

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)

United Trust and Federal Savings Bank)
Bridgeview, Illinois)
OTS No. 16310)

Order No. CHI-01-13

Date: November 5, 2001

STIPULATION AND CONSENT TO THE ISSUANCE OF AN
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against United Trust and Federal Savings Bank, Bridgeview, Illinois, OTS Docket Number 16310 (the "Association") pursuant to 12 U.S.C. § 1818(b),¹ and

WHEREAS, the Association desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, or the Findings of Fact or opinions and conclusions of the OTS, except as to Jurisdiction, paragraph 1, below, which is admitted, hereby stipulates and agrees to the following:

1. Jurisdiction. (a) the Association is a "savings association" within the meaning of 12 U.S.C. § 1813(b), and 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

¹ All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

United Trust and Federal Savings Bank
Stipulation and Consent

(b) Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal Banking agency" to maintain an administrative cease and desist proceeding against such a savings association. Therefore, the Association is subject to the jurisdiction of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b). The Director of the OTS has delegated to the Regional Director of the Central Region of the OTS or his designee ("Regional Director") the authority to issue cease and desist orders where the institution has consented to the issuance of the orders.

2. OTS Findings of Fact. The OTS finds that:

The Association has engaged in violations of the conditions of approval of OTS Order No. 2000-58, regulatory violations, and unsafe and unsound practices regarding loan documentation, internal controls, overdrafts, staffing levels, and Board and management oversight as detailed in the May 29, 2001 Report of Examination and the October 9, 2001 Interim Report of Examination of United Trust and Federal Savings Bank.

3. Consent. The Association consents to the issuance by the OTS of the accompanying Consent Order to Cease and Desist For Affirmative Relief ("Order"). It further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under 12 U.S.C. § 1818(b). Upon its issuance by the Regional Director or his designee for the Central Region, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers. The Association waives the following:

(a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b);

(b) the right to an administrative hearing of the OTS's charges against it as provided by 12 U.S.C. § 1818(b);

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order;

(d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412; and

(e) the right to assert this proceeding, its consent to the issuance of the Order, the issuance of the Order, the payment of any monies or the provision of any other financial relief as contemplated by the Order as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

6. Other Governmental Actions Not Affected. The Association acknowledges and agrees that the consent to the issuance of the Order is for the purpose of resolving this OTS enforcement matter against only the Association, as described in paragraph 2 of this Stipulation, and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges

against or other proceeding, civil or criminal, that may be or has been brought by the OTS or another governmental entity.

7. Miscellaneous. (a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;

(b) All references to the OTS in this Stipulation and the Order shall also mean any of the OTS' predecessors, successors, and assigns;

(c) The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the construction hereof;

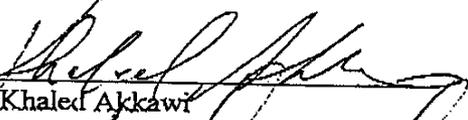
(d) The terms of this Stipulation and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters; and

(e) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director or other authorized representative.

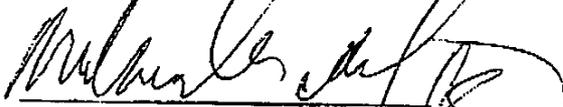
WHEREFORE, United Trust and Federal Savings Bank, by a majority of its directors, execute this Stipulation and Consent to the issuance of an Order to Cease and Desist For Affirmative Relief, intending to be legally bound hereby.

UNITED TRUST AND
FEDERAL SAVINGS BANK
Accepted by a majority of its directors:

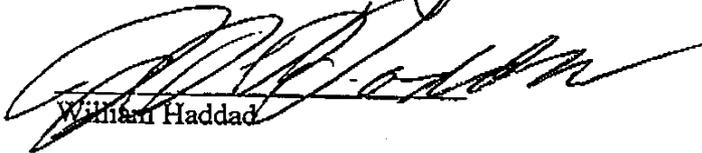
OFFICE OF THRIFT SUPERVISION

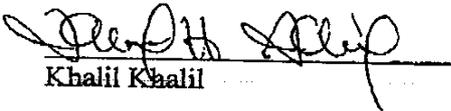
By: 
/Khaled Akkawi


John E. Ryan
Acting Regional Director
Central Region


Muhammed Alaraj

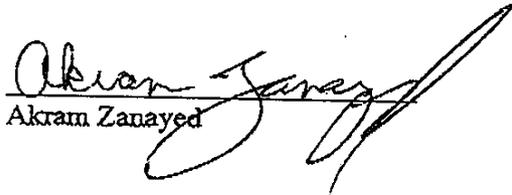
Dated: Nov. 5, 2001


William Haddad


Khalil Khalil


Bassam Salman

John Van Winkle


Akram Zanayed

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of

United Trust and Federal Savings Bank
Bridgeview, Illinois
OTS No. 16310

Order No. CHI-01-13

Date: November 5, 2001

CONSENT ORDER TO
CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, United Trust and Federal Savings Bank, Bridgeview, Illinois (the "Association") OTS Number 16310, by and through its Board of Directors ("Board"), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief ("Stipulation"); and

WHEREAS, the Association, in the Stipulation, has consented and agreed to the issuance of this Consent Order to Cease and Desist for Affirmative Relief ("Order") pursuant to 12 U.S.C. § 1818(b).¹

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Directors of the OTS the authority to issue Orders to Cease and Desist on behalf of the OTS where the Association has consented to the issuance of the Order.

NOW THEREFORE, IT IS ORDERED THAT the Association, its directors, officers, employees, agents, service corporations and subsidiaries shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in,

¹ All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

UNITED TRUST AND FEDERAL SAVINGS BANK
Cease & Desist Order

counseling, aiding or abetting of any unsafe or unsound practice or any violation of:

1. 12 C.F.R. § 563.41, pertaining to loans with affiliates;
2. 12 C.F.R. § 563.42, pertaining to standards applicable to transactions with affiliates.

IT IS FURTHER ORDERED THAT:

OPERATIONS

3. The Association shall strictly adhere to the Conditions of Approval set forth in OTS Order No. 2000-58 dated June 22, 2000.

4. Except for loans where there was an outstanding commitment on or before October 16, 2001, the Association shall not make, invest in, purchase, or commit to make any loan or lease, other than those permitted under Paragraph 5, unless the particular loan program receives the prior written approval of the Regional Director.

5. The Association may make conforming 1-4 family residential mortgage loans, that are underwritten in strict accordance with FNMA or FHLMC standards for conforming residential mortgage loans. This restriction shall remain in effect until the Association receives written notification from the Regional Director that the restriction has been rescinded.

6.(a) Within sixty (60) days from the Effective Date of this Order, the Board shall submit to the Regional Director for review and non-objection a plan to reduce consumer loans, as defined in 12 C.F.R. § 560.3, in a safe and sound manner to an amount not greater than the Association's Core Capital, as defined in 12 C.F.R. § 567.5(a).

(b) After review and non-objection by the Regional Director, the Association shall implement and adhere to the reduction plan in all respects.

7.(a) Effective immediately, the Association shall not allow either an individual overdraft or an aggregate overdraft of more than \$1,000 drawn on any account. All overdrafts of

more than \$100 must be approved by the Chief Executive Officer or his designee. This restriction shall remain in effect until the Association receives written notification from the Regional Director that the restriction has been rescinded.

(b) Within ninety (90) days from the Effective Date of this Order, the Board shall develop and adopt a written policy concerning the extension of overdrafts which shall include, at a minimum: (i) conditions and circumstances under which overdrafts will be allowed, taking into consideration the requirements of 12 U.S.C. § 375b; and (ii) charges that will be levied against depositors using overdrafts.

(c) After the policy has been approved by OTS, the Association shall adhere to it in all respects.

8.(a) Within sixty (60) days from the Effective Date of this Order, the Board shall develop and adopt written internal control policies and procedures designed to strengthen internal controls at the Association. The policies and procedures shall include, at a minimum: (i) procedures for the weekly reconciliation of correspondent bank accounts which address the recognition of appropriate adjustments for any and all unallocated differences; (ii) procedures for the daily reconciliation of cash to the general ledger; (iii) procedures for the daily posting and weekly reconciliation of money orders, interest checks, cashier's checks, and expense checks; and (iv) procedures to ensure that claims for reimbursement of business expenses are fully documented and posted daily to the general ledger.

(b) After these policies and procedures have been adopted, the Board shall immediately submit them to OTS for approval.

(c) After the policies and procedures have been approved by OTS, the Association shall adhere to them in all respects.

9.(a) Effective immediately, the Board shall reduce the number of persons authorized to sign Association checks. No more than three persons shall be authorized to sign Association checks at the main office and two persons shall be authorized to sign Association checks at the branch office.

(b) Effective immediately, all Association checks in excess of \$10,000 must be issued from the main office only and shall require dual authorized signatures.

(c) Effective immediately, the Board shall appoint a management official to review all issued Association checks on a weekly basis to ensure that their issuance is both appropriate and consistent with this paragraph. A monthly report shall be made to the Board.

10.(a) Within sixty (60) days from the Effective Date, the Association shall submit a new business plan to OTS that recognizes the restrictions imposed by this Order. On August 17, 2001, the Association submitted to OTS for approval: (i) a liquidity policy; (ii) a Regulation O policy; (iii) an Insider Activities policy; (iv) an Interest Rate Risk Policy; and (v) an Allowance for Loan and Lease Loss ("ALLL") methodology.

(b) Within twenty-five (25) days after receiving notification from OTS of any deficiencies in the submitted business plan, policies, or methodology, the Association shall complete all steps necessary to amend the business plan, policies, and methodology to correct the deficiencies noted by OTS.

(c) After the business plan, the policies, and the methodology have been approved by OTS, the Association shall adhere to them in all respects.

11. Until the new business plan is approved by OTS, the Association shall not increase its total assets during any calendar quarter in an amount greater than 7.5 percent of the prior quarter end balance without the prior written approval of the Regional Director.

12. Until OTS approves the Interest Rate Risk Policy that the Association submitted to OTS on August 17, 2001, the Association shall strictly adhere to the comprehensive Asset/Liability Management Policy for interest rate risk that was submitted with the Association's original business plan.

13. The Association shall not engage in any transactions with affiliates, as defined at 12 C.F.R. § 563.41(b)(1), unless it receives the prior written non-objection of the OTS Regional Director.

14. The Association shall not enter into any third party contracts outside the normal course of business without the prior written approval of the Regional Director.

STAFFING

15.(a) Within thirty (30) days from the Effective Date of this Order, the Board shall develop and adopt a staffing plan that addresses the staffing requirements of the Association. At a minimum, the staffing plan shall require that the staffing level be sufficient to support the Association's current and future operations and that persons hired as officers or department heads have adequate experience to perform the functions of their job.

(b) After the staffing plan has been adopted, the Board shall immediately submit it to OTS for approval.

(c) After the staffing plan has been approved by OTS, the Association shall adhere to it in all respects.

16. Effective immediately, the Board shall not increase the compensation of any senior executive officer without the prior written approval of the Regional Director.

17. As set forth in 12 C.F.R. § 563.560, the Association must notify OTS at least 30 days before adding or replacing any member of its board of directors, employing any person as a

senior executive officer, or changing the responsibilities of any senior executive officer so that the person would assume a different senior executive position.

18. Within ninety (90) days from the Effective Date of this Order, the Board shall develop, adopt, and implement a training program that ensures that all employees have sufficient training to perform the functions of their jobs.

19. The Association shall not enter into any employment contract with any director or senior executive officer without the prior written approval of the Regional Director.

20. The Association shall not make any golden parachute payment to any institution-affiliated party, unless the payment is otherwise permitted by 12 C.F.R. Part 359.

DOCUMENTATION

21. Within thirty (30) days from the Effective Date of this Order, the Association shall take all reasonable steps necessary to correct all of the documentation deficiencies detailed in the May 29, 2001 Report of Examination and all other known loan documentation deficiencies.

22. Within thirty (30) days from the Effective Date of this Order, the Board shall develop and implement procedures to ensure that proper and complete loan documentation will be timely prepared and maintained on all loans.

23. All other known deficiencies in the Association's books and records shall be corrected within sixty (60) days of the Effective Date of this Order.

24. Effective immediately, the Board shall require management to provide the Board with monthly reports regarding the volume of loan applications and loan commitments. The Board shall review and discuss each report at the next ensuing board of directors' meeting and any material and substantive discussion shall be documented in the minutes of the meeting.

25. Effective immediately, the Board shall ensure that any material and substantive discussions that occur at the board of directors' meetings are adequately documented in the minutes of the meeting, which shall be prepared and presented to the Board for approval at the next scheduled Board of Director's meeting.

BOARD OF DIRECTORS

26. Director Responsibility.

Notwithstanding the requirements of this Order that the Board submit various matters to the Regional Director or his designee for the purpose of receiving his approval, non-objection or notice of acceptability, such regulatory oversight does not derogate or supplant each individual member's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of the Association at all times, including compliance with the determinations of the Regional Director as required by this Order.

27. Compliance with Order.

A. The Board and officers of the Association shall take immediate action to cause the Association to comply with the terms of this Order and shall take all actions reasonably necessary or appropriate thereafter to cause the Association to continue to carry out the provisions of this Order.

B. The Board, on a monthly basis, shall adopt a resolution of the Board (the "Compliance Resolution") formally resolving that, following a diligent inquiry of relevant information (including reports of management), to the best of its knowledge and belief, during the immediately preceding calendar month, the Association has complied in all material respects with each provision of this Order currently in effect, except as otherwise stated. The Compliance Resolution shall specify in detail how, if at all, full compliance was found not to exist.

C. The minutes of the meeting of the Board shall set forth the following information with respect to the adoption of each Compliance Resolution: (i) the identity of each director voting in favor of its adoption; and (ii) the identity of each director voting in opposition to its adoption or abstaining from voting thereon, setting forth each such director's reasoning for opposing or abstaining.

D. No later than the 5th calendar day after a Board meeting during which the Board adopted a Compliance Resolution, the Association shall provide to the Regional Director a certified true copy of the Compliance Resolution adopted at the Board meeting. The Board, by virtue of the Association's submission of a certified true copy of each such Compliance Resolution to the Regional Director, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except as provided below. In the event that one or more directors do not agree with the representations set forth in a Compliance Resolution, such disagreement shall be noted in the minutes of the Association.

E. The Board shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

MISCELLANEOUS

28. Definitions.

All technical words or terms used in this Order for which meanings are not specified or otherwise provided by the provisions of this Order shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, Federal Deposit Insurance Act ("FDIA") or OTS Memoranda. Any such technical words or terms used in this

Order 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.

29. Successor Statutes, Regulations, Guidance, Amendments.

Reference in this Order 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 and references to successor provisions as they become applicable.

30. Effective Date

This Order is and shall become effective on the date it is issued, as shown in the caption hereof. The Stipulation and the Order shall remain in effect until terminated, modified or suspended, in writing by the OTS, acting through its Director, Regional Director or other authorized representative.

31. Notices.

A. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Order to be made upon, given or furnished to, delivered to, or filed with OTS or the Association shall be in writing and mailed, first class or overnight courier, or by means of electronic transmission, or physically delivered, and addressed as follows:

Office of Thrift Supervision
1 S. Wacker Drive
Suite 2000
Chicago, Illinois 60606

United Trust and Federal Savings Bank
8028 South Harlem Avenue
Bridgeview, Illinois 60453

B. Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service or telecopy, and upon delivery, if by physical delivery. If there is a dispute about the

date on which a written notice has been received by a party to this Order, then, in the event such notice was sent by the United States mail, there shall be a presumption that the notice was received two Business Days after the date of the postmark on the envelope in which the notice was enclosed.

32. Time Limits.

Time limitations for compliance with the terms of this Order run from the Effective Date, unless otherwise noted.

33. Effect of Headings.

The section and paragraph headings herein are for convenience only and shall not affect the construction hereof.

34. Separability Clause.

In case any provision in this Order is ruled to be invalid, illegal or unenforceable by the decision of any court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his/her sole discretion determines otherwise.

35. No Violations Authorized; OTS Not Restricted.

A. Nothing in this Order or the Stipulation shall be construed as: (i) allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject, or (ii) restricting or estopping the OTS from taking any action(s) that it believes are appropriate in fulfilling the responsibilities placed upon it by law.

36. Incorporation.

The Stipulation is made a part hereof and is incorporated herein by this reference.

OFFICE OF THRIFT SUPERVISION

By: 
John E. Ryan
Acting Regional Director
Central Region