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SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 21 day of July, 1993 (the "Effective Date"), by and between Perpetual Savings Bank, F.S.B., Cedar Rapids, Iowa (the "Association"), a federally chartered mutual association, having its main office located at Cedar Rapids, Iowa, and the Office of Thrift Supervision ("OTS"), an office within the United States Department of the Treasury, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C.

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

WHEREAS, based on [the Report of Examination dated March 8, 1993 ("ROE"), the OTS, by and through the Regional Director for the Midwest Region or his designee ("Regional Director") is of the opinion that the Association has engaged in acts and practices in operating the business of the Association that: (i) have resulted in violations of certain of the laws or regulations to which the Association is subject, and/or (ii) are considered to be unsafe and unsound; and

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of 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 and (2) engage in safe and sound practices; and

WHEREAS, the Board of Directors of the Association (the "Board") [without admitting or denying any violations of laws or regulations and/or unsafe and unsound practices] wishes to cooperate with the OTS and to evidence their intent to: (1) comply with all applicable laws and regulations and (2) engage in safe and sound practices.

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

COMPLIANCE WITH LAWS AND REGULATIONS

1. The Association shall take all necessary and appropriate actions to achieve compliance with the following laws, regulations, and safe and sound business practices:
 - a. Section 563.161 of the OTS Regulations, 12 C.F.R. §563.161 (regarding management and financial policies/compensation);
 - b. Section 563.170(c) of the OTS Regulations, 12 C.F.R. §563.170(c) (regarding establishment and maintenance of records);

- c. Sections 563.176(a), 563.176(b)(2) and 563.176(d) of the OTS Regulations, 12 C.F.R. §§563.176(a), 563.176(b)(2) and 563.176(d) (regarding interest-rate risk management policies and procedures);

CORRECTIVE PROVISIONS

1. Management Staffing

Within thirty (30) days of the date of this Agreement, the Board of Directors shall:

- a. seek a qualified candidate with the requisite background and experience to safely and soundly fulfill the duties and responsibilities of President and Chief Executive Officer and submit an application to the OTS for such candidate's review and approval pursuant to 12 U.S.C.A. Section 1831i and OTS Thrift Bulletin 45. If a candidate is approved by OTS, the Association shall promptly employ such individual as President and Chief Executive Officer. In the event that a candidate is not approved, the Association shall submit another candidate within thirty (30) days of notice of such disapproval and shall continue to do so until such President and Chief Executive Officer position is filled.
- b. develop a management staffing plan to ensure the competent and safe and sound operation of the Association given its operations and strategies and submit such staffing plan to the OTS for review and approval. As part of the staffing plan process, the board of directors shall review the qualifications and experience of the specific officers who will be responsible for implementing the strategies, policies, and procedures required by paragraphs 3, 4, 5, and 6 of this Agreement and either: (i) make a specific determination that such individuals are qualified to carry out their responsibilities, or (ii) employ qualified persons to carry out such responsibilities within sixty (60) days. Once the plan has been approved, the Board of Directors shall promptly cause the plan to be implemented.

2. Board of Directors

Within sixty (60) days of the date of this Agreement, the Board of Directors shall seek candidates candidates to fill the two existing vacancies on the board of directors and submit applications to the OTS for such candidates review and approval pursuant to 12 U.S.C.A. Section 1831i and OTS Thrift Bulletin 45. Such candidates shall have the requisite background, experience, and integrity to provide competent and safe and sound leadership to the association. Once any such candidate is approved by OTS, the board of directors shall promptly appoint such individual to the board as provided under its

charter and bylaws. In the event that a candidate is not approved, the board shall submit another candidate within sixty (60) days of notice of disapproval and shall continue to do so until all board positions are filled.

3. Underwriting Classic Car Loans. The Association shall not make or invest in any loan in an amount exceeding \$40,000 secured in whole or in part by an automobile unless and until it develops policies and procedures to ensure the safety and soundness of such loans. Such policies and procedures must, at a minimum, include:
 - a. A thorough analysis of the borrower's ability to repay the obligation;
 - b. Documentation of the use of loan proceeds;
 - c. Appraisals which are based on comparable sales data, a physical inspection of the vehicle, and a reconciliation between purchase price and appraised value;
 - d. A requirement that no loan exceed eighty (80) percent of the lesser of the appraised value or purchase price unless the loan has been guaranteed by a party which has provided acceptable documentation demonstrating the ability to perform under the guarantee and has agreed to update such documentation at least annually;
 - e. The requirement that such loans be reviewed and underwritten by an employee with the requisite skill and knowledge to ensure safe and sound investment in this specialized area of operation. The specific specialized skill and knowledge of such individual shall be documented in the minutes of the board of directors.
 - f. The Association shall obtain certificates of title for all vehicles used as collateral.

Once formulated, such policies and procedures shall be formally adopted by the board of directors and implemented and followed by the Association.

4. Securities Investment Activity

- a. Conformance to Policy

The Association shall develop strategies, policies, and procedures governing the purchase and sale of securities. Such strategies, policies, and procedures must be prudent, comport with the guidance contained in OTS Thrift Bulletin 52, and be consistent with the Association's interest-rate-risk policies and its business plan.

Once formulated, such strategies, policies, and procedures shall be formally adopted by the board of directors and then implemented and followed by the Association.

b. Controls over Investment Activity Generally

(i) Within thirty (30) days of the date of this Agreement, the Association shall establish a committee of senior management to formally approve all investment transactions.

(ii) The Association shall document in detail the basis for all future purchases or sales of investment securities.

(iii) The Association shall maintain a register for all forward commitments.

(iv) The Association shall classify its existing portfolio of mortgage backed securities and mortgage derivative securities as held for sale. The Association shall properly account for its securities pursuant to generally accepted accounting principles and OTS regulations in the future.

(v) For privately issued mortgage backed securities, a credit review of underlying mortgage loans shall be conducted by association personnel.

c. Limitations on Mortgage Derivative Products and private issue MBSS

The Association shall make no further purchases or investments in mortgage derivative products or privately issued mortgage backed securities until unless and until it complies with the requirements of paragraphs a. and b. of this paragraph 4.

5. Business Plan

Within sixty (60) days of the date of this Agreement, the Association shall update its business plan to reflect current and future operating strategies and submit such plan to OTS for review and comment. The revised plan shall be for a three year period and shall be revised each year thereafter. It shall include at a minimum the Association's business philosophy and mission statement, its economic environment, its strengths and weaknesses, and its major operating objectives, strategies and policy statements. The plan shall also include specific strategies to reduce and control its exposure to interest-rate risk and specific strategies for the Association's investment activities.

Within thirty (30) days of receipt of comments from OTS, the Association shall consider such comments, which consideration shall be specifically documented in its board minutes. The board of directors shall thereafter formally approve the plan, which shall

then be implemented and followed by the Association and its officers and employees.

6. Interest Rate Risk Reduction

a. Policy

Within sixty (60) days of the date of this Agreement, the Association shall (i) revise its interest-rate risk policy to reflect strategies to reduce and control its exposure to interest-rate risk, and (ii) develop a plan to implement such policy. Such plans and policy shall be submitted to the OTS for review and approval. The plans shall include quarterly goals for reduction of risk exposure. The Association shall review and incorporate any OTS request for modification or amendment within thirty (30) days of receipt. The board of directors shall thereafter formally approve such plans and policy, which shall then be implemented and followed by the Association and its officers and employees. These plans and policy shall not be modified without the prior written approval of the OTS.

b. Review of Exposure

The board of directors shall review at each regular board meeting the Association's progress in reducing its exposure to interest-rate risk, which review and progress shall be documented in the board minutes.

BOARD OF DIRECTORS

7. Compliance with Agreement

- a. The Board and Executive Officers of the Association shall take immediate action to cause the Association to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Association to continue to carry out the provisions of this Agreement.
- b. The Board, on a quarterly] basis, shall adopt a Board Resolution (the "Compliance Resolution") formally 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) specifically detail any failure to fully comply, and (ii) identify all notices of exemption issued by the Regional Director that were outstanding as of the date of its adoption.

- 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; and (ii) the identity of each Director voting in opposition to its adoption or abstaining from voting thereon, setting forth each such Director's reasoning for opposing or abstaining.

MISCELLANEOUS

8. Definitions:

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires: (a) the terms used in this Agreement have the meanings assigned to them in this Paragraph 7 and include the plural as well as the singular; (b) 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; (c) all terms not otherwise defined herein that are defined in the HOLA, the FDIA, 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; and (d) 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.

"Board Resolution" means a resolution duly adopted by the Board at a duly called and held meeting of the Board (or a Committee thereof) at which a quorum was present.

"Director" shall mean any current or former member of the Association's Board of Directors.

"Employee" shall mean any individual employed by the Association who is not an Executive Officer.

"Make" means (i) in the context of making a loan, to enter into a binding obligation (whether or not memorialized in writing) to provide loan funds; and (ii) the obtaining of a lender's interest in a pre-existing debt whether through a purchase, swap, or otherwise.

"Officer" shall have the meaning set forth in Section 561.35 of the OTS Regulations, 12 C.F.R. § 561.35.

"OTS" refers to the Office of Thrift Supervision, United States Department of the Treasury, or its successor.

"Regional Director" or his successor is the senior supervisory official in the Midwest region of OTS. All references to the Regional Director shall include the Regional Director and/or his designee(s).

"Savings Association" shall have the meaning set forth in Section 2(4) of the HOLA, 12 U.S.C. § 1462(4).

"Security or Securities" shall have the meaning set forth in Section 561.44 of the OTS Regulations, 12 C.F.R. § 561.44.

9. 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.

10. Duration, Termination or Suspension of Agreement

a. This Agreement shall: (i) become effective upon its execution by the OTS, through its authorized representative whose signature appears below and (ii) 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). The board of directors may request termination at any time after receipt of an OTS examination report concluding that the Association is in full compliance with this Agreement and for which the Association receives a composite examination rating of "1" or "2".

b. The Regional Director in his or her sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

11. Time Limits

Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

12. Effect of Headings

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

13. 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

DIRECTORS OF THE ASSOCIATION

~~Director~~ /s/

Director

~~Director~~ /s/

Director

~~Director~~ /s/

Director

~~Director~~ /s/

Director

Director

Director

DIRECTORS OF THE ASSOCIATION

Director

Director/

/s/

Director

FORM OF
CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly appointed and qualified Secretary of Perpetual Savings Bank, F.S.B., Cedar Rapids, Iowa ("the Association"), hereby certify as follows:

1. A duly called meeting of the Board of Directors of the Association was held on July 21, 1993;

2. At said meeting a quorum was present and voting throughout;

3. The following is a true copy of resolutions duly adopted by the Association's Board of Directors, which resolutions have not been rescinded or modified and are now in full force and effect:

WHEREAS, the Board of Directors of the Association wishes to cooperate with the OTS and to demonstrate that said Board and the Association have the intent and ability to: (1) comply with all applicable laws and regulations and (2) engage in safe and sound practices; and

WHEREAS, the Directors of the Association have read and considered the proposed Supervisory Agreement ("Agreement") which shall be attached to the minutes of this meeting; and

WHEREAS, after due consideration, the Directors of the Association have determined to cause the Association to enter into the proposed Agreement which is in the best interest of the Association;

NOW THEREFORE, BE IT RESOLVED, that the Association be and it hereby is authorized to enter into the Agreement in the form attached to the minutes of the meeting,

FURTHER RESOLVED, that the execution and delivery of, and performance of all of the provisions of the Agreement be, and they hereby are, authorized and approved,

FURTHER RESOLVED, that the Directors and Officers of the Association be, and they hereby are, authorized and directed to execute and deliver the Agreement and to take all steps necessary or appropriate to implement the terms of the Agreement and to cause the Association to comply in all respects with the terms of the Agreement.

4. All members of the Board of Directors were present and voted at the meeting (except Robert M. Price) and all members of the Board of Directors (except Robert M. Price) voted in favor of the resolution;

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of the Association on this 21 day of May, 1993.

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Name:

Title:

Chairman
Acting CEO

(SEAL)

