



Office of Thrift Supervision
Department of the Treasury

Central Region

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July 30, 2001

Board of Directors
Columbia Savings and Loan Association, #01672
2000 W. Fond du Lac Avenue
Milwaukee, Wisconsin 53205

Re: Termination of February 25, 1991 Supervisory Agreement

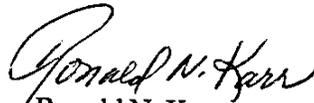
Dear Directorate:

This letter is in response to President George E. Gary's June 22, 2001 letter formally requesting termination of the February 25, 1991 Supervisory Agreement (Agreement) between Columbia Savings and Loan Association, Milwaukee, Wisconsin (Columbia) and the Office of Thrift Supervision. Your request is based upon the findings of the most recent examination of Columbia dated March 19, 2001 wherein the examiners concluded that Columbia is in substantial compliance with the provisions of the Agreement.

Based upon our review of the facts relating to this matter, the Agreement dated February 25, 1991, is hereby terminated.

If you have any questions or comments, please contact Assistant Director David J. Kalina at (312) 917-5091 or Supervisory Analyst Lori Offergeld at (312) 917-5064.

Sincerely,


Ronald N. Karr
Regional Director

RNK:LLO

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 25th day of February 1991, ("Effective Date"), by and between Columbia Savings and Loan Association, Milwaukee, Wisconsin (OTS No. 1672) ("Columbia") 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 Section 8(b)(1) and (i)(2) of the Federal Deposit Insurance Act, as amended by Title IX of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), (to be codified at 12 U.S.C. Sections 1818(b)(1) and (i)(2)).

WHEREAS, the OTS is of the opinion that Columbia has not complied with certain of the regulations to which Columbia is subject in conducting the business of Columbia, specifically 12 C.F.R. § 563.170 (c), § 563.160(c)(2), § 571.19 and Wisconsin Statutes §§ 177.02 through 177.16 and has engaged in unsafe or unsound practices in conducting the business of Columbia thereby providing grounds for the initiation of cease and desist proceedings against Columbia by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease and desist proceedings against Columbia for its failure to comply with statutes and regulations, and unsafe and/or unsound practices as set forth in Columbia's Report of Examination dated July 2, 1990 for so long as Columbia is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, Columbia, by its Board of Directors ("Board"), is willing to enter into this Agreement to avoid the initiation of such cease and desist proceeding;

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

Statutes and Regulations

1. Columbia shall correct existing violations cited in this section and the Report of Examination dated July 2, 1990 and shall not initiate any action which would result in a violation of, or the aiding and abetting of any violation of:

- i) Section 563.170(c) of the Rules and Regulations of the Office of Thrift Supervision ("OTS Regulations"), 12 C.F.R. § 563.170(c) (1990), pertaining to establishment and maintenance of books and records;

- ii) Section 563.160(c)(2) of the OTS Regulations, 12 C.F.R. § 563.160(c)(2) (1990), pertaining to classification of assets;
- iii) Section 571.19 of the OTS Regulations, 12 C.F.R. § 571.19 (1990), pertaining to the establishment of an investment policy; and
- iv) Wisconsin Statutes §§ 177.02 through 177.16 (1990), pertaining to filing unclaimed property reports.

2. Within 30 days, the Board shall adopt procedures to prevent future violations of the regulations and statutes listed above.

Documentation

3. Columbia shall, within 45 days, establish and maintain such accounting and other records as will provide an accurate, complete and timely record of all business it transacts. Furthermore, the documents and files and other material comprising said record shall at all times be available for examination and/or audit. The following list describes the various specific minimum actions which Columbia shall take in the area of books and records within the aforementioned 45 day time-frame:

- (a) The general ledger shall be balanced;
- (b) All general and subsidiary ledger accounts shall be updated on a timely basis and reconciled at least monthly;
- (c) All transactions shall be properly recorded on the general ledger;
- (d) All bank accounts shall be reconciled monthly and stale items shall be written off after three months;
- (e) Accrued interest due on matured certificate of deposit accounts shall be calculated and posted on a monthly basis.

4. Columbia shall immediately file the required past due unclaimed property reports with the Wisconsin State Treasurer and in the future, shall file these reports in a timely manner as required under Wisconsin State Law.

Management

5. The Board shall review the staffing requirements of the institution and evaluate the competency of the present employees. Within 90 days, the Board shall determine whether additional employees are needed and if any employees should be replaced. Within 30 days of this determination, the Board shall notify the OTS Manager of the results of its review.

Business Plan

6. The Board of Directors shall establish procedures to monitor, on at least a quarterly basis, Columbia's actual results against the projections in Columbia's Business Plan and to provide for any adjustments to Columbia's Business Plan.

Criticized Assets

7. Columbia shall take immediate and continuing action to protect its interest with regard to those assets criticized in the August 23, 1990 Report of Examination or any subsequent report of examination.

8. Within 90 days, the Board of Directors shall implement a written program designed to reduce the level of criticized assets. The program shall include, at a minimum, increasingly stronger follow-up collection efforts.

9. Within 90 days, the Board of Directors shall revise Columbia's self-classification of assets policy and procedures so that the criteria for classification of assets places more emphasis on each asset's credit risk and potential for loss.

10. Within 90 days, the Board of Directors shall reevaluate the adequacy of Columbia's level of general valuation allowances in light of its revised self-classification policy and procedures and adjust the reserve accordingly.

11. The Board of Directors shall ensure that Columbia maintains an adequate valuation allowance, consistent with the requirements of 12 C.F.R. § 563.160, at all times. Further, Columbia shall maintain documentation which supports that particular level of valuation allowances.

Investment Policy

12. Within 60 days, the Board of Directors shall establish and implement a written investment policy as required by and in compliance with 12 C.F.R. § 571.19.

Records Retention Area

13. Within 30 days, Columbia shall establish and maintain a safe and sound records retention area such that Columbia's records are properly preserved from loss or damage.

Closings

14. (a) 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, Illinois 60601, Attn: Susan T. Mooney. All reports and other documents shall be deemed filed when received by the OTS.

(b) Although the Board is by this Agreement required to submit certain proposed actions and programs for the review or approval of the OTS Manager, the Board has the ultimate responsibility for proper and sound management of Columbia.

(c) 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 Columbia nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the OTS from doing so.

(d) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time limitations may be extended by the OTS Manager for good cause upon written application by the Board.

(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.

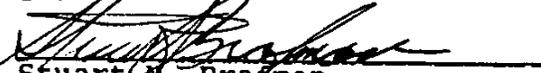
(f) The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

15. This Agreement shall remain in effect until terminated, modified, or suspended by the OTS, acting through the Regional Director or his designee.

IN WITNESS WHEREOF, the OTS, acting through its Regional Director, and Columbia, by its board of directors, have executed this Agreement on the date first above written.

THE OFFICE OF THRIFT SUPERVISION

Chicago, Illinois

By: 
Stuart M. Brafman
Regional Director

COLUMBIA SAVINGS AND LOAN ASSOCIATION
Milwaukee, Wisconsin

By: *Calvin W. Beckett*
Calvin W. Beckett

By: *Thalia B. Winfield*
Thalia B. Winfield

By: *Sanford Carter*
Sanford Carter

By: *Emmett Gambrell*
Emmett Gambrell

By: *William I. Gore*
William I. Gore

By: *Lafayette Mc Kinney*
Lafayette Mc Kinney