution:
 - (1) a listing of all assets identified internally as a "classified asset" as reported on Schedule TA of the TFR, including for each asset: (a) the loan or other identification number, (b) the borrower or title of the asset, (c) the Association's recorded investment (i.e. principal balance, plus accrued interest, plus or minus related discounts or premiums), (d) the amount classified as special mention, substandard, doubtful or loss, (e) specific valuation allowances established against the asset and (f) the carrying amount of the asset (recorded investment minus loss allowances) and
 - (2) an analysis of the adequacy of the Association's GVAs prepared by the Association's management.

10. Employment Restrictions/Compensation and Benefits

- (a) The Association, its subsidiaries and service corporations shall not enter into, renew, extend, amend, revise, negotiate or adopt any employment contract, bonus plan, severance, or plan any contractual arrangement with or for any former, present or future employee, officer, director, controlling person, affiliate, affiliated person, attorney, subsidiary or affiliate thereof, nor shall any of them fund any escrow account or similar arrangement related to any such agreement or plan without the prior written notice of non-objection by the Regional Director or his designee.
- (b) Notwithstanding the provisions of Section 10(a), the Association shall be permitted to make payments necessary to honor existing legally binding severance plans in effect as of the Effective Date, provided that the Association shall, within 30 days of the Effective Date and every month thereafter, provide the Regional Director with a list of all such payments.
- (c) The Association, its subsidiaries and service corporations and the directors of each such entity shall ensure that compensation to each entity's officers, directors and employees is reasonable and commensurate with each individual's duties and responsibilities in compliance with Section 563.161(b) of the OTS Regulations, 12 C.F.R. 563.161(b) and in accordance with Federal Home Loan Association Board Memorandum #R42.
- (d) The Association shall not employ or commit to employ by letter of intent or otherwise any attorney, accountant, or consultant in connection with any merger, acquisition, change in control, etc. without the prior written notice of non-objection from the OTS (acting by and through the Regional Director or his designee).

11. Capital Distributions

The Association shall not make any capital distributions without obtaining a written notice of non-objection from the OTS (acting by and through the Regional Director or his designee). This restriction shall not prevent the Association from (i) paying interest on its deposit accounts in accordance with the terms of such deposit accounts; and (ii) making payments pursuant to its contractual obligations on its existing publicly held subordinated debt.

12. OTS Notice of Non-Objection

The OTS, in the exercise of its discretion, may from time to time provide the Association with a written notice of non-objection to permit activities otherwise prohibited hereby. The Association may request of the

OTS the issuance of such written notice(s) of non-objection. Such requests must be submitted in writing to the Senior Assistant Director at the OTS Northeast Regional office. The OTS will not process such requests unless they are accompanied by (i) a resolution duly adopted by the Board wherein the Board, upon due inquiry has determined the proposed activity to be in the best interests of the Association and has authorized the activity contingent upon OTS non-objection, and (ii) such documentation and information as the OTS may deem appropriate.

BOARD OF DIRECTORS' RESPONSIBILITIES

13. Fiduciary Duty to the Association

Each member of the Board owes fiduciary duties to the Association, its depositors and its stockholders. Notwithstanding that certain provisions of this Agreement require the Board to submit various matters to the Regional Director for the purpose of receiving approval, notice of acceptability or non-objection, such regulatory oversight does not derogate or supplant the fiduciary duties owed by the members of the Board of the Association. The Board, at all times, shall have the ultimate responsibility for overseeing the safe and sound operation of the Association, except to the extent that any action or inaction by the Board is imposed upon the Board by the OTS over the objection of the Board. In the opinion of the OTS, no member of the Board of the Association shall be deemed to have breached such director's fiduciary duties by complying with the terms of this Agreement in good faith.

14. Board Review of Compliance With This Agreement

- (a) The Board shall take prompt action to cause the Association and its subsidiaries to fully comply with this Agreement.
- (b) Each quarter, the Board shall adopt a formal resolution (the "Compliance Resolution") 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 quarter, 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 other exceptions issued by the Regional Director that were outstanding as of the date of the Compliance Resolution.
- (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; (ii) the identity of each director voting in opposition to its adoption; and (iii) the identity of

each director abstaining from voting thereon.

- (d) No later than 10 days after the first Board meeting held after the end of each quarter, the Association shall provide to the Regional Director a certified true copy of the Compliance Resolution adopted at that Board meeting. 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. 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 meeting.

MISCELLANEOUS PROVISIONS

15. Definitions

- (a) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section 15 have the meanings assigned to them in this Section 15 and include the plural as well as the singular; (ii) all accounting terms not otherwise defined have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, except that if such terms are defined in the Rules and Regulations of the OTS, such regulatory definitions shall be controlling; (iii) all terms not otherwise defined herein that are defined in the HOLA, the FDIA, FIRREA, the Rules and Regulations of the OTS or its publicly available Bulletins and Advisory Memoranda shall have the meanings assigned to them in such statutes, Rules and Regulations, Bulletins, and Advisory Memoranda; (iv) all technical words or terms not subject to a definition in this Agreement shall have the meanings that accord with the best custom and usage in the thrift and banking industries; and (v) references and regulations, policy statements, bulletins, memoranda and publications shall include any successor regulations, policy statements, bulletins, memoranda and publications.
- (b) "FDIA" means the Federal Deposit Insurance Act, as amended, 12 U.S.C. §1811 et seq.
- (c) "FIRREA" means the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183.
- (d) "HOLA" means the Homeowners' Loan Act, as amended, 12 U.S.C. §1461 et seq.

- (e) "Normal Mortgage Banking Activity" means the activity conducted by the Association in the origination and/or purchase of single-family, residential owner-occupied, fully-documented, mortgage loans with the intent to sell such loans into the secondary mortgage market and the hedging of interest rate risk and fallout risk associated with such loans pending sale and delivery to the secondary mortgage market.
- (f) "REO" means any interest in real estate acquired by the Association (or by any operating subsidiary or service corporation) through foreclosure, in substance foreclosure, deed in lieu of foreclosure or any similar device whereby the Association, operating subsidiary or service corporation enforces its lien on real property taken as collateral for a loan.
- (g) The words "herein", "hereof", and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section, or other subdivision, unless the context otherwise requires.

16. References in the Agreement

All references in this Agreement to the Association, service corporations and subsidiaries shall apply equally to any and all of the Association's services corporations, or the Association's subsidiaries, or any other entity acting on behalf of the Association. Furthermore, the Association, its service corporations and subsidiaries shall not authorize any entity acting on its behalf to engage in any activity for the purpose, or with the effect, of evading laws or regulations applicable to them or conditions to which each is subject, including but not limited to those in this Agreement.

17. 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.

18. Notices

- (a) Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Agreement to be made upon, given or furnished to, delivered to, or filed with:

(i) the OTS by the Association shall be sufficient for every purpose hereunder if in writing and mailed, first class or airmail postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Regional Director, Office of Thrift Supervision, Department of the Treasury, 10 Exchange Place, 18th Floor, Jersey City, New Jersey 07302, or telecopied to (201) 413-7543 and confirmed by mail, first class or airmail postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

(ii) the Association by the OTS shall be sufficient for every purpose hereunder if in writing and mailed, first class or airmail postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Association at The Lincoln Savings Bank, FSB, 99 Park Avenue, New York, New York 10016 or telecopied to (212) 949-6516 and confirmed by mail, first class or airmail postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

(b) Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service or telecopy, and upon delivery, if by physical delivery. If there is a dispute about the date on which a written notice has been received by a party to this Agreement, then, in the event such notice was sent by the United States mail, there shall be a presumption that the notice was received two Business Days after the date of the postmark on the envelope in which the notice was enclosed.

20. Duration, Termination or Suspension of Agreement

(a) This Agreement shall 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 (or his designee), in his or her sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

21. Effect of Headings

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

22. 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.

23. No Violations of Law, Rule, Regulation or Policy Statement Authorized

Nothing in this Agreement shall be construed as allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject.

24. Successors in Interest

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.

25. Benefits of the Agreement

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

26. Signature of Directors

Each Director signing the Agreement attests that s/he voted positively in favor of the resolution authorizing the execution of the Agreement by the Association.

27. 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.

The Association further agrees that in the event it fails to comply with any of the provisions set forth in this Agreement, this Agreement shall be treated as if it has been issued as a Cease and Desist Order pursuant to Section 8(b) of the FDIA and shall be effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, 12 U.S.C. §1818(i). The Association agrees that in so treating this Agreement as a Cease and Desist Order it will be deemed to have waived the following rights: (a) the right to be served with a written notice of the OTS' charges against it pursuant to Section 8(b) of the FDIA; (b) the right to an administrative hearing pursuant to Section 8(b) of the FDIA; (c) the right to seek judicial review of the Agreement, including any such right provided by Section 8(h) of the FDIA; or (d) otherwise to challenge the validity of the Agreement.

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 as Appendix I), hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

THE LINCOLN SAVINGS BANK, FSB

By:

By:

151
Name: Angelo A. Vigna
Title: Regional Director

151
Name: T.V. Ogletree
Title: Chairman

DIRECTORS OF THE ASSOCIATION

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Director

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Director

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Director

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Director

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LINCOLN SAVINGS BANK, FSB
FORWARD COMMITMENTS TO PURCHASE RESIDENTIAL MORTGAGES
 As of May 31, 1991

<u>Originator</u>	<u>Commitment Amount</u>	<u>Start Date</u>	<u>Expiration Regis./Fund</u>	<u>Approximate Amount Funded</u>	<u>Loan Type</u>
Maryland National Mortgage Corporation					
#1	\$ 20.0 million	11/15/90	05/15/91-07/15/91	\$14.2 million	A
#2	\$ 20.0 million	01/22/91	09/15/91-11/15/91	\$12.0 million	A
#3	\$ 20.0 million	03/27/91	11/30/91-12/15/91	\$ 0.0 million	A
Globe Mortgage Company					
	\$ 10.0 million	03/15/91	11/15/91-11/15/91	\$.5 million	A
Imperial Bank Mortgage					
	\$ 25.0 million	05/07/91	12/31/91-12/31/91	\$.4 million	A
Howard Mortgage Bank					
	\$ 5.0 million	04/29/91	12/31/91-12/31/91	\$ 0.0 million	B
Washington Savings Bank					
	\$ 5.0 million	Being Negotiated			A
Sutter Mortgage Corporation					
	\$120.0 million	03/07/91	03/06/92-03/06/92	\$26.0 million	C

Loan Type

- A: One-Year Treasury ARMS, servicing retained; full documentation up to 80% LTV, Time saver plus alternative documentation to 75% LTV; jumbos at reduced LTV's.
- B: Same as program A, but program is a flow program. The commitment can be cancelled at any time.
- C: The Sutter Mortgage contract is an extension of the earlier contract dated June 1, 1989. Fundings from March 7, 1991 to date include registrations under the prior commitments. There have been no changes to loan programs offered since October 15, 1990, although some underwriting standards have been tightened.

EXHIBIT A

