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SUPERVISORY AGREEMENT BETWEEN  
ROCKY MOUNTAIN BANK FSB  
AND  
THE OFFICE OF THRIFT SUPERVISION

This Supervisory Agreement ("Agreement") is made and is effective this 26<sup>th</sup> day of June, 1991 by and between Rocky Mountain Bank FSB, Cheyenne, Wyoming (OTS Docket No. 3486) ("Institution"), and the Office of Thrift Supervision ("OTS"), an office within the U.S. Department of the Treasury, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C., 20552, and having its Seattle District Office located at 2201 Sixth Avenue, Suite 1500, Seattle, Washington 98121-1889.

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 Section 8 of the Federal Deposit Insurance Act ("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).

WHEREAS, OTS is of the opinion that the Institution has failed to comply with existing interest rate risk exposure limits as adopted by the Board of Directors ("Board") in the interest rate risk policy;

WHEREAS, OTS is of the opinion that the Institution has also violated Section 23A and 23B of the Federal Reserve Act, as well as Section 22(h) of the Federal Reserve Act and its enabling provisions at 12 C.F.R. Part 215 ("Regulation O"), by making a loan on preferential terms to its holding company, Rocky Mountain Financial Corporation ("Holding Company");

WHEREAS, OTS is of the opinion that the Institution is projected to have inadequate capital in the future due to stricter capital standards;

WHEREAS, the Institution by entering into this Agreement neither admits nor denies the above stated regulatory findings;

WHEREAS, the Institution continues to be the subject to limitations on growth and investments pursuant to supervisory directives initiated by the OTS in February 1991; and

WHEREAS, in the interest of resolving OTS's supervisory concerns in a cooperative manner, the Institution and the OTS agree as follows;

I. INTEREST RATE RISK POLICY/PLAN

1. The Board agrees to adopt and adhere to a new interest rate risk policy ("New IRR Policy"), which will set forth interest rate risk exposure limits pursuant to the guidelines in Thrift Bulletin 13 ("TB-13"). In the alternative, the Board will direct management to develop and adopt a detailed interest rate risk plan ("IRR Plan") to comply with existing interest rate risk policy statements. The Board must submit either the New IRR Policy or the IRR

Plan to the OTS for review and nonobjection within 60 days from the effective date of this Agreement.

2. The Board must ensure that the Institution's Asset/Liability Management Policy and Investment Policy, are consistent with and contain appropriate references to interest rate risk exposure limits, as adopted by the Board in either the New IRR Policy or the IRR Plan.

## II. SEPARATE CORPORATE IDENTITY

3. Within 60 days from the effective date of this Agreement, the Board must also submit to the OTS for review and nonobjection, a proposal which defines the steps by which the Institution will maintain adequate separation of corporate identify from its subsidiaries, including but not limited to its subsidiary, Rocky Mountain Capital Agency.

## III. COMPLY WITH LIMITATIONS ON EXTENSION OF CREDIT TO HOLDING COMPANY

4. The Board must ensure that all extensions of credit in any form to the Holding Company, must comply with all regulatory and statutory provisions, including but not limited to Section 23A and 23B of the Federal Reserve Act, as well as Section 22(h) of the Federal Reserve Act and its enabling provisions at 12 C.F.R. Part 215 ("Regulation O").

#### IV. COMPLY WITH CAPITAL STANDARDS

5. Within 60 days the Institution shall submit a plan for achieving by December 31, 1991, and maintaining thereafter, core capital of at least 4.0 percent of total assets. This level of capital is in anticipation of higher core capital standards and, further, is appropriate for the levels of operating income and interest rate risk identified at the Institution. The institution realizes that this plan for increasing capital may be superceded by future changes in regulations which result in a higher capital requirement.

6. The Board must develop an updated business plan ("Business Plan") with specific strategies and time frames sufficient to show profitable operations and compliance with the fully phased in capital requirements under FIRREA, as set forth at 12 C.F.R. Part 567. The Business Plan shall begin with fiscal year 1992 and be submitted to the OTS for review and nonobjection by October 31, 1991.

#### V. LIMITS ON GROWTH AND INVESTMENT

7. Until the Institution meets its fully phased in capital requirement the Institution will limit growth in total assets to no more than \$600 million.

8. If the Institution makes an investment or a series of investments in mortgage backed securities exceeding \$10 million ("MBS Investments"), then such MBS Investments must be accompanied by an analysis showing expected results in given different interest rate risk scenarios. This analysis must be performed prior to any affirmative action regarding the MBS Investment by the Investment

Committee, Asset Liability Committee, or Board. Management must provide the Board with at least a monthly summary of both income and market value positions for such MBS Investments.

9. The Institution must not invest in futures or options, engage in interest rate swaps beyond those existing as of the date of this agreement, or purchase any high risk mortgage derivative product, as described in Thrift Bulletin No. 12.

#### VI. AGREEMENT TERMS

10. The OTS does not relinquish any of its rights to take any supervisory or other action whatsoever with respect to the Institution, as a result of this Agreement. The Institution acknowledges that it has not received any oral or written representations to the contrary by the OTS or any of its agents or employees.

11. 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 Owner's Loan Act of 1933 ("HOLA"), or the 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.

12. 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.

13. 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 or his designee may suspend, in his or her sole discretion, any or all provisions of this Agreement.

IN WITNESS WHEREOF, the OTS, acting through the Regional Director or his designee, and the Institution, by its duly elected directors, have executed this Agreement on the date first above written.

By: 151  
~~Director~~  
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Director J. Billippi  
OFFICE OF THRIFT SUPERVISION

By: 151  
Charles A. Deardorff  
Deputy Regional Director