

UNITED STATES OF AMERICA

BEFORE

THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WASHINGTON, D.C.

_____	)	
Written Agreement by and between	)	
	)	
FOXDALE BANK	)	
South Elgin, Illinois	)	Docket No. 99-019-WA/RB-SM
	)	
and	)	
	)	
FEDERAL RESERVE BANK OF CHICAGO	)	
Chicago, Illinois	)	
_____	)	

WHEREAS, in recognition of their common goal to achieve and, thereafter, maintain compliance with consumer protection laws and regulations, the Foxdale Bank, South Elgin, Illinois (the "Bank"), a state chartered bank which is a member of the Federal Reserve System and a subsidiary of Foxdale Bancorp. Inc., South Elgin, Illinois, a registered bank holding company, and the Federal Reserve Bank of Chicago (the "Reserve Bank") have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, this Agreement is being executed in accordance with the Rules Regarding Delegation of Authority of the Board of Governors, specifically 12 C.F.R. 265.11(a)(15), and the Reserve Bank has received the prior approval of the Director of the Division of Banking Supervision and Regulation (the "Director") and the General Counsel of the Board of Governors to enter into this Agreement with the Bank;

WHEREAS, on NOVEMBER 17, 1999, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing MARIANNE S. LUCIAK to enter into this Agreement on behalf of the Bank, and consenting to compliance with each and every provision of this Agreement by the Bank and its institution-affiliated parties, as such term is defined in sections 3(u) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. 1813 (u)).

NOW, THEREFORE, before the taking of any testimony or adjudication of or finding on any issue of fact or law herein, and without this Agreement constituting an admission of any allegation made or implied by the Board of Governors in connection with this proceeding, and solely for the purpose of settling this matter without further proceedings, the Bank and the Reserve Bank agree as follows:

1. (a) The Bank shall take all necessary steps, consistent with sound banking practices, to eliminate or correct all violations of the Equal Credit Opportunity Act (15 U.S.C. 1691 et seq.) and Regulation B of the Board of Governors (12 C.F.R. Part 202); Section 208.25 of Regulation H of the Board of Governors (12 C.F.R. 208.25); Regulation Z of the Board of Governors (12 C.F.R. Part 226), Regulation BB of the Board of Governors (12 C.F.R. Part 228); and Regulation X of the Department of Housing and Urban Development (15 C.F.R. Part 3500), as set forth in the Consumer Affairs Report of Examination of the Bank, dated March 11, 1999.

(b) Corrective actions for violations of the ECOA and Regulation B as set forth in paragraph 1(a) hereof, shall be consistent with the Interagency Policy Statement on Discrimination in Lending, dated April 15, 1994, and shall, at a minimum, include the following steps:

(i) Within 60 days of this Agreement, the Bank shall conduct a search of its files to identify all indirect consumer loan borrowers who, during the 24-month period preceding March 25, 1999, received more onerous loan terms on a prohibited basis than other similarly situated borrowers, including, but not limited to, receiving loans with higher Annual Percentage Rates, finance charges, or shorter loan maturities. For the purposes of this Agreement, the term "indirect consumer loan" is an installment loan or other extension of credit purchased by the Bank from a retailer of consumer goods.

(ii) Within 90 days of this Agreement, the Bank shall conduct a search of its files to identify all direct consumer loan borrowers who, during the 24-month period preceding March 25, 1999, received more onerous loan terms on a prohibited basis than other similarly situated borrowers, including, but not limited to, receiving loans with higher Annual Percentage Rates, finance charges, or shorter loan maturities.

(iii) Within 90 days of this Agreement, the Bank shall submit to the Reserve Bank for its review and approval the results of the search described in paragraph 1(b)(i) and (ii) hereof and an analysis of the results of the search. Within 30 days of the Reserve Bank's written approval of the Bank's search results and analysis, the Bank shall take appropriate

corrective actions, including the reimbursement of all funds overpaid from borrowers identified in the Bank's file search. Such reimbursements shall be made by using either the lump sum method or the lump sum/payment reduction method, at the Bank's option. In the case of any loan in default status, the Bank shall reduce the balance of the loan with any money overpaid. In the case of any loan that has subsequently paid off, the Bank shall reimburse the money overpaid through the payoff date. For each borrower identified in paragraph 1(b)(i) and (ii) whose loan is still outstanding, the bank will revise the more onerous terms and annual percentage rate to those that would have been available to similarly situated applicants qualifying for loans when the borrower's loans were granted. The Bank shall not charge processing fees or any other fees to change the loan terms and shall include in each offer a written statement that no fees are being, or will be charged to change the loan terms.

(c) The Bank shall not engage, directly or indirectly, in any violation of any law or regulation set forth in paragraph 1(a) of this Agreement.

2. Within 90 days of this Agreement, the Bank shall develop written policies and procedures that are acceptable to the Reserve Bank to ensure future compliance with all applicable consumer protection laws and regulations. The policies and procedures shall include, but not be limited to, the following:

(a) Detailed guidelines as to how interest rates, points, fees and all other components of loan price shall be charged for each type of direct and indirect consumer loan

product offered by the Bank. These guidelines shall include the adoption of interest rate or other pricing sheets, as appropriate, for use by lending officers and third parties who participate in credit decisions with the Bank, to ensure that similarly situated borrowers receive loans on equal terms;

(b) specific procedures and criteria to be used by loan officers and third parties who participate in credit decisions with the Bank to evaluate an individual applicant's creditworthiness;

(c) a requirement that all variations or exceptions to the loan policies must be consistent with the Bank's written exceptions policy and well documented in the loan file;

(d) a requirement that all loan processing and underwriting documentation for individual applications for all consumer loans shall be reviewed by a senior loan officer who has detailed knowledge of the loan policy standards applicable to the terms and conditions of such loans; and

(e) guidelines for separate identification and monitoring of loans approved as variations or exceptions to the stated policies and procedures.

3. The Bank shall not engage, directly or indirectly, in indirect consumer lending until the Bank's board of directors has adopted the written policies and procedures set forth in paragraph 2 of this Agreement.

4. (a) Within 30 days of this Agreement, the Bank shall appoint a qualified consumer compliance officer, who will be responsible for administering the Bank's consumer protection compliance program. The consumer compliance officer shall report directly to the Bank's board of directors or a committee of the board, and shall be granted full authority by the board of directors to effect all necessary corrective measures to ensure compliance with all applicable consumer protection laws and regulations and with the provisions of this Agreement. The officer shall devote sufficient time to the program to assure the Reserve Bank that the Bank's compliance with applicable consumer protection laws and regulations will be achieved and that there will be continuous compliance thereafter.

(b) At least 15 days prior to the proposed appointment or retention of the consumer compliance officer, the Bank shall submit to the Reserve Bank an acceptable job description for the position, which shall contain, at a minimum, a description of the activities and responsibilities of the compliance officer and the amount of time that the compliance officer will devote to the Bank's consumer compliance protection matters. The description also shall contain a statement of the individual's qualifications and a copy of the written grant of authority to the consumer compliance officer by the Bank's board of directors.

(c) The Bank shall require the compliance officer to attend appropriate compliance schools, seminars, or workshops, as available. Within 30 days after the end of each year that this Agreement is in effect, the Bank shall submit to the Reserve Bank a written report

describing the schools, seminars or workshops attended by the Bank's compliance officer during the preceding year.

5. Within 90 days of this Agreement, the Bank shall submit to the Reserve Bank an acceptable written training program designed to ensure that all current and future employees of the Bank develop and maintain a sufficient understanding of the requirements of all laws and regulations as they pertain to individual job duties. The program shall, at a minimum, inform employees responsible for compliance oversight about past violations and deficiencies as cited in the consumer compliance examination reports, and shall provide sufficient training for each employee to gain an understanding of what is required of them and the Bank in complying with applicable consumer protection laws and regulations.

6. Within 90 days of this Agreement, the Bank shall develop and submit to the Reserve Bank an acceptable written internal review program to ensure that future transactions are in compliance with all applicable consumer protection laws and regulations. This internal review shall include, but not be limited to, the following:

(a) identification of loan applicants who were given incorrect reasons for a denial of credit; (b) a requirement to provide a corrected adverse action notice to a loan applicant where an incorrect reason was provided for denial; (c) a requirement that the consumer compliance officer perform such reviews on a quarterly basis and submit a summary of findings to the Reserve Bank and the Bank's board of directors within 30 days of the end of each quarter (December 31, March 31, June 30 and September 30) following this Agreement.

7. The written policies, procedures, programs, analysis, and the job description required by paragraphs 1(b)(ii), 2, 4(b), 5, and 6 of this Agreement shall be submitted to the Reserve Bank for review and approval. The Reserve Bank may comment on the policies, procedures, programs, analysis, and the job description. Acceptable policies, procedures, programs, analysis, and the job description shall be submitted to the Reserve Bank within the required time periods set forth in this Agreement. The Bank shall adopt approved policies, procedures, programs, analysis, and the job description within 10 days of approval by the Reserve Bank and then shall fully comply with them. During the term of this Agreement, the approved policies, procedures, programs, analysis, and the job description shall not be amended or rescinded without the prior written approval of the Reserve Bank.

8. All communications regarding this Agreement shall be sent to:

(a) Mr. Douglas J. Kasl  
Vice President  
Federal Reserve Bank of Chicago  
230 South LaSalle Street  
Chicago, Illinois 6060

(b) Marianne Luczak  
Chief Financial Officer  
Foxdale Bank  
1140 West Spring Street  
South Elgin, Illinois 60177

9. The provisions of this Agreement shall be binding upon the Bank and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

10. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated or suspended by the Board of Governors upon the request of the bank.

11. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to the Bank to comply with any provision of this Agreement.

12. The provisions of this Agreement shall not bar, stop or otherwise prevent the Board of Governors, the Reserve Bank or any federal or state agency or department from taking any other action affecting the Bank or any of its current or former institution-affiliated parties.

13. This Agreement is a "written agreement" for the purposes of section 8 of the FDI Act (12 U.S.C. 1818).

IN WITNESS HEREOF, the parties have caused this Agreement to be executed as of the 18 day of November, 1999.

FEDERAL RESERVE BANK OF CHICAGO

FOXDALE BANK

By: *Wayne J. Karl*  
*vice president*

By: *Marianne G. Luczak*  
*Executive Vice President*

The undersigned directors of the bank each acknowledges having read the foregoing Agreement and approve of the consent thereto by the Bank.

*Thomas Conrardy*  
Thomas Conrardy

*Donald Hesch*  
Donald Hesch

*Edward Mraz*  
Edward Mraz

*Marianne Luczak*  
Marianne Luczak

\_\_\_\_\_  
Phillip Short

13. This Agreement is a "written agreement" for the purposes of section 8 of the FDI Act (12 U.S.C. 1818).

IN WITNESS HEREOF, the parties have caused this Agreement to be executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 1999.

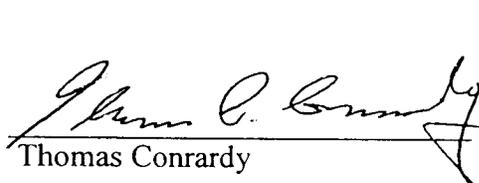
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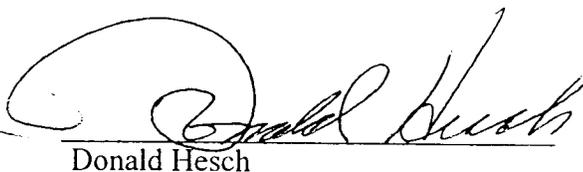
FOXDALE BANK

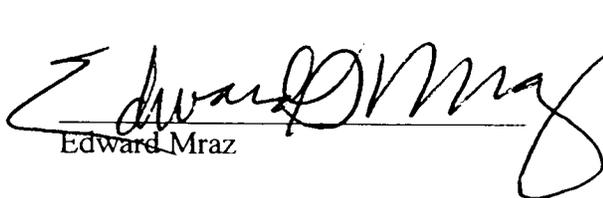
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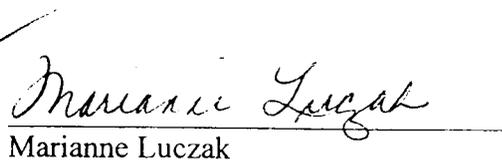
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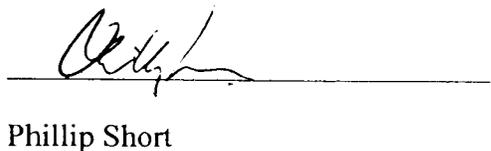
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Thomas Conrardy

  
Donald Hesch

  
Edward Mraz

  
Marianne Luczak

  
Phillip Short