

95218

SUPERVISORY AGREEMENT

This Agreement (the "Agreement") is made and is effective this 19<sup>th</sup> day of November 1991 (the "Effective Date"), by and between First Robinson Savings and Loan, F.A. (OTS Docket No. 0906 and hereafter referred to as the "Institution") for itself and any controlled subsidiary, and the Office of Thrift Supervision (the "OTS"). This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of 12 U.S.C. Sections 1818(b)(1) and (i)(2).

WHEREAS, the OTS is of the opinion that the Institution has not complied with certain of the regulations to which the Institution is subject in conducting the business of the Institution, specifically 31 C.F.R. Sections 103.22, 103.27, 103.34 and 12 C.F.R. Sections 563.177, 563.99, and 545.33, and has engaged in unsafe or unsound practices in conducting the business of the Institution, thereby providing grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease and desist proceedings against the Institution for its failure to comply with the statutes and regulations, and unsafe and/or unsound practices as set forth in the Institution's Report of Compliance Examination dated August 21, 1991 (the "ROE") for so long as the Institution is in compliance with the provisions of this Agreement and also corrects the various deficiencies revealed in the ROE and;

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution, by its Board of Directors ("Board"), is willing to enter into this Agreement to avoid the initiation of such cease and desist proceedings;

NOW, THEREFORE, in consideration of the above-stated forbearance by OTS from the initiation of cease and desist proceedings against the Institution, it is agreed between the parties hereto as follows:

Statutes and Regulations

1. Institution shall correct existing violations cited in this section and the Report of Compliance Examination, dated August 21, 1991, and shall not initiate any action which would

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result in a violation of, or the aiding and abetting of any violation of:

- 31 C.F.R. § 103.22(a)(1), pertaining to reports of currency transactions;
- 31 C.F.R. § 103.27(d), pertaining to filing of reports;
- 31 C.F.R. § 103.34(a)(1), pertaining to additional records to be made and retained by banks;
- 12 C.F.R. §§ 563.177(b), (c)(1), (c)(2), and (c)(4) pertaining to procedures for monitoring Bank Secrecy Act compliance;
- 12 C.F.R. §§ 563.99(c)(2), and (c)(4), pertaining to adjustment notices; and
- 12 C.F.R. § 545.33 (e)(1), pertaining to home loans.

#### Bank Secrecy Act

2. Within (60) sixty days from the Effective Date, the Board shall amend the Institution's current written policies and procedures of internal controls and audit procedures which were designed to ensure compliance with the Financial Recordkeeping and Currency and Foreign Transactions Reporting Act (31 U.S.C. Section 5311) and the regulations promulgated thereunder at 31 C.F.R. Part 103 (collectively referred to as the "Bank Secrecy Act").

At a minimum, these current policies and procedures shall be amended to include, but not necessarily be limited to, the following:

- (a) Procedures governing the processing and reporting of large (i.e., \$10,000 or more) currency transactions;
- (b) A comprehensive training program for all tellers and appropriate supervisory personnel to ensure their awareness of and compliance with the requirements of the Bank Secrecy Act;
- (c) Regular, periodic reviews by the Institution's Compliance Officer to ensure adherence to the requirements of the Bank Secrecy Act;
- (d) Appropriate written verification procedures as part of the Institution's regular audit program; and

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(e) Prompt management response and follow-up to all audit exceptions or other recommendations of the Institution's auditor and/or Compliance Officer.

3. Once adopted by the Board, a copy of these amended policies and procedures shall be submitted to the OTS Manager for review.

4. After these policies and procedures are adopted by the Board, the Institution shall comply with them in all respects.

#### Adjustable Rate Mortgage Loan Disclosures and Notices

5. Within (60) sixty days from the Effective Date, the Board shall review and amend, where appropriate, the Institution's policies regarding compliance with the adjustable rate mortgage contracts. These amended policies shall, at a minimum, establish procedures to correct the deficiencies noted on Page 5 of the ROE, pertaining to the indices used to determine interest rate adjustments and the calculation of anticipated loan balances which are used to determine future payment amounts.

6. Within (30) thirty days from the establishment of the amended policies and development of procedures, as required in paragraph 5. the Board shall also establish a system of periodic review to ensure compliance with the amended policies and procedures.

7. Immediately after the policies and procedures are amended by the Board, as required by paragraph 5. the Institution shall comply with them in all respects.

#### Closings

8. (a) Although the Board is by this Agreement required to submit certain proposed actions and programs for the review or approval of the OTS Manager, the Board has the ultimate responsibility for proper and sound management of the Institution.

(b) It is expressly and clearly understood that if, at any time, the OTS deems it appropriate in fulfilling the lawful responsibilities placed upon

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it by the several laws of the United States of America to undertake any lawful action affecting the Institution, nothing in this Agreement shall in any way inhibit, stop, bar, or otherwise prevent the OTS from doing so.

- (c) Any time limitations imposed by this Agreement shall begin to run from the Effective Date of this Agreement. Such time limitations may be extended by the OTS Manager for good cause upon written application by the Board.
- (d) 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 the 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.
- (e) 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.
- (f) 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 the Institution.
- (g) Any report or other document required by this Agreement to be submitted to the OTS shall be filed with the Office of Thrift Supervision, Chicago, Illinois, Attn; John M. Zube, Case Manager. All reports and other documents shall be deemed filed when received by the OTS.
- (h) 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.

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- (i) 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.
- (j) This Agreement shall remain in effect until terminated, modified, or suspended by the OTS, acting through the Regional Director or his designee.

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

THE OFFICE OF THRIFT SUPERVISION  
Chicago, Illinois

By:

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Chester A. Biedron  
Deputy Regional Director

First Robinson Savings and Loan, F.A.  
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Robinson, Illinois

By: 151  
Clyde E. Hamman, Director

By: 151  
Rick L. Catt, Director

By: 151  
William K. Thomas, Director

By: 151  
Daniel Wachtel, Director

By: 151  
Clell Keller, Director

By: 151  
Scott F. Pulliam, Director

By: 151  
Donald K. Inboden, Director