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SUPERVISORY AGREEMENT

This Agreement is made and is effective this 29th day of April 1992 ("Effective Date"), by and between Merrill Federal Savings and Loan Association, Merrill, Wisconsin (OTS Docket No. 04783) (the "Institution") for itself, 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 12 U.S.C. Sections 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, and has engaged in unsafe and unsound practices in conducting the business of the Institution, 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 statutes and regulations, and unsafe and/or unsound practices as set forth in the Institution's Report of Compliance Examination, dated August 19, 1991, for so long as the Institution is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, and without admitting or denying that grounds exist for the initiation of a cease and desist order, the Institution by its Board of Directors ("Board"), 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 OTS from the initiation of cease and desist proceedings against the Institution, it is agreed between the parties hereto as follows:

Statutes and Regulations

1. The Institution shall correct existing violations cited in this section and the Report of Compliance Examination, dated August 19, 1991 ("Report"), and shall not initiate any action which would result in a violation of, or the aiding and abetting of any violation of:

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| 12 C.F.R. § 226.18 | 12 C.F.R. § 568.4 |
| 12 C.F.R. § 226.22 | 12 C.F.R. § 568.5 |
| 12 C.F.R. § 226.23 | 12 C.F.R. § 563.177 |
| 12 C.F.R. § 226.25 | 12 C.F.R. § 229.16 |
| 12 C.F.R. § 563.99 | 31 C.F.R. § 103.22 |
| | 31 C.F.R. § 103.27 |

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Regulation Z - Truth In Lending Act

✓ 2. Within 45 days from the Effective Date, the Board shall order the cessation of the use of preprinted or Institution prepared right of rescission waiver forms. The Institution shall ensure that a consumer's waiver or modification of the right to rescind is accomplished only when the consumer has a bona fide personal emergency and that the Institution receives a dated and signed personal statement describing the situation.

3. Within 90 days from the Effective Date, the Board shall review and adopt revisions to the Institution's policies regarding compliance with all applicable requirements of 12 C.F.R. Part 226 ("Regulations Z"). These revised policies shall include, but not necessarily be limited to, the following:

- (a) The assignment of compliance responsibilities to a specific officer(s) or other staff;
- (b) Provisions for the adequate training of personnel as to the requirements and proscriptions of Regulation Z and the procedures and practices (use of forms, computations to be made, required disclosures, etc.) necessary to achieve compliance;
- (c) Record retention procedures which require the Institution to maintain all documentation necessary to prove compliance with Regulation Z for at least two years following the consummation of all legal obligations entered into by the Institution which are subject to Regulation Z;
- (d) Procedures to monitor the effectiveness of the Institution's compliance with Regulation Z; and
- (e) The utilization of the OTS manual "Compliance: A Self Assessment Guide".

4. After the revised policies and procedures required by paragraph No. 3 are adopted by the Board, the Institution shall comply with them in all respects.

OTS Mortgage Regulations - Mortgage Loan Disclosures

✓ 5. Within 45 days from the Effective Date, the Board shall review and adopt revisions to the disclosure format and content of the Institution's interest rate adjustment notices so as to comply with the requirements of 12 C.F.R. § 563.99(c), and the terms of the legal obligations. The notices shall properly disclose index values and

Interest rate adjustments calculated in accordance with contract terms in the loan documents and the extent to which the Institution has foregone any increase in the interest rate.

✓6. Within 90 days from the Effective Date, the Board shall review and adopt revisions to the policies pertaining to mortgage loan disclosure and notification requirements. The revised policies shall contain procedures to comply with the provisions of the OTS Regulations as described in 12 C.F.R. § 563.99(b) and 12 C.F.R. § 563.99(d).

✓7. After the revisions required by paragraphs No. 5 and 6 are adopted by the Board, the Institution shall comply with them in all respects.

Bank Secrecy Act

8. Within 90 days from the Effective Date, the Board shall review and adopt revisions to the Institution's program regarding the system of internal controls and audit procedures designed to ensure compliance with the Currency and Foreign Transactions Reporting Act (31 U.S.C. § 5311 et seq.) and the regulations promulgated thereunder at 31 C.F.R. Part 103 (collectively referred to as the "Bank Secrecy Act"). At a minimum, the revisions shall include, but not necessarily be limited to, the following:

- (a) Procedures governing the processing and reporting of large currency transactions subject to the Bank Secrecy Act;
- (b) Procedures identifying all customers including correspondent banks whose transactions with the Institution are exempt from the reporting requirements of the Bank Secrecy Act;
- (c) A comprehensive training program for all tellers and appropriate supervisory personnel to ensure their awareness of and compliance with the requirements of the Bank Secrecy Act;
- (d) Regular, periodic reviews by the Institution's Compliance Officer to ensure adherence to the requirements of the Bank Secrecy Act;
- (e) Appropriate verification procedures as part of the Institution's regular audit program; and
- (f) Prompt management response and follow-up to all audit exceptions or other recommendations of the Institution's auditor.

9. After the revised program required by paragraph No. 8 is adopted by the Board, the Institution shall comply with it in all respects.

Bank Protection Act

10. Within 90 days from the Effective Date, the Board shall review and adopt revisions to the Institution's security program. The revised program shall contain Institution specific procedures to comply with the provisions of the Bank Protection Act as described in 12 C.F.R. § 568.2, § 568.4, and § 568.5(b).

11. After the revised program required by paragraph No. 10 is adopted by the Board, the Institution shall comply with it in all respects.

Internal Compliance Program

12. Notwithstanding the requirements of paragraphs No. 3, 6, 8 and 10, the Board shall develop and adopt, a written internal compliance program (the "Program") within 90 days from the Effective Date. The Program shall establish procedures to review and monitor the Institution's compliance with nondiscrimination, consumer protection, and other public interest laws and regulations. The Program shall be submitted to the OTS Manager and shall include, but not necessarily be limited to, the following:

- (a) Provisions for the adequate training of new, and the periodic retraining of existing, personnel as to their duties and responsibilities under nondiscrimination, consumer protection, and other public interest laws and regulations;
- (b) Ongoing procedures, including periodic compliance audits, to monitor the effectiveness of the Institution's compliance with nondiscrimination, consumer protection, and other public interest laws and regulations;
- (c) Procedures to ensure that exceptions noted in the compliance audits are corrected and responded to by the appropriate Institution personnel;
- (d) Mechanisms for effective Board oversight; and
- (e) Procedures for updating the Program and correcting deficiencies that arise.

13. Subsequent to the adoption of the Program by the Board, the Institution shall comply with it in all respects.

Closings

14. (a) Although the Board is by this Agreement required to submit certain proposed actions and programs for the review or approval of the Deputy Regional Director or his/her designee, the Board has the ultimate responsibility for proper and sound management of the Institution. In exercising and fulfilling its fiduciary duties, the Board may consider the reports of management, counsel, and other agents and consultants to the Board. Nothing contained herein shall require the Board or any member or agent thereof to take any action inconsistent with his or her fiduciary duties.
- (b) It is expressly and clearly understood that if, at any time, the OTS deems it appropriate in fulfilling the lawful responsibilities placed upon it by the several laws of the United States of America to undertake any lawful action affecting the Institution, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the OTS from doing so.
- (c) Any time limitations imposed by this Agreement shall begin to run from the Effective Date of this Agreement unless otherwise provided for. Such time limitations may be extended by the Deputy Regional Director or his/her designee for good cause upon written application by the Board.
- (d) If any plan or program required by the Agreement to be submitted to the OTS for review and approval is not approved by the OTS, and is filed in good faith compliance with the requirements of this Agreement, the Institution may have 30 days from date of OTS disapproval to resubmit the required filing.
- (e) 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 the rules and regulations adopted by the OTS (including, without limitation, Chapter V of Title 12 Code of Federal Regulations). Any such technical words or terms used in this Agreement and undefined in said rules and regulations shall have meanings that accord with the best custom and usage in the thrift industry.

- (f) 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.
- (g) It is understood that the execution of this Agreement shall not be construed as an approval of any application or notices that are contemplated by the Institution.
- (h) Any report or other document required by this Agreement to be submitted to the OTS shall be filed with the Office of Thrift Supervision, 111 East Wacker Drive, Suite 800, Chicago Il 60601, Attn: Assistant Director. All reports and other documents shall be deemed filed when received by the OTS.
- (i) 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.
- (j) 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.
- (k) This Agreement shall remain in effect until terminated, modified, or suspended by the OTS, in its sole discretion, acting through the Regional Director or his designee. Nothing herein shall be deemed to prevent the Institution from requesting termination, modification, and/or extension of the Agreement.

IN WITNESS WHEREOF, the OTS, acting through its Deputy Regional Director, and the Institution, by its Board of Directors, have executed this Agreement on the date first above written.

THE OFFICE OF THRIFT SUPERVISION

Chicago, Illinois

By: 1/5/
Chester A. Biedron
Deputy Regional Director

Merrill Federal Savings and Loan Association
Merrill, Wisconsin

By: _____
Director

By: 1/5/ _____
Director