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OTS DOCKET # 3360

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 15th day of April, 1992, by and between Sidney Federal Savings and Loan Association, Sidney, Nebraska (OTS No. 3360) ("Institution") for itself and any wholly-owned or partly-owned subsidiary, and the Office of Thrift Supervision ("OTS"). 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 OTS within the meaning of Sections 902 and 907 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73 ("FIRREA"), §§ 902 and 907, 103 Stat. 183 (1989) (codified as amended at 12 U.S.C. §§ 1818(b)(1) and (i)(2)).

WHEREAS, the OTS is of the opinion that the Institution has not complied with certain of the regulations to which the Institution is subject in conducting the business of the Institution, specifically 12 U.S.C. §§ 1701x(c)(5) and 2609, 12 C.F.R. Parts 202, 226, and 568, and 12 C.F.R. §§ 528.6, 528.7, 545.12, 545.33, 561.29, 563.6, and 563.99, thereby providing grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease and desist proceedings against the Institution for its failure to comply with 12 U.S.C. §§ 1701x(c)(5) and 2609, 12 C.F.R. Parts 202, 226, and 568, and 12 C.F.R. §§ 528.6, 528.7, 545.12, 545.33, 561.29, 563.6, and 563.99 as of October 16, 1991, so long as the Institution is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution is willing to enter into this Agreement to avoid the initiation of such cease and desist proceedings:

NOW, THEREFORE, in consideration of the above-stated forbearance by the OTS from the initiation of cease and desist proceedings against the Institution, it is agreed between the parties hereto as follows:

Consumer Compliance Program

1. (a) Within 30 days after the effective date of this Agreement, the board of directors of the Institution ("Board of Directors") 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 Equal Credit Opportunity Act, Real Estate Settlement Procedures Act, Bank Protection Act, Equal Employment Opportunity Act, 12 U.S.C. § 1701x(c)(5), and the Bank Secrecy Act, the implementing regulations of the foregoing, and 12 C.F.R. §§ 528.6, 545.12, 545.33, 561.29, 563.6, and 563.99. The Institution, through the Board of Directors, shall amend the Compliance Program as directed by the Regional Deputy Director for Support, Midwest Region, or his successor or designee ("Regional Deputy 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 as well as incorporate the OTS regulatory guidelines and, at a minimum, shall include:

- (i) a designated individual(s) (compliance officer(s)) 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) Within 30 days after the effective date of this Agreement, the Board of Directors shall designate a qualified Consumer Compliance Officer to coordinate and monitor the program.

2. The Institution shall comply with all statutes, regulations, and provisions thereof, referenced in Paragraph 1 hereof.

Bank Secrecy Act

3. (a) Within 30 days of the effective date of this Agreement, the Board of Directors shall appoint an on-site Bank Secrecy Act Compliance Officer responsible for coordinating and monitoring compliance by the Institution with the Bank Secrecy Act, implementing regulations, and this paragraph.

(b) Within 60 days of the effective date of this Agreement, the Board of Directors shall establish and provide to the Regional Deputy Director, and the Institution shall thereafter comply with, an updated Bank Secrecy Act Policy which shall provide, at a minimum, for the following:

- (i) the proper creation, maintenance, and formatting of logs, reports, and an updated exemption list;
- (ii) the schedule and documentation of training of relevant staff of the Institution; and
- (iii) procedures designed to obtain compliance with the Bank Secrecy Act and the implementing regulations.

(c) The Institution shall amend the Bank Secrecy Act Policy as directed by the Regional Deputy Director and shall comply with the Bank Secrecy Act Policy, as so amended (if so amended).

(d) The Board of Directors shall, on a quarterly basis, review the Bank Secrecy Act Policy and the Institution's records to attempt in good faith to ensure that the Institution is in compliance with the Bank Secrecy Act, the implementing regulations and the Bank Secrecy Act Policy. A resolution setting forth the minutes of those reviews shall be submitted to the Regional Deputy Director by no later than the 30th day after the end of the quarter.

Equal Credit Opportunity Act

4. Applications will be obtained for all loans and notices will be provided to borrowers to the extent required by the Equal Credit Opportunity Act and 12 C.F.R. Part 202.

Loan Application Register

5. The Institution shall properly complete and maintain its loan application register in accordance with 12 C.F.R. § 528.6(d).

General Provisions

6. The Board of Directors shall, at each regular meeting, formally resolve that, to the best of its knowledge and belief, and based on a prudent review of management reports, during the previous calendar month the Institution and its subsidiaries complied with each condition of this Agreement except as otherwise stated. For this purpose, the Board of Directors may rely upon management reports if such reliance is made in good faith and is reasonable under the circumstances. The resolution shall specify in detail how, if at all, full compliance was found not to exist. The resolution further shall set forth any exceptions to any conditions of this Agreement approved by the Regional Deputy Director. Within ten days of each regular Board of Directors' meeting, the Institution shall submit to the Regional Deputy Director a copy of the minutes of each Board of Directors' meeting, the minutes of any subsidiary board of directors' meeting, the minutes of Board of Directors' committee(s) meetings, the aforementioned resolution, and the management report(s) of the Institution.
7. (a) As used in this Agreement, the Regional Deputy Director or his successor is the "senior supervisory official" within the meaning of Section 723(d) of the FIRREA, § 723(d), 103 Stat. 183 (1989).  
(b) As used in this Agreement, the term "subsidiary" or "subsidiaries" shall be as defined in 12 C.F.R. § 567.1(dd).  
(c) 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 of this Agreement pursuant to Section 401(h) of the FIRREA, § 401(h), 103 Stat. 183 (1989), and references to successor provisions as they become applicable.

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, HOLA, and Federal Deposit Insurance Act, as amended ("FDIA"). Any such technical words or terms used in this Agreement 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.

