

5
SUPERVISORY AGREEMENT

OTS DOCKET # 1148
94867

This Supervisory Agreement ("Agreement") is made and is effective this 17th day of September, 1996 (the "Effective Date"), by and between Centennial Savings Bank, F.S.B. (the "Association"), a federally chartered stock association, having its main office located at Durango, Colorado, 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., acting through its Midwest Regional Director or his/her designee ("Regional Director").

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

WHEREAS, based on the OTS Report of Compliance Examination for the examination of the Association which commenced on April 1, 1996 ("ROE"), the OTS is of the opinion that the Association has engaged in acts and practices 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:~~ (i) comply with all applicable laws and regulations and (ii) engage in safe and sound practices; and

WHEREAS, the Association, acting through its Board of Directors (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 the intent to: (i) comply with all applicable laws and regulations and (ii) 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:

COPY

COMPLIANCE WITH LAWS, REGULATIONS & SAFE AND SOUND PRACTICES

1. Compliance With Laws, Regulations & Safe and Sound Practices

The Association and its Board and officers shall take all necessary and appropriate actions to achieve compliance with the following laws, regulations, and safe and sound business practices:

A. Section 226.17(c) of Regulation Z of the Board of Governors of the Federal Reserve System ("Regulation Z"), 12 C.F.R. § 226.17(c) (regarding disclosure requirements);

B. Section 226.19(a)(1) of Regulation Z, 12 C.F.R. § 226.19(a)(1) (regarding time of disclosure on residential mortgage transactions);

C. Section 226.18(d) of Regulation Z, 12 C.F.R. § 226.18(d) (regarding disclosure of finance charges);

D. Section 226.22(a) of Regulation Z, 12 C.F.R. § 226.22(a) (regarding accuracy of annual percentage rates);

E. Section 563.99(b) of the OTS regulations, 12 C.F.R. § 563.99(b) (regarding initial disclosures for adjustable rate mortgage loans);

F. Section 3500.7(a) of Regulation X of the Department of Housing and Urban Development ("Regulation X"), 24 C.F.R. § 3500.7(a) (regarding lender provision of good faith estimates);

G. Section 3500.21(b) of Regulation X, 24 C.F.R. § 3500.21(b) (regarding servicing disclosure statements and applicant acknowledgments);

H. Section 563e.43(a) of the OTS regulations, 12 C.F.R. § 563e.43(a) (regarding information available to the public);

I. Section 205.7(a) of Regulation E of the Board of Governors of the Federal Reserve System ("Regulation E"), 12 C.F.R. § 205.7(a) (regarding content of disclosures);

J. Section 205.8(a) of Regulation E, 12 C.F.R. § 205.8(a) (regarding change in terms);

K. Section 229.17 of Regulation CC of the Board of Governors of the Federal Reserve System ("Regulation CC"), 12 C.F.R. § 229.17 (regarding initial disclosures);

L. Section 229.16(c)(2) of Regulation CC, 12 C.F.R. § 229.16(c)(2) (regarding notices at times of case-by-case delays);

M. Section 103.22 of the Monetary Offices, Department of the Treasury Rules and Regulations Relating to Currency and Foreign Transactions Reporting, 31 C.F.R. § 103.22 (regarding reports of currency transactions); and

N. Section 563.170(c) of the OTS Regulations, 12 C.F.R. § 563.170(c).

CORRECTIVE PROVISIONS

2. Review of Closed-End Consumer Credit Files and Payment of Restitution

A. Within sixty days of the Effective Date, the Association and its Board shall cause to be conducted a thorough review of the loan documents on all closed-end consumer credit extended by the Association during the period of July 10, 1995 to April 1, 1996, in order to determine whether, and, if so, to what extent, the Association inaccurately disclosed to its consumers the finance charges and/or annual percentage rates on such closed-end consumer credit, as determined by Subpart C of Regulation Z, 12 C.F.R. §§ 226.17ff.; and shall submit to the Regional Director a detailed report of its findings, reporting overdisclosures, underdisclosures, and accurate disclosures.

B. If so directed in writing by the Regional Director, the Association shall, within thirty days of any such directive, pay restitution as so directed to consumers on closed-end consumer credit extended during the period of July 10, 1995 to April 1, 1996 to the extent of any underdisclosures of finance charges or annual percentage rates, as determined by Subpart C of Regulation Z, 12 C.F.R. §§ 226.17ff.

3. Establishment and Maintenance of Records

The Association shall establish and maintain such records as will provide an accurate and complete record of all business it transacts, including records as necessary or appropriate to demonstrate the Association's compliance with its regulatory obligations, including but not limited to its obligations pursuant to Section 205.11(c) of Regulation E, 12 C.F.R. § 205.11(c).

4. Consumer Compliance Program

A. Within 90 days after the Effective Date, the Board shall establish and adopt a new program for the purpose of ensuring compliance ("Compliance Program") with the applicable consumer and public-interest related laws and regulations including, but not limited to, the Truth in Lending Act, the Real Estate Settlement Procedures Act of 1974, the Electronic Fund Transfer Act, the Expedited Funds Availability Act, the Bank Secrecy Act, the Community Reinvestment Act, the regulations implementing these statutory provisions or otherwise promulgated thereunder, and 12 C.F.R. § 563.99. The Association, through its Board, shall amend the

Compliance Program as directed by the Regional Director, and shall comply with the Compliance Program as so amended.

B. The Compliance Program shall provide for written policies and procedures that set forth the requirements of the applicable laws and regulations and incorporate the OTS regulatory guidelines, and shall, at a minimum, include:

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

C. The Board shall authorize and direct the Association's Consumer Compliance Officer to coordinate and monitor the Compliance Program. Notwithstanding the preceding sentence and subparagraph B(i) hereof, nothing in this Paragraph 4 shall be construed to relieve any officer or director of the Association, or the Association itself, from any responsibility or duty that otherwise exists, including, without limitation, those that exist pursuant to Paragraphs 1 and 5 hereof.

MISCELLANEOUS

5. Compliance with Agreement

The Board and 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.

6. Definitions

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, Home Owners' Loan Act ("HOLA"), Federal Deposit Insurance Act ("FDIA"), or OTS Memoranda. Any such technical words or terms used in this Directive 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.

7. 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.

8. 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).

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

9. Time Limits

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

10. Effect of Headings

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

11. 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 remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his/her sole discretion determines otherwise.

12. No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS Not Restricted

Nothing in this Agreement shall be construed as:

A. allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject; or

B. restricting the OTS from taking such action(s) that are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action that the OTS determines to be appropriate.

13. Successors in Interest/Benefit

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 Federal Deposit Insurance Corporation, and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

14. Signature of Directors

Each director of the Association signing the Agreement attests, by such act, that she or he, as the case may be, voted in favor of the resolution, in the form attached to this Agreement, authorizing the execution of this Agreement by the Association.

15. Integration Clause and Reservation of Enforcement Powers

A. This Agreement represents, as of the Effective Date, the final written agreement of the parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter.

B. Notwithstanding subparagraph A hereof, nothing in this Agreement shall be construed to prevent the OTS from taking enforcement action which the OTS otherwise would be authorized to take:

(i) against any institution-affiliated party of the Association; or

(ii) against the Association for either:

(I) any matter outside of the subject matter addressed by Paragraph 1 hereof; or

~~(II) any matter, regardless of the subject matter, arising after April 1, 1996.~~

16. Enforceability of Agreement

The Association represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Association. The Association acknowledges that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. §1818.

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director, and the Association, 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

THE ASSOCIATION

E. 151
Harlan G. Halsne
Regional Deputy Director

By: 151
Dirk Broekema, Jr.
Chief Executive Officer

DIRECTORS OF THE ASSOCIATION

151
Director - ~~Dirk Broekema, Jr.~~

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Director - ~~Charles B. Israel~~

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Director - ~~Skip Cave~~

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Director - ~~James Sheppard~~

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Director - ~~Morton Heller~~

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Director - ~~Scott Tipton~~

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly appointed and qualified Secretary of Centennial Savings Bank, F.S.B., Durango, Colorado ("the Association"), hereby certify as follows:

1. A duly called meeting of the Board of Directors of the Association was held on September 17, 1996;
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 of Directors and the Association have the intent 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 None) and all members of the Board of Directors (except None) voted in favor of the resolution;

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of the Association on this 17th day of September, 1996.

151

Skip Cave, Secretary

(SEAL)