

Home Savings Bank, FSB

94846

**SUPERVISORY AGREEMENT**

This Supervisory Agreement ("Agreement") is made and is effective this 29th day of October, 1993 (the "Effective Date"), by and between Home Savings Bank, FSB, Hollywood, Florida, OTS No. 5985, a Federally chartered stock institution, for itself and its wholly owned service corporations and subsidiaries, ("Home" or "Institution"), and the Office of Thrift Supervision ("OTS"), an agency of the United States Department of the Treasury, acting through its Southeast Regional Director or his designee ("Regional Director").

**WHEREAS**, based on the Compliance Report of Examination dated March 15, 1993 ("Compliance ROE"), the OTS is of the opinion that the Institution has violated certain of the laws or regulations to which the Institution is subject; and

**WHEREAS**, on the basis of the violations, the OTS is of the opinion that grounds exist for the initiation of administrative proceedings against the Institution, pursuant to 12 U.S.C. § 1818(b)<sup>1</sup>; and

**WHEREAS**, the Institution, without admitting or denying any violations of laws or regulations, is willing to enter into this Agreement in order to cooperate with the OTS and to evidence its intent to comply with applicable laws and regulations.

**NOW THEREFORE**, in consideration of the premises stated above, the parties hereto agree as follows:

**COMPLIANCE MANAGEMENT**

1. Within 30 days after the Effective Date of this Agreement, the board of directors of Home (the "Board") shall adopt, implement, and submit to the Regional Director for review a written plan to improve the Institution's record of compliance with applicable Federal consumer protection laws and regulations ("consumer laws and regulations"). The plan shall, at a minimum:

---

1. All references to the U.S.C. are as amended.

- a. provide for the appointment of a qualified Compliance Officer for Home who is responsible for developing, implementing, and administering a program to improve the Institution's ongoing compliance with applicable consumer laws and regulations, and who has sufficient authority, responsibility, and autonomy to monitor the operations of the Institution and effect, as needed, corrective action to ensure such compliance;
- b. require the Compliance Officer to develop, within 60 days after the Effective Date of this Agreement, written policies and procedures to improve the Institution's compliance with applicable consumer laws and regulations. Said policies and procedures shall be adopted by the Board and, thereafter, periodically reviewed and updated, as necessary, by the Compliance Officer;
- c. require the Compliance Officer to develop and begin implementing, within 60 days after the Effective Date of this Agreement, a quality control program with sufficient internal controls to review and monitor, on a regular basis, the various operations of the Institution for compliance with applicable consumer laws and regulations;
- d. require the Compliance Officer to develop, within 60 days after the Effective Date of this Agreement, and maintain an employee training program addressing the Institution's compliance with applicable consumer laws and regulations, as well as its own policies and procedures.

#### COMPLIANCE WITH THIS AGREEMENT

2. Beginning with the calendar quarter ending December 31, 1993, the Board shall require the Compliance Officer to prepare and present, on a quarterly basis, reports to the Board that set forth the Compliance Officer's findings, conclusions, recommendations, and corrections concerning the Institution's current record of compliance with this Agreement. The Board shall review the report each calendar quarter and shall submit a written quarterly report to the Regional Director describing the Board's findings, including actions taken by the Board to correct any noncompliance with this Agreement.

BANK SECRECY ACT

3. a. The Institution shall comply with 31 C.F.R. §§ 103.22, 103.27, and 103.29 (regarding financial recordkeeping and reporting of currency and foreign transactions).
- b. Within 30 days after the Effective Date of this Agreement, the Institution shall correct the deficiencies in its compliance with Bank Secrecy Act requirements as follows: (1) the Institution shall file reports of currency transactions and adhere to exemption list requirements as set forth in 31 C.F.R. § 103.22; (2) the Institution shall maintain copies of all reports of currency transactions in its records and all information called for on such reports shall be furnished as required by 31 C.F.R. § 103.27; and (3) the monetary sales log shall be fully completed in compliance with the requirements set forth in 31 C.F.R. § 103.29.

TRUTH IN LENDING ACT

4. The Institution shall comply with the regulations set forth in 12 C.F.R. Part 226 as follows: (1) when calculating "finance charges" and "prepaid finance charges," the Institution shall, where applicable, include the "tax service fee," "flood certification fee" and "closing away from bank fee" as required by 12 C.F.R. § 226.4; (2) the Institution shall prepare and provide consumers with Truth in Lending disclosures that comply with the requirements set forth in 12 C.F.R. § 226.18; (3) the Institution shall use Truth in Lending forms that comply with the requirements set forth in 12 C.F.R. § 226.17(a); (4) the Institution shall provide early Truth in Lending forms as required by 12 C.F.R. § 226.19(a) and shall retain copies of such disclosures in each loan file; and (5) the Institution shall state the Annual Percentage Rate for closed end credit in response to oral inquiries as required by 12 C.F.R. § 226.26(b).

ADJUSTABLE RATE MORTGAGE LOAN DISCLOSURES

5. a. For all ARM loans originated and not based upon the bank rate at time of origination ("BRATO"), the Institution shall use an interest rate index that complies with 12 C.F.R. § 545.33(c)(1). The Institution shall not originate any new loans using a rate that does not comply with 12 C.F.R. §§ 545.33(c)(1).
- b. The Institution shall comply with the regulations set forth in 12 C.F.R. § 563.99 by (1) including a 15 year historical example in its ARM loan disclosures as required by 12 C.F.R. § 563.99(b)(2) and (2) providing adjustment notices that comply with the requirements set forth in 12 C.F.R. § 563.99(c).

- c. Within 60 days after the Effective Date of this Agreement, the Institution shall develop, adopt, and implement written policies and procedures to ensure that the Institution complies with 12 C.F.R. § 563.99.

#### LOAN APPLICATION REGISTER

6. The Institution shall maintain its loan application register in compliance with the requirements set forth in 12 C.F.R. § 203.4.

#### REAL ESTATE SETTLEMENT PROCEDURES ACT

7. The Institution shall comply with the regulations contained in 24 C.F.R. Part 3500 by (1) providing good faith estimates as required by 24 C.F.R. § 3500.7(a) and (2) disclosing the transfer of mortgage servicing to all applicants for mortgage loans as required by 24 C.F.R. § 3500.21(d).

#### FLOOD DISASTER PROTECTION

8. The Institution shall comply with 12 C.F.R. § 563.48 by providing flood hazard notices for all loans closed on or after September 14, 1992.

#### COMMUNITY REINVESTMENT ACT

9. a. Within 60 days after the Effective Date of this Agreement, the Institution shall: (1) include in its public file, CRA statements in effect for the past two years as required by 12 C.F.R. § 563e.5(a)(4); (2) modify its CRA notice to conform to the requirements set forth in 12 C.F.R. § 563e.3(a); and (3) revise its community delineation consistent with the requirements set forth in 12 C.F.R. § 563e.6(a).
- b. The Institution shall improve its efforts to satisfy its obligations under the Community Reinvestment Act ("CRA") by (1) reviewing its CRA Plan consistent with the regulations set forth in 12 C.F.R. § 563e; (2) adhering to the provisions and timetables set forth in its CRA Plan, and (3) preparing a monthly report for the Board that discusses the Institution's compliance with its CRA Plan and progress in satisfying its obligations under the CRA.

#### SUCCESSOR STATUTES, REGULATIONS, GUIDANCE, AMENDMENTS

10. Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda, bulletins and publications shall include references to all amendments to such provisions as have been made as of the Effective Date of this Agreement and references to successor provisions as they become applicable.

NOTICES

11. 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 Institution, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Regional Director for the Southeast Region, Office of Thrift Supervision, Department of the Treasury, 1475 Peachtree Street, N.E., Atlanta, Georgia 30309 or telecopied to (404) 888-5634 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.
  - (ii) the Institution by the OTS, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid, or sent via overnight delivery service or physically delivered, in each case addressed to the Institution at 1720 Harrison St. Hlwd, Fl, or telecopied to (305) 926-6230 and confirmed by first class mail, 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, 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.

DURATION, TERMINATION OR SUSPENSION OF ORDER

12. The provisions of this Agreement shall remain in effect until terminated, modified or suspended in writing by the OTS, acting through the Regional Director. The Regional Director in his sole discretion may, by written notice, terminate and/or suspend any or all provisions of this Agreement.

EFFECT OF HEADINGS

13. 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.

SEPARABILITY CLAUSE

14. In the event that any provision of 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 in his sole discretion determines otherwise.

NO VIOLATIONS OF LAW, RULE, REGULATION OR  
POLICY STATEMENT AUTHORIZED; OTS NOT RESTRICTED

15. Nothing in this Agreement shall be construed as:
- a. allowing the Institution to violate any law, rule, regulation, or policy statement to which it is subject, or
  - b. restricting, in any way, the OTS from taking any action that it believes is appropriate in fulfilling the responsibilities placed upon it by law.

SUCCESSORS IN INTEREST/BENEFIT

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

DIRECTOR RESPONSIBILITY

17. Although the Board is by this Agreement required to submit certain proposed actions and programs for the review or approval of the Regional Director, the Board has the ultimate responsibility for proper and sound management of the Institution.

TIME LIMITS

18. Any time limitations imposed by this Agreement shall begin to run from the Effective Date of the Agreement, unless otherwise provided for in the Agreement. Such time limitations may be extended by the Regional Director in his sole discretion upon written application by the Institution.

DEFINITIONS

19. All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of the Agreement shall, insofar as applicable,

have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations. Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations shall have meanings that accord with the best custom and usage in the savings and loan industry.

WRITTEN AGREEMENT WITH THE AGENCY

20. 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 agency" as that phrase is used in Section 8(b)(1) of the FDIA, 12 U.S.C. § 1818(b)(1).

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director and the Institution, in accordance with a duly adopted resolution of its Board (copy attached hereto), hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

BY:

15/  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE INSTITUTION

BY:

15/  
Name: \_\_\_\_\_  
Chief Executive Officer

DIRECTORS OF THE INSTITUTION

15/  
Director

15/  
Director