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**SUPERVISORY AGREEMENT**

This Supervisory Agreement ("Agreement") is made and is effective this 18<sup>th</sup> day of April, 1989, by and between Home Savings Association of Kansas City, F.A., Kansas City, Missouri, FHLBB Docket No. 2882 ("Home") and the Federal Home Loan Bank Board ("FHLBB").

**WHEREAS**, Home is a party to a Standby Purchase Agreement with Frank S. Morgan and Sherman William Dreiseszun (the "Standby Purchase Agreement") which was required by the FHLBB as a condition of approval for Home's conversion to a stock form of ownership and which sets forth certain restrictions on activities between Home and banks affiliated with Messrs. Dreiseszun and Morgan; and

**WHEREAS**, the Principal Supervisory Agent of the Federal Home Loan Bank of Des Moines (the "Supervisory Agent") has alleged that certain transactions entered into by Home were in contravention of provisions of the Standby Purchase Agreement and the Supervisory Agent has further criticized certain of Home's commercial lending practices; and

**WHEREAS**, Home, while denying any violation of the Standby Purchase Agreement, has advised the FHLBB that they have discontinued those activities which the Supervisory Agent has criticized, and in the interests of avoiding litigation and assuring the FHLBB of its adherence to practices and policies already established and agreed upon by Home and the Supervisory Agent, Home is willing to enter into this agreement; and

**WHEREAS**, the FHLBB is willing to forbear from the initiation of cease and desist proceedings on the subjects covered by this Agreement for so

long as Home is in compliance with the provisions of the Agreement that pertain to such subjects,

**NOW, THEREFORE,** in consideration of the FHLBB's above-stated forbearance from initiation of cease and desist proceedings against Home, it is agreed between the parties hereto as follows:

1. Home acknowledges that this Agreement is supplemental to, and not in derogation of, the Standby Purchase Agreement, which shall continue in effect. Home will comply with and will not aid or abet others in violating the terms of the Standby Purchase Agreement.
2. Home will not engage in any joint, tandem, cooperative or intermingled dealings, activities or transactions with Metro North State Bank, Kansas City, Missouri, Merchants Bank, Kansas City, Missouri, or any other bank that would be considered affiliated with Home under Section 561.29(d) of the Insurance Regulations (12 C.F.R. § 561.29(d) (1988)) ("affiliated bank") without the prior written approval of the Principal Supervisory Agent of the Federal Home Loan Bank of Des Moines or his designee ("Supervisory Agent"); provided, however, that the following shall not be considered as violative of this clause:
  - a. The making of a loan to or acceptance of a deposit from a customer of an affiliated bank so long as, in the case of a loan, it does not result in a shared or single purpose lending relationship. For purposes of this Agreement a "shared or single purpose lending relationship" shall be defined as an ongoing situation involving Home and an affiliated bank in which both parties have loans involving the same project or collateral; such

term does not include a transaction in which Home makes a loan on a single-family residence and the existing loan of an affiliated bank is satisfied with the proceeds; or

b. Any transaction which is:

1) required under the terms of participations outstanding as of the date of this Agreement; or

2) required to be taken by Home to enhance or protect its interests in collateral, such as advances to satisfy mechanics liens, or to pay insurance, real estate taxes or other prior liens, not including mortgages;

if notice thereof has been given to the Supervisory Agent and the protection of Home's interest requires emergency action before approval can be obtained from the Supervisory Agent; or

c. Any provision by an affiliated bank to Home of internal data processing and bookkeeping support services, check clearing services, certain trust services, loan and deposit account data processing, including the preparation of customer account statement's check clearing; account maintenance and review services; payroll and expense processing services; financial controls and accounting services; audit, compliance, and general legal support services; management information services; credit policy services; loan document preparation services; personnel services; purchasing services; facilities support services, the preparation of account statements and tax returns, maintenance of custody of securities, maintenance of records, collection of income and other monies due and collectible from securities transactions, crediting and disbursement of income as directed by

Home, execution of investment orders, redemption of maturing securities, making of recommendations to Home relating to investments and proxies, or rendering advice. It is not intended that this clause prohibit customers of Home from continuing to invest in common trust funds maintained by any affiliated bank.

3. Within thirty (30) days following the execution of this Agreement, Home shall provide to the Supervisory Agent a listing of all loan participations with affiliated banks and other loans as to which a continued shared or single purpose lending relationship with an affiliated bank exists as of the date hereof. Home shall use its best efforts not to refinance and to discourage extension or other modification of such loans contained on this list, and shall provide written justification to the Supervisory Agent at least fourteen (14) days before entering into any such proposed transaction, that it would be in Home's best interest to do so.
4. Home will not make any commercial loan (the term "commercial loan" being defined for purposes of this Agreement as any loan other than a consumer loan, share loan, home improvement loan or a loan secured by one or more one-to-four family residences) to one borrower without the written approval of the Supervisory Agent if the sum of such loan and the total balances of outstanding commercial loans to such borrower would exceed one million dollars (\$1,000,000) unless such loan is in conformity with the written policies and procedures for commercial loans heretofore submitted to and approved by the Supervisory Agent and then only upon satisfaction of all the following conditions:

- a. A supervisory examination of Home shall have taken place which includes an examination of Home's loan portfolio;
- b. Home shall have received approval of a business plan pursuant to Section 5 below and such loan shall be in conformity with such business plan;
- c. Home adopts and implements written policies and procedures supplemental to those previously approved which address the concerns raised in the report of examination dated November 16, 1988, or such other concerns raised by the Supervisory Agent, and which are satisfactory to and approved in writing by the Supervisory Agent;
- d. Home demonstrates to the satisfaction of the Supervisory Agent the adequacy of the valuation allowances and reserves on its loan portfolio; and
- e. Home demonstrates to the satisfaction of the Supervisory Agent that its GAAP capital levels have not deteriorated from the December 31, 1988, Statement of Condition on a dollar basis and that its regulatory capital is not below its minimum capital requirement or any individual minimum capital requirement which may be hereafter imposed in accordance with applicable regulations. Nothing herein shall be construed as having any bearing on whether or not an individual minimum capital requirement may be imposed.

This provision shall not be construed to prohibit loans or advances required to be taken by Home to enhance or protect its interests in collateral, such as advances to satisfy mechanics liens, or to pay insurance, real estate taxes or other prior liens, not including

mortgages, if notice thereof has been given to the Supervisory Agent and the protection of Home's interest requires emergency action before approval can be obtained from the Supervisory Agent. The Supervisory Agent shall use his/her best efforts to review any loan requests required to be approved under this Agreement on a timely basis, with particular emphasis on a timely review of loans to facilitate the sale of real estate owned (REO).

5. Within ninety (90) days following the effective date of this Agreement, Home shall furnish to the Supervisory Agent for his approval a written business plan containing a three (3) year financial projection and budget with respect to the overall operations of the organization. Home shall submit revisions to the Supervisory Agent at least annually covering the full three (3) years. Home shall adopt and implement the business plan or request approval of amendments from the Supervisory Agent.
  
6. Within thirty (30) days following the effective date of this Agreement, Home shall furnish to the Supervisory Agent for his approval written policies and procedures requiring affiliated persons as defined in 12 C.F.R. § 561.29 (other than nondirector officers below executive vice president) to provide to Home and the Supervisory Agent prior written notice of the nature, purpose, and amount of any extension(s) of credit from any affiliated entity, including those banks listed in paragraph 2 above, which either individually or in the aggregate exceed ten thousand dollars (\$10,000) in any calendar year. Home shall make all revisions to the policies and procedures that are required by the Supervisory Agent. Home shall adopt and implement those procedures for at least three

(3) years or request approval of amendments from the Supervisory Agent.

7. 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 12 C.F.R. Parts 500 to End (revised January 1, 1988) as updated by any amendments published in the Federal Register through the effective date of this Agreement, and any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations or Federal Register shall have meanings that accord with the best custom and usage in the savings and loan industry.
8. Notice shall be considered received by the Supervisory Agent when delivered to his office in writing, including by telefax transmission.

This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of Home. It is understood and agreed that this Agreement is a "written agreement entered into with the Board" as that phrase is used in Section 5(d)(2) of the Home Owners' Loan Act (12 U.S.C. § 1464(d)(2)(1982)).

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.

This Agreement shall remain in effect until terminated by the FHLBB, acting through its Supervisory Agent at the Federal Home Loan Bank of Des Moines. The Supervisory Agent will grant written requests for termination of the Agreement, if, in his/her opinion, Home has



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

I, the undersigned, being the duly qualified Secretary of Home Savings Association of Kansas City, Kansas City, Missouri ("Home"), hereby certify that the following is a true copy of a resolution duly adopted by its board of directors at a meeting duly called and held on April 18, 1, 1989, that at said meeting a quorum was present and voting throughout, and that said resolution has not been rescinded or modified and is now in full force and effect:

**RESOLUTION**

**WHEREAS**, the directors of Home have read and considered a proposed Supervisory Agreement ("Agreement") between Home Savings Association and the Federal Home Loan Bank Board, and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter into the proposed Agreement:

**NOW, THEREFORE, BE IT RESOLVED**, That Home Savings Association enter into the proposed Agreement with the Federal Home Loan Bank of Des Moines, a copy of which is attached hereto and presented to this meeting, which is hereby approved by the board of directors; that the President of the Association is authorized to execute and deliver such Agreement on behalf of the Association; and that the appropriate officers and employees of Home are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement.

I further certify that the Supervisory Agreement attached hereto is a true and correct copy of the Agreement referred to in the foregoing resolution.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the  
seal of Home this 20th day of April, 1989.

*S. ...*  
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Secretary