

MEMORANDUM OF UNDERSTANDING

between the

Federal Deposit Insurance Corporation

and the

Office of Foreign Assets Control

Article I: Background

The Office of Foreign Assets Control ("OFAC"), a component of the Treasury Department, administers and enforces more than 20 economic sanctions programs against targeted foreign countries, terrorists and terrorist organizations, narcotics traffickers, persons engaged in activities related to the proliferation of weapons of mass destruction and others. These programs, which are intended to advance United States foreign policy and national security, are authorized by Presidential Executive Orders and numerous Acts of Congress. The sanctions programs may prohibit a variety of transactions and often entail the "blocking" of assets of targeted persons and entities when those assets are subject to United States jurisdiction.

When an insured depository institution fails, and the Federal Deposit Insurance Corporation ("FDIC") is appointed receiver, the Federal Deposit Insurance Act ("FDIA") directs the FDIC to pay deposit insurance "as soon as possible" (12 U.S.C. § 1821(f)) and to marshal the assets of the failed institution for distribution to its creditors and, in some cases, to its shareholders. The FDIC undertakes one of several possible transactions to carry out these duties. It may enter into a "purchase and assumption agreement" if it finds an open bank or thrift (the "assuming bank") willing to acquire insured deposits and, depending on the terms of the transaction, some, all or none of the uninsured deposits, the other liabilities, and the assets of the failed institution. If the FDIC is unable to enter into a purchase and assumption agreement, it may pay, directly or through an agent, any deposit insurance owed to account holders (a "payout").

In order to facilitate their individual missions, OFAC and the FDIC (collectively, the "Agencies") negotiated an agreement pursuant to which they have been acting to ensure mutual cooperation in the performance of their respective functions in connection with the failure of an insured depository institution. The Agencies wish to record this agreement in a Memorandum of Understanding ("MOU").

Article II: Purpose of this Agreement

This MOU sets forth certain undertakings of each of the Agencies in connection with the FDIC's resolution and liquidation activities. The Agencies acknowledge that the unique circumstances of each closing may give rise to issues not addressed by the MOU, which may

necessitate further discussion and agreement.

Article III: Deposit Insurance

A. Obligations of the FDIC

1. Prior to making insured deposits available to depositors (or their agents or lawful successors), the FDIC agrees to take appropriate measures to verify that no insured deposits are disbursed to the individuals, entities or countries targeted by OFAC-administered sanctions programs. In so doing, the FDIC undertakes to screen the names of depositors (or their agents or lawful successors) against OFAC's list of Specially Designated Nationals and Blocked Persons (the "SDN List"). FDIC also undertakes to make a good faith effort to distinguish actual matches between depositors (or their agents or lawful successors) and the names contained on the SDN list from apparent matches ("hits") that are, in fact, invalid ("false hits").

2. The FDIC will contact OFAC's compliance area ("OFAC Compliance") about an impending closing 1) when the lack of lead time precludes the FDIC from verifying depositor status in advance, or 2) when the FDIC is unable to distinguish potential "hits" and "false hits."

3. If the FDIC identifies, and OFAC confirms, a "hit" in the depositor base, the FDIC will block the deposit account. The uninsured, or excess, portion of the deposit account will be reduced to a claim against the receivership estate. Any subsequent receivership distribution made on account of that claim will be paid into a blocked account, as described in paragraph I.A.4.

4. If, prior to or during the course of a closing, the FDIC discovers deposit accounts previously blocked by the failing depository institution, or the FDIC identifies deposit accounts belonging to sanctioned parties and subsequently blocks those accounts, the FDIC will maintain the insured portion of those accounts in an account that the FDIC has established in its name at the Federal Home Loan Bank of Chicago ("FHLB/Chicago") for the sole purpose of holding blocked funds. Subledgers will record the separate ownership of each blocked account holder, and interest will accrue at the federal funds rate. Any dividends that the receiver distributes with respect to the uninsured portion of the blocked accounts will likewise be maintained in the account at the FHLB/Chicago. Should the FDIC become aware that OFAC-administered sanctions have been lifted with respect to the owners of funds deposited at the FHLB/Chicago, the FDIC will consult with OFAC as to the disbursement of the funds to the appropriate party.

5. For the purpose of this MOU, the FDIC acknowledges that the statutes and regulations administered by OFAC require it to obtain authorization from OFAC in the event that the FDIC wishes to transfer blocked accounts to an assuming institution. The FDIC will notify OFAC Compliance prior to transmitting a request for a license or other approval for the desired transfer.

6. The FDIC may adapt its notice to depositors required by the FDIA to advise owners of blocked accounts that, notwithstanding their inability to gain physical access to their funds, they must assert ownership of the account in a manner to be prescribed by the FDIC. The FDIC will afford OFAC an opportunity to review the relevant language prior to its initial use.

7. The FDIA requires the transfer of unclaimed insured deposits to the unclaimed property office of the "appropriate" state, if such deposits remain unclaimed eighteen months after the initiation of the payment of deposit insurance. 12 U.S.C. 1822(e). The FDIC acknowledges that OFAC will authorize and direct, pursuant to a directive license issued under its authority, including the Trading With the Enemy Act and the International Emergency Economic Powers Act, that, in the event such insured deposits are blocked and maintained at the FHLB/Chicago, as prescribed in paragraph I.A.4., the FDIC is to continue to maintain the funds in a blocked account at the FHLB/Chicago rather than transfer them to a state unclaimed property office.

8. The FDIC will maintain these blocked funds at the FHLB/ Chicago until the receivership with which the insured deposit is associated terminates. Upon that event, the FDIA provides that the funds become the property of the FDIC. The FDIC acknowledges OFAC's position that OFAC-administered statutes and regulations preclude the FDIC's taking title to such funds in the absence of an OFAC license. Accordingly, if any unclaimed insured deposits retained by the FDIC are blocked at the time the associated receivership is terminated, the FDIC will work with OFAC to determine further disposition of the funds.

9. The FDIC will be responsible for reports required by relevant OFAC sanction programs as to any blocked funds held in the FHLB/Chicago account.

B. Obligations of OFAC

1. When a failing depository institution is closed by its regulator on the day before a holiday or weekend, the deposit insurance determination is usually conducted outside of normal business hours. The FDIC acknowledges that OFAC will likely be unable to make compliance personnel available for consultation on potential "hits" while its office is closed. However, the FDIC may fax information concerning any account names that it has been unable to rule out as a valid "hit" to OFAC at (202) 622-2426, for prompt review on the next business day after a closing. In addition, the FDIC may e-mail such suspected "hits" to an OFAC Duty Officer, who may be able to respond via e-mail or telephone during non-business hours.

Article IV: Franchise and Asset Marketing

A. Obligations of the FDIC

1. Prior to the resolution of a failing depository institution, the FDIC agrees to take appropriate measures to verify that bidders, whether financial institutions,

individuals or other entities, are not subject to OFAC-administered sanctions. In so doing, the FDIC undertakes to make a good faith effort to distinguish false "hits."

2. The FDIC will notify OFAC Compliance in advance of a closing if the FDIC determines that a prospective bidder for the failing insured depository institution may be a sanctioned party, and the FDIC is unable to rule out the apparent "hit" without assistance from OFAC.

3. The FDIC agrees to undertake reasonable efforts to verify that no individual, entity or country targeted by an OFAC-administered sanctions program owns or has a "property interest" in any assets of a failed insured depository institution, including but not limited to loans, consistent with the terms "property" and "property interests" as defined in various laws, Executive Orders and regulations administered by OFAC. The FDIC will not sell, exchange, transfer, substitute or otherwise convey the property or property interest of any sanctioned party without a license or other authorization from OFAC. The FDIC may apply for a license or other form of authorization from OFAC to permit the transfer of such property or property interest to an acquirer or other purchaser and will notify the OFAC Compliance Division in advance of transmitting such a request.

4. If, in connection with the sale or other disposition of a receivership asset, the FDIC identifies individuals, entities and/or countries for whom the counterparties to the transaction are acting as agents, proxies or to whom they intend to resell the asset, the FDIC will undertake reasonable efforts to determine whether such individuals, entities and/or countries are targeted by OFAC sanctions programs.

5. If a receivership estate contains a loan on which payments are current, but the borrower is subject to OFAC-administered sanctions programs, the FDIC acknowledges that, for the purpose of this MOU, the statutes and regulations administered by OFAC require that it escrow any further payments it receives and seek authorization from OFAC prior to applying the payments to the loan.

B. Obligations of OFAC

1. OFAC acknowledges that, with respect to the resolution of a failing depository institution, time is of the essence both prior to and immediately following a closing.

Similarly, time may be of the essence at any time throughout the liquidation process in connection with the sale or disposition of assets that remain with the receiver after the resolution. Upon the FDIC's request, and after the FDIC has undertaken a good faith effort to distinguish "false hits," OFAC undertakes to provide guidance to the FDIC as expeditiously as possible on the validity of any remaining "hits" with respect to potential bidders for the financial institution, prospective purchasers of assets, or a party or parties with a property interest in an asset to be sold or otherwise disposed of and to notify the FDIC promptly of its determination.

2. If the FDIC requests authorization to transfer an asset owned by a sanctioned

party to an acquirer or another purchaser, OFAC undertakes to respond to the request as expeditiously as possible.

3. In the event that a receivership estate contains a loan on which payments are current, but the borrower is subject to OFAC-administered sanctions programs, OFAC undertakes to respond as expeditiously as possible to an application from the FDIC to apply payments to the loan.

4. To facilitate prompt determinations, OFAC will provide a Duty Officer e-mail for use while a purchase and assumption agreement is being implemented, or a payout is being accomplished, after the failure of an insured depository institution.

Article V: Miscellaneous

1. Each Agency agrees to act in good faith to observe the terms and conditions of the MOU, and nothing in the MOU is intended to require any unlawful or unauthorized act by either Agency.

2. No provision of the MOU shall form the basis of a cause of action at law or equity by either Agency against the other, nor shall any provision of the MOU form the basis of a cause of action at law or equity by any third party.

3. The MOU is effective upon signature by each Agency.

4. The MOU may be terminated upon 30 days notice by either Agency. The MOU may be amended or replaced by mutual agreement of the Agencies.

5. The MOU may be executed in counterparts.

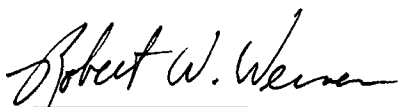
Article VI: Notice

Any notice required to be given by the MOU shall be delivered via e-mail, with paper confirmation to be provided by hand delivery or through the United States Post Office, to:

FDIC:

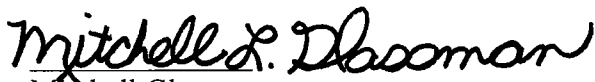
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Feb. 22, 2006