

95001

AGREEMENT

This Agreement is made and is effective this 18<sup>th</sup> day of March 1992, by and between First Federal Savings and Loan Association of Renton, Washington ("First Federal" or the "Institution") and the Office of Thrift Supervision ("OTS"), a bureau of the United States Department of the Treasury.

WHEREAS, the OTS is of the opinion that First Federal has engaged in practices or has failed to take certain actions in operating the business of the Institution that warrant corrective action; and

WHEREAS, significant concerns relating to the Institution's Compliance and Community Reinvestment Act ("CRA") programs remain unresolved; and

WHEREAS, it is recognized that management of the Institution has initiated and implemented some actions to correct these concerns; and

WHEREAS, the Institution has applied to the OTS, under 12 C.F.R. 563.22(b), to transfer all or substantially all of its assets and liabilities to a newly organized, state-chartered savings bank ("State Savings Bank"); and

WHEREAS, if the conversion is approved, State Savings Bank will continue to be regulated by the FDIC;

NOW THEREFORE, in the interest of resolving OTS' concerns in a cooperative manner, the Institution and OTS agree as follows:

1. Within thirty (30) calendar days from the date of this Agreement, the Institution shall correct all of the deficiencies noted in the August 19, 1991, Report of Compliance Examination (Report), specifically including:

- (a) The technical violations of the OTS Mortgage Regulations, 12 C.F.R. 545.33 and 12 C.F.R. 563.99; the Real Estate Settlement Procedures Act, 12 U.S.C. 2601 and 24 C.F.R. 3500; and the Expedited Funds Availability Act, 12 C.F.R. 229.
  - (b) The violations of the Bank Secrecy Act, 31 C.F.R. 103 and 12 C.F.R. 563.177.
  - (c) The appearance of discrimination caused by various Institution lending practices and the resultant lending patterns.
2. Within sixty (60) calendar days from the date of this Agreement, the Institution shall develop a formal, comprehensive CRA plan with specific goals, objectives and accountabilities that will be actively overseen by the Board of Directors and Senior Management. The plan shall include, at a minimum, the following:
- (a) A complete self-assessment of the Institution, to develop a strategy for identifying and correcting existing deficiencies;
  - (b) Provision for annual review of the Institution's community delineation to determine if it fairly represents the Institution's loan and deposit distribution, 12 C.F.R. 563e.3;

- (c) Provision for identifying the credit needs of the Institution's community, documenting those efforts, and incorporating the identified needs into the Institution's planning for product development and delivery;
- (d) A marketing program that would address the needs of low- to moderate-income and minority segments of the Institution's community and make those portions of the community aware of the loan products offered by the Institution;
- (e) A provision to monitor and analyze the geographic distribution of the Institution's credit extensions, credit applications, denials and withdrawals, and for presenting those findings to the Board of Directors;
- (f) Establishment of specific goals under each of the 12 CRA assessment factors and a methodology to review and grade these goals, 12 C.F.R. 563e.7.

3. This CRA plan shall be prepared by First Federal's management and submitted to the Board of Directors for its approval. Upon review and approval by the Board, the Board shall direct management to submit the plan to the OTS for its review and comment.

4. References in this Agreement to provisions of statutes or regulations shall be deemed to 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.

5. All other 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, the Homeowners Loan Act ("HOLA"), or the Federal Deposit Insurance Act ("FDIA"). Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, or FDIA shall have such meanings as would be consistent with the best custom and usage in the savings and loan industry.
6. 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 a Federal banking agency within the meaning of Section 8 of the FDIA as amended by Title IX of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73 ("FIRREA"), 103 Stat. 183, 446-506 and Section 204, 103 Stat. 183, 190-194 (1989).
7. The terms and provisions of the Agreement shall be binding upon, and inure to the benefit of the parties hereto and their successors in interest.
8. In the event that the conversion of the Institution is approved, this Agreement shall run to the benefit of the FDIC as the remaining federal regulator of the Institution and all obligations of the Institution set forth in this Agreement shall remain in effect and shall be enforceable by the FDIC.

9. This Agreement shall remain in effect until terminated by the OTS, acting through the Regional Director, or, if the conversion is approved, by the FDIC. The decision to terminate will be at the sole discretion of OTS or, if the conversion is approved, the FDIC.
  
10. The OTS does not by executing this Agreement relinquish any right to take any regulatory action. The Institution acknowledges that it has not received any oral or written representations to the contrary by OTS or any of its agents or employees.
  
11. This Agreement does not release the Institution of any obligations, responsibilities or restrictions previously imposed by the OTS.

IN WITNESS THEREOF, the parties have executed this Agreement by their respective duly authorized officers or designated agents. A certified copy of the resolution of the Board of Directors of the Institution authorizing the execution of this Agreement is attached hereto and made part hereof.



CERTIFIED COPY OF

RESOLUTION OF BOARD OF DIRECTORS

I, the Undersigned, being duly qualified Secretary of First Federal Savings and Loan Association of Renton, hereby certify that the following is a true copy of a resolution duly adopted by its Board of Directors at a meeting held on *March 18*, 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 of full force and effect:

RESOLUTION

WHEREAS, the executive officers and directors of First Federal Savings and Loan Association of Renton ("Institution"), have been advised that the Office of Thrift Supervision ("OTS") representatives believe the Institution to have been in less than full compliance with the laws, rules or regulations to which the Institution is subject.

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 *Mar. 18*, 1992, and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter into the proposed Agreement:

NOW, THEREFORE, BE IT RESOLVED, that the proposed Agreement, a copy of which is attached hereto, be and is hereby consented to by the Board of Directors of the Association. The officers and employees of the Association are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement. By executing the Agreement the executive officers and directors neither admit nor deny that the Institution has been in less than full compliance with the laws, rules or regulations to which the Institution is subject.

IN WITNESS THEREOF, I have hereto subscribed my name and affixed the seal of first Federal Savings and Loan Association of Renton, this 18<sup>th</sup> day of March, 1992.

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Secretary