

95078

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 25th day of September, 1992 ("Effective Date"), by and between Sykesville Federal Savings Association, Sykesville, Maryland, OTS No. 8217, for itself and its wholly owned service corporations and subsidiaries ("Sykesville" or the "Institution"), and the Office of Thrift Supervision ("OTS"), acting through its Southeast Regional Director ("Regional Director") or his designee.

WHEREAS, the OTS is of the opinion that grounds exist to initiate administrative proceedings against Sykesville pursuant to §8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(b) (West 1989 and Supp. 1992); and,

WHEREAS, Sykesville, in the interest of regulatory compliance and cooperation, is willing to enter into this Agreement to avoid the initiation of such administrative proceedings on the matters covered by this Agreement; and,

WHEREAS, the OTS is willing to forebear from the initiation of such administrative proceedings against Sykesville to require the actions specifically covered by this Agreement for so long as the Institution is in compliance with the provisions of this Agreement that pertain to such actions; and,

WHEREAS, it is understood by the parties that execution of this Agreement does not preclude the OTS from taking further supervisory or enforcement measures on matters not specifically covered by this Agreement that the OTS considers appropriate under the circumstances.

NOW, THEREFORE, in consideration of the above-stated forbearance, it is agreed between the parties hereto as follows:

1. Within 30 days of the Effective Date of this Agreement, the Board of Directors of Sykesville ("the Board") shall implement and submit to the Regional Director for review a written program to ensure the Institution's compliance with applicable Federal consumer and compliance laws and regulations ("laws and regulations"). At a minimum, the program shall have a Board-designated Compliance and CRA Officer(s) for Sykesville who is responsible for

developing, implementing, and overseeing the program to ensure the Institution's compliance with applicable laws and regulations, who will maintain the updating of same, and who has adequate authority and autonomy to monitor the operations of the Institution and effect corrections as needed to ensure such compliance with applicable laws and regulations, including the Institution's performance under the Community Reinvestment Act ("CRA").

2. a. Sykesville shall comply with the provisions of 12 C.F.R. Part 563e (CRA);
 - b. Within 60 days of the Effective Date of this Agreement, the Board shall review Sykesville's community delineation, which is contained in the Institution's current CRA Statement, and correct the violation of 12 C.F.R. 563e.3(a) identified in the March 2, 1992 OTS Compliance Examination Report ("1992 Exam Report") by preparing a new delineation of the Institution's local community that complies with the requirements of §563e.3 and is reasonable with respect to the location of the Institution's office, the resources available to the Institution to help meet local credit needs, and the Institution's efforts to ascertain the local credit needs in all segments of the local community; and,
 - c. Within 60 days of the Effective Date of this Agreement, the Board shall submit documentation to the Regional Director showing that it has corrected the violations of 12 C.F.R. §§ 563e.4(b)(2) and (3), 563e.5, and 563e.6(a) cited in the 1992 Exam Report by 1) correcting the content of its CRA statement; and 2) maintaining a public CRA file.
3. a. Sykesville shall comply with the provisions of 12 C.F.R. Part 226 (Truth in Lending); and,
 - b. Within 60 days of the Effective Date of this Agreement, Sykesville shall submit documentation satisfactory to the Regional Director indicating that the Institution has achieved full and complete restitution with regard to the loans discussed in section 3.1 to 3.3 of the 1992 Exam Report.
4. Within 60 days of the Effective Date of this Agreement, the Board shall review and revise Sykesville's mortgage

loan underwriting standards to correct the deficiencies noted in the 1992 Exam Report, including, but not limited to, a) compliance with the provisions of the Real Estate Settlement Procedures Act (RESPA), and the implementing regulation set forth in 24 C.F.R. Part 3500, and b) compliance with 12 C.F.R. §528.2a(b) (non-discriminatory underwriting guidelines).

5. Sykesville shall maintain Loan/Application Registers in accordance with the requirements of 12 C.F.R. §§ 203.4(a) and 528.6(d). The Institution shall maintain a general notice concerning availability of its Home Mortgage Disclosure Act disclosure statement in accordance with 12 C.F.R. §203.5(d), and shall maintain a correct Equal Housing Lender Poster in accordance with 12 C.F.R. §528.5(a) and (b).
6.
 - a. Sykesville shall comply with the provision of 12 C.F.R. §202.9(a)(2) (Content of notification when adverse action is taken) and §202.9(b)(1) (ECOA Notice); and,
 - b. Within 60 days of the Effective Date of this Agreement, Sykesville shall submit documentation satisfactory to the Regional Director indicating that the Institution has achieved full and complete retrospective corrective action with regard to failing to provide written adverse action notification, discussed in section 3.3 to 3.4 of the 1992 Exam Report.

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. 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. For purposes of this Agreement, references to statutes, regulations, bulletins, memoranda and publications shall include any successor statutes, regulations, bulletins, memoranda, and publications.

Any time limitations imposed by this Agreement shall begin to run from the Effective Date. Any time limitations may be extended by the Regional Director or his designee for good cause upon written application.

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 §8(b)(1) of the FDIA, 12 U.S.C.A. 1818(b)(1).

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.

In the event any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

This Agreement shall remain in effect until terminated, modified, or suspended by the OTS, acting through the Regional Director or his designee. The Regional Director may suspend, in his sole discretion, any or all provisions of this Agreement.

IN WITNESS WHEREOF, the OTS acting through the Regional Director, and the Institution, by its duly elected directors, have executed this Agreement.

Sykesville Federal Savings Association
Sykesville, Maryland
OTS No. 8217

By: <u> 151 </u>	Date: <u> 9-25-92 </u>
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Date: 28 2 72

By: 151

Date: Apr 25 72

OFFICE OF THRIFT SUPERVISION

By: 151
John E. Ryan
Regional Director

