

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this ^{6th} day of JANUARY, 1993, by and between Rio Grande Savings and Loan Association, Monte Vista, Colorado (OTS No. 1351) ("Institution"), 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 the Institution. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of Sections 902 and 907 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73 ("FIRREA"), §§ 902 and 907, 103 Stat. 183 (1989) (codified as amended at 12 U.S.C. §§ 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 12 C.F.R. Part 226 and 12 C.F.R. §§ 563.6 and 563.177, 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 12 C.F.R. Part 226 and 12 C.F.R. §§ 563.6 and 563.177, as of July 6, 1992, so long as the Institution is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution 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 the OTS from the initiation of cease and desist proceedings against the Institution, it is agreed between the parties hereto as follows:

Consumer Compliance Program

1. (a) Unless the Institution has already done so since the issuance of the Report of Examination for the most recent compliance examination prior to the effective date of this Agreement, within 90 days after the effective date of this Agreement, the board of directors of the Institution ("Board of Directors") shall establish and adopt a written program designed to ensure compliance ("Compliance Program") with the applicable consumer and public-interest related laws and regulations, including, but not limited to, those referenced in Paragraphs 2-4 hereof.

(b) The Compliance Program (regardless of whether adopted before or after the effective date of this Agreement) shall provide for written policies and procedures that set forth the requirements of the applicable laws and regulations, including those referenced in subparagraph (a) hereof, as well as incorporate the OTS regulatory guidelines, and shall, at a minimum, include:

- (i) a designated individual(s) (compliance officer(s)) to coordinate and monitor the program;
- (ii) internal control;
- (iii) independent testing of compliance;
- (iv) training of appropriate personnel in all areas of compliance relevant to the Institution; and
- (v) any other specific requirements of the applicable laws and regulations.

(c) Within 30 days after the effective date of this Agreement, the Board of Directors shall designate or reaffirm a qualified Consumer Compliance Officer to coordinate and monitor the program.

(d) The Institution, acting through its Board of Directors, shall amend its Compliance Program (regardless of whether adopted before or after the effective date of this Agreement), or any portion thereof, as directed (if directed) by the Regional Deputy Director for Support, Midwest Region, OTS, or his successor or designee ("Regional Deputy Director"), and shall, acting through its Board of Directors, officers, employees, and other agents, comply with the Compliance Program, as so amended (if so amended), and with the statutes and regulations referenced in this Agreement.

Bank Secrecy Act

2. (a) Within 30 days of the effective date of this Agreement, the Board of Directors shall appoint or reaffirm the appointment of an on-site Bank Secrecy Act Compliance Officer responsible for coordinating and monitoring compliance by the Institution with the Bank Secrecy Act, implementing regulations, and this paragraph.

(b) Within 60 days of the effective date of this Agreement, the Board of Directors shall adopt (if not already adopted), provide to the Regional Deputy Director and the Institution shall thereafter comply with, a Bank Secrecy Act Policy, updated, if necessary, to provide, at a minimum, for the following:

- (i) the proper creation, maintenance, and formatting of Currency Transaction Reports, logs, and an updated exemption list;
- (ii) the schedule and documentation of training of relevant staff of the Institution; and
- (iii) procedures designed to obtain compliance with the Bank Secrecy Act and the implementing regulations.

(c) The Institution shall thereafter comply with the Bank Secrecy Act and regulations promulgated thereunder and 12 C.F.R. § 563.177, comply with its Bank Secrecy Act Policy, amend the Bank Secrecy Act Policy if and as directed by the Regional Deputy Director, and comply with the Bank Secrecy Act Policy if and as so amended.

Truth in Lending Act

3. The Institution shall comply with the Truth in Lending Act and regulations promulgated thereunder, including but not limited to 12 C.F.R. §§ 226.18(j), 226.19(a)(1), 226.23(a)(1), 226.23(a)(3), and 226.23(e).

Interest on Deposits

4. (a) The Institution shall comply with 12 C.F.R. §§ 561.28, 561.29, and 563.6.

(b) Within thirty days of the effective date of this Agreement, the Institution shall cause its staff to review all deposit accounts reflected on its records as NOW accounts and shall ensure that all such accounts that are ineligible as NOW accounts (including those noted in the most recent OTS Compliance examination report) are either closed or converted to non-interest bearing status.

(c) The Institution shall, within thirty days of the effective date of this Agreement, establish written policies and procedures designed to determine which deposit accounts reflected on its records as MMDA accounts have had excessive withdrawals and shall ensure that all such accounts are closed or converted to another type of account.

(d) The Institution shall make all reasonable, good-faith efforts to obtain reimbursement for all interest improperly paid to the account, reflected as an MMDA account on the Institution's records, of Fulton-Denver Company d/b/a C&L Container since the time that account was established. The Institution, within thirty days of the effective date of the Agreement, shall conduct a review of this account to determine the amount of interest at issue and shall cause a written report of the findings of this review to be made.

General Provisions

5. The Board of Directors shall, at each regular meeting, formally resolve that, to the best of its knowledge and belief, and based on a prudent review of management reports, during the previous calendar month the Institution and its subsidiaries complied with each condition of this Agreement except as otherwise stated. The resolution shall specify in detail how, if at all, full compliance was found not to exist. The resolution further shall set forth any exceptions to any conditions of this Agreement approved by the Regional Deputy Director. Within ten days of each regular Board of Directors' meeting, the Institution shall submit to the Regional Deputy Director a copy of the minutes of each Board of Directors' meeting, the aforementioned resolution, and the portions of management report(s) of the Institution that pertain to the subject matter of this Agreement. Each director shall at such time either provide the Regional Deputy Director with certification that, to the best of his or her knowledge and belief, and based upon a prudent review, the above-referenced resolution is accurate or provide the Regional Deputy Director with a written statement providing in detail the reason(s) for disagreement with the resolution.

6. (a) As used in this Agreement, the Regional Deputy Director or his successor is the "senior supervisory official" within the meaning of Section 723(d) of the FIRREA, § 723(d), 103 Stat. 183 (1989).

(b) As used in this Agreement, the term "savings association" shall have the meaning as set forth in Section 2(4) of the HOLA, as amended by Section 301 of the FIRREA, § 301, 103 Stat. 183 (1989).

(c) 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 of this Agreement pursuant to Section 401(h) of the FIRREA, § 401(h), 103 Stat. 183 (1989), and references to successor provisions as they become applicable.

7. This Agreement shall remain in effect until terminated, modified or suspended in writing by the Director of OTS, the Regional Director for the Midwest Region, OTS ("Regional Director"), or the Regional Deputy Director.
8. 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, unless the Regional Director or Regional Deputy Director, in his or her sole discretion, determines otherwise.
9. To the extent that any provision of the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102-242, 105 Stat. 2236 (December 19, 1991) ("FDICIA") or any regulation(s) promulgated thereunder imposes more restrictive requirements than any provision contained in this Agreement (either expressly or through OTS interpretive Bulletins or policy statements), such provision(s) of the FDICIA or such regulation(s) shall be controlling.

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, and Federal Deposit Insurance Act, as amended ("FDIA"). Any such technical words or terms used in this Agreement 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.

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, modified or suspended by the OTS, acting through the Regional Deputy Director.

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

RIO GRANDE SAVINGS AND LOAN ASSOCIATION
Monte Vista, Colorado

By:

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Director

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Director

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Director

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Director

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Director

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Director

Director

Director

OFFICE OF THRIFT SUPERVISION

By: 151
Regional Deputy Director

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

I, the undersigned, being the duly qualified Secretary of Rio Grande Savings and Loan Association, Monte Vista, Colorado (OTS No. 1351) ("Institution") 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 January 6, 1992; 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 the Institution have been advised that the Office of Thrift Supervision ("OTS") is of the opinion that the Institution violated regulations to which the Institution is subject and that such violations and practices provide grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

WHEREAS the said directors have been informed that the OTS will forbear from the initiation of such proceedings as a result of the Institution's failure to comply with 12 C.F.R. Part 226 and 12 C.F.R §§ 563.6 and 563.177, as of July 6, 1992, to which the Institution is subject, if the attached Supervisory Agreement ("Agreement") is executed by the Institution and if its terms are thereafter carried out by the Institution; and

WHEREAS the directors of the Institution have read and considered the proposed Agreement attached to the minutes of the meeting of the board of directors held on January 6, 1992; and

WHEREAS after due consideration, the directors of the Institution have determined to enter into the proposed Agreement in the interest of regulatory compliance and cooperation: Now, therefore, be it

RESOLVED, that the proposed Agreement, a copy of which is attached hereto and the provisions of which are incorporated herein by reference, be and is hereby approved by the board of directors of the Institution. The officers and employees of the Institution are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement and to comply with such Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Rio Grande Savings and Loan Association, Monte Vista, Colorado this 6TH day of January, 1992.

ISI
Secretary