

1989

# Home Savings and Loan, a Utah corporation v. The Aetna Casualty and Surety Company : Brief of Appellant

Utah Court of Appeals

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Wallace R. Bennett; Gary R. Howe; Callister, Duncan and Nebeker; Attorneys for Respondent.

Lynn S. Davies; Russell C. Fericks; Richards, Brandt, Miller and Nelson; Attorneys for Appellant.

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## Recommended Citation

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**BRIEF**

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DOCUMENT  
KFU

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DOCKET NO. 89-101 CA

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IN THE COURT OF APPEALS OF THE STATE OF UTAH

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HOME SAVINGS AND LOAN, a Utah	)	
corporation,	)	Docket No. 890101-CA
	)	
Plaintiff/Respondent	)	[Priority 14(b)]
and Cross-Appellant,	)	
	)	
vs.	)	
	)	
THE AETNA CASUALTY AND SURETY	)	
COMPANY,	)	
	)	
Defendant/Appellant.	)	

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EXHIBIT ADDENDUM  
TO APPELLANT'S BRIEF

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Appeal From Rulings and a Final Judgment Entered  
in the Third District Court  
Salt Lake County, State of Utah  
The Honorable Michael R. Murphy

---

LYNN S. DAVIES [0824]  
RUSSELL C. FERICKS [A3793]  
RICHARDS, BRANDT, MILLER  
& NELSON  
Attorneys for Defendant/  
Appellant The Aetna  
Casualty & Surety Co.  
Key Bank Tower, Seventh Floor  
50 South Main Street  
P.O. Box 2465  
Salt Lake City, Utah 84110  
Telephone: (801) 531-1777

WALLACE R. BENNETT  
GARY R. HOWE  
CALLISTER, DUNCAN & NEBEKER  
Attorneys for Plaintiff/  
Respondent/Cross-Appellant  
Home Savings & Loan Association  
800 Kennecott Building  
Salt Lake City, Utah 84133  
Telephone: (801) 530-7300

**FILED**

DEC 28 1989

Mary T. Noonan  
Clerk of the Court

EXHIBIT ADDENDUM

Trial 8 Home/AFCO letter agreement re: \$100,000 loan (W. Woodbury) (11/10/81)

Trial 9 Home/AFCO letter agreement re: Investor loans (W. Woodbury) (11/10/81)

Trial 10 Home/AFCO letter agreement re: \$100,000 loan (B. Cox) (11/10/81)

Trial 11 Home/AFCO letter agreement re: Investor Loans (B. Cox) (11/10/81)

Trial 20 Affleck letter to Home Savings & Loan (2/26/82)

Depo. 53 H. Bradshaw letter to First Federal Savings & Loan, Great Falls (4/7/82)

Trial 67 B. Cox note to Elaine Reese on final closings (December 1981)

Trial 81 AFCO Check, \$10,549.85 (1/28/82)

Trial 89 Home letter to AFCO Investors (4 para.) (W. Woodbury) (12/1/81)

Trial 90 Home letter to AFCO Investors (3 para.) (W. Woodbury) (11/19/81)

Trial 111 Home Savings, Minutes of Board (3/17/82)

Trial 116 F&D Maryland Fidelity Bond (6/21/79)

Trial 119 Tom Quinn letter to D. Bradshaw re: Notice of new claims (12/9/82)

Trial 120 David Boyce letter to D. Bradshaw re: Notice of new claims (12/21/82)

Trial 122 Application Questionnaire for Aetna Bond

Trial 196 FHLBB Examination Report (as of 6/4/82)

Trial 226A FHLBB Report of Violations of Criminal Statutes (3/23/83)

Trial 330 Armitage v. Home Savings Judgment on Special Verdict (2/24/86)

Trial 343 Aetna's Fidelity Bond (6/21/82)

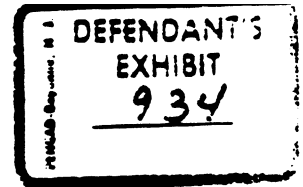
Tab 8



# EXHIBIT

# 8

November 10, 1981



Corr. Exh. 8

AFCO Enterprises, Inc.  
Salt Lake City, Utah

Gentlemen:

Home Savings and Loan, hereinafter referred to as "Home", hereby acknowledges that you have referred or will refer to Home certain individual owner occupants of single-family dwellings who desire to obtain loans secured by second trust deeds on such residences. Inasmuch as Home currently has a potential market for suitable loans of this type, Home will consider any such mortgage loan applications on their respective merits, with the intent of placing such loans on a best efforts basis subject to approval of the loan committee of Home and approval of a secondary market investor.

It is recognized that AFCO Enterprises may have some business relationship with such potential loan applicants. However, it is further acknowledged that Home is in no way involved in any of the negotiations relating to any relationship of AFCO Enterprises to such loan applicants.

AFCO has simultaneously applied to Home for a loan to AFCO in the amount of \$100,000 with final maturity in one year. Home is willing to make such loan to AFCO on certain conditions including a condition that AFCO provide to Home a compensating balance, to be maintained at all times until the loan is paid in full, in an amount not less than the amount of such loan to AFCO. Such AFCO note shall bear interest at 19.25% and be secured by junior deeds of trust on five condominium units and an office building. AFCO will pay customary loan cost and title cost relating thereto including a loan fee of \$2,000.

AFCO has represented to Home that it will refer qualified borrowers, subject in each case to the approval by the loan committee of Home, applying for loans aggregating in excess of \$500,000.

AFCO further agrees to pay to Home as a lump sum payment on such AFCO note \$50,000 at such time as Home has made \$500,000 of loans to home owners referred to Home by AFCO. If Home makes loans to such home owners in amounts in excess of \$500,000, AFCO agrees to make additional lump sum payments on said \$100,000 AFCO note of not less than 10% of all funds loaned to home owners referred by AFCO in excess of the \$500,000 of aggregate loan amount aforementioned, until such AFCO note together with interest is paid in full.

Notwithstanding the foregoing, it is acknowledged that Home is dealing with each home owner application as a

potential borrower on the merits of such borrower's application and that Home has no involvement whatsoever in any potential relationships between such home owner and AFCO.

It is recognized that Home may decide, although it is not required so to do, to make loans to home owners prior to obtaining secondary market approvals as required by Home's loan criteria, provided that AFCO creates and maintains compensating balances adequate to satisfy Home for and until such time as each such loan be paid in full. In such case, AFCO further agrees to guaranty the payment of all fees related to such loans and agrees to repurchase from Home on November 1, 1982 at par, all such loans, if any, made by Home without a secondary market purchaser. This paragraph is not intended to obligate Home to make any dwelling loans without a prior secondary market purchaser.

The above terms and conditions are mutually agreed upon as of this 10th day of November, 1981.

HOME SAVINGS AND LOAN

By: 

AFCO ENTERPRISES

By: 

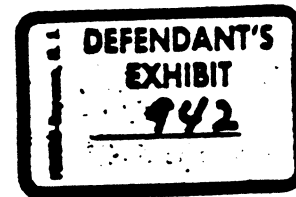
Grant C. Affleck  
Chief Executive Officer

Tab 9

November 10, 1981

COA 200.7

AFCO Enterprises  
Salt Lake City, Utah



Gentlemen:

Home Savings and Loan, hereinafter referred to as "Home", acknowledges that as of this date it has a potential market for a limited number of second trust deed loans to home owners. Home is willing to consider applications from home owners referred to Home by AFCO Enterprises. It is recognized that each loan application will be considered upon its own merits and each loan, subject to approval of our loan committee, will be a loan directly to such potential borrower. The minimum criteria necessary for consideration of such a loan to satisfy our market include, but are not limited to, the following terms and conditions:

- 26
1. Security. Each loan must be secured by a trust deed on an individual single-family owner-occupied dwelling and such loan may be junior in priority to only one prior trust deed.
  2. Loan Underwriting. Each loan is subject to the prior approval of the loan committee of Home. Home reserves the right to reject any loan for which Home lacks a secondary-market purchaser.
  3. Loan To Value Ratios. The aggregate amount of the combined obligations secured by trust deeds relating to a particular dwelling shall not exceed 80% of appraised value.
  4. Appraisals. Appraisals, at expense of borrower, shall be provided in form acceptable to Home and by qualified appraisers approved by Home.
  5. Other Criteria. Other criteria may apply as required from time to time for secondary-market acceptability.
  6. Location. Each dwelling must be within the state of Utah.
  7. Responsibility. Each owner-occupant borrower will be solely responsible for repayment of such loan and the installments thereof.
  8. Insurance. Each loan will require the borrower to provide adequate title insurance and fire insurance protecting Home and or its assignee as well as borrower.

EXHIBIT

900062

9. Repayment Term. Loans will be structured with not more than a 25-year monthly amortization with a balloon payment at the end of the 60th month.

10. Interest Rate. The interest rate for each approved loan shall be determined by Home in accordance with Home's interpretation of market conditions at time of closing.

11. Fees and Closing Costs. Individual owners will pay customary loan costs, closing fees, and origination fees as required by Home including, but not limited to, a 3% commitment fee.

This letter supercedes a previous draft of even date herewith.

Very truly yours,

HOME SAVINGS AND LOAN

By:   
V.S.

900063

Tab 10

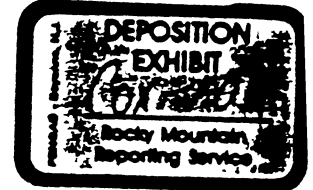
**Home**  
SAVINGS AND LOAN

E  
W # 10  
E

**EXHIBIT**

Afco Enterprises  
Grant C. Afflect  
Carvel R. Shaffer

Nov. 10, 1981



Gentlemen;

Home Savings and Loan, hereinafter referred to as "Home", shall provide 2nd mortgage loans to Afco Enterprises and Grant C. Afflect and Carvel R. Shaffer, hereinafter referred to as borrowers, subject to the following terms and conditions:

- 1) Security: Loan shall be secured by 2nd trust deeds on five condo units and office building located in Glenmoor Country Estates subdivision the legal descriptions of which are attached hereto.
- 2) Total Financing: The aggregate principal amount of such loan shall not exceed \$100,000.00.
- 3) Rate: The note rate of this loan will be 19.25%.
- 4) Loan Documents: All loan documents will be prior approved by Home.
- 5) Assignment of commitment: This commitment may not be assigned to any party without the express written consent of Home.
- 6) Fees: A loan origination fee of \$3,000.00 shall be paid to lender at the time of closing.
- 7) Closing Cost: Borrower agrees to pay all customary closing cost and fees at the time of closing.
- 8) Term of Loan: The loan will be for a term of six months from the date of closing.
- 9) Afco Enterprises and Grant C. Afflect and Carvel R. Shaffer shall sign the note and trust deed.
- 10) Loan repayment: This commitment is only valid upon the execution of the separate agreement by Afco to the terms, conditions, fees etc. for individual 2nd mortgages as furnished to Home by Afco.
- 11) Proper title insurance and fire insurance policies must be furnished to Home.

Accepted this 10th day of November 1981. Afco enterprises Inc and as individuals:



130 EAST 3300 SOUTH, SALT LAKE CITY, UTAH 84115 (801) 484-5000



Tab 11



# EXHIBIT

#

11



Exhibit 28 Date: 9-9  
Witness: \_\_\_\_\_  
ERNEST L. SANCHEZ: RPR/CSR

Afco Enterprises  
Salt Lake City, Utah

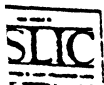
November 10, 1981



Gentlemen;

Home Savings and Loan, hereinafter referred to as Home, shall provide individual 2nd mortgage loans to homeowners as referred by Afco Enterprises, subject to the following terms and conditions:

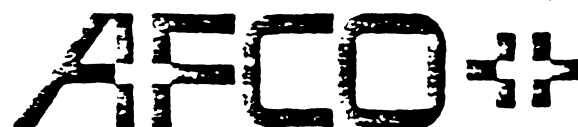
- 1) Security: Loans shall be secured by 2nd trust deeds on individual single family owner occupied dwellings.
- 2) Loan underwriting: All loans must conform to the underwriting standards of Home and each must be approved by the loan committee of Home.
- 3) Loan to Value ratios: The combined first and second mortgage shall not exceed 80% of the appraised value.
- 4) Appraisals: Appraisals shall be completed on forms acceptable to Home and by appraisers approved by Home.
- 5) Location: All properties must be in the state of Utah.
- 6) Individual owners must be responsible for repayment of the loan.
- 7) Fees and closing cost: Individual owners will pay customary closing fees and origination fees to Home.
- 8) Each loan will provide Home with proper title and fire insurance.
- 9) Afco Enterprises will supply compensating balances as needed to Home. The rates and terms must have prior approval of Home and any and all fees must be paid by Afco for said compensating balance. A compensating balance must be maintained at all times in amounts and terms needed for Home to hold and fund said 2nd mortgages.
- 10) Afco does hereby agree to pay up to a 3% commitment fee to the secondary investor for the sell of said 2nd mortgages. If Home is unable to sell said 2nd mortgages, Afco does hereby agree to purchase said loans at par by November 1, 1982.
- 11) The total amount of said 2nd mortgages shall not exceed \$3,000,000.
- 12) Rates: The mortgages will be closed at market rates at the time of closing.
- 13) Repayment terms: Loans can have up to a 25 year amortization with all loans having a 5 year call.
- 14) Afco does hereby agree and commit and assign its interest in \$100,000.00 of the first 1,000,000. in 2nd mortgages funded as repayment on a note due to Home as executed Nov. 10, 1981. (Interest due on said note shall also be withheld)



130 EAST 3300 SOUTH. SALT LAKE CITY. UTAH 84115 (801) 484-5000



Tab 20



ENTERPRISES INCORPORATED

February 26, 1982

Home Savings & Loan  
Attn: Fred Smolka  
116 South Main Street  
Salt Lake City, Utah

Dear Mr. Smolka:

Please be advised that under the direction of your loan officer the documents that the individuals signed on Afco's referred 2nd mortgage loans were consummated as follows:

1. The right of rescision was waived - all documents were back dated.
2. I was personally instructed to take the documents to the closings to the individuals homes for the closings - without any loan officer or employee of Home Savings & Loan.

We have been assured our transaction with our joint venture lender will be closed within a thirty (30) day period. In such case the 2nd mortgages with your institution as herein referred to will be brought current or paid in full.

It would be my recommendation that you give us the time as indicated (30 days) to consummate our joint venture capital avoiding any direct legal action from individuals that have taken out the above referenced 2nd mortgage loans.

Sincerely,

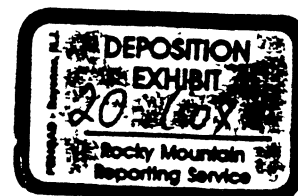
Grant C. Affleck

GCA/cm

cc: Mr. Bradshaw  
Mr. Woodbury Jr.

EXHIBIT

# 20





EXHIBIT

# 53

April 7, 1982

First Federal Savings and Loan Association  
 of Great Falls  
 P.O. Box 2508  
 Great Falls, Montana 59401  
 Attention: John Bulen, President



Gentlemen:

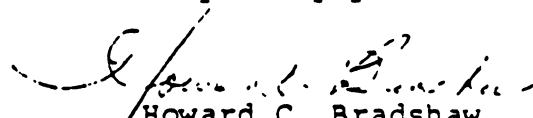
We are writing to inform you of a serious delinquency problem that is now surfacing concerning the loans you recently purchased from us. Mr. Grant Affleck of AFCO Enterprises, a previously successful land developer, referred to our company a number of loan applications for second mortgage loans. The applications were from qualified potential borrowers so we proceeded to make the loans, close them and sell them to you. The bulk of the proceeds of the loans were given to AFCO by the borrowers. For this AFCO promised to compensate them and send them enough funds each month to make the payments to Home Savings.

AFCO experienced an extreme cash flow problem and has taken out bankruptcy under chapter 11 and will obviously not be able to live up to their promise. Needless to say, this has been a shock to these borrowers as well as to our community. Many were waiting for funds from AFCO to make their payments and are now exploring remedies to absolve themselves of their responsibility to make their payments. Our legal counsel feels that they cannot avoid their obligation to pay.

The loans that you purchased are to qualified borrowers, well underwritten insured by MGIC and basically sound credit. We have contacted all of the borrowers and confirmed our position that if payments are not made, then foreclosure will begin.

We are confident that your loan investment is secure and ask for your indulgence until we can convince the borrowers to bring their payments current. Several have now made their payments. Please be assured that we will be aggressive in our collection efforts and will keep you informed of the progress made.

Very truly yours,

  
 Howard C. Bradshaw  
 President

HS105836



Tab 67

Steffen  
Chandler-  
Sorenson

# 67

Ground can be used for plant of herbaceous when closed.

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for Dix  
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Dix in  
Reg. Library, Wash DC  
Station copy  
1948  
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1948~~

Pay off 1500 52, 67.00  
Pay off 5000 23, 630.00  
23, 287.58

Carl Jack

*Hub*

If you have questions,

272-8621

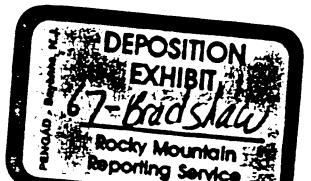
Rob Liback  
416-508/

378.25

25971

5888-8883

7-1-20



Tab 81

DEFENDANT'S  
EXHIBIT  
1082

AFCC INVESTMENT CORPORATION 88 SOUTH MAIN STREET 328-2001 MC INTYRE BUILDING 8TH FLOOR SALT LAKE CITY, UTAH 84101		No 2305	
PAY TO THE ORDER OF		REGISTERED R76N0068	I 0549 DOLS 85 CTS
HOME SAVINGS AND LOAN		DATE 1/28/82	AMOUNT \$ 10,549.85
		<i>[Signature]</i>	
⑆⑆2400⑆707⑆ 4⑆ ⑆⑆2048 2⑆			

RETURNED BECAUSE NO FUNDS WERE AVAILABLE

EXHIBIT  
# 81

*[Handwritten signature]*  
71



DETACH THIS STATEMENT BEFORE DEPOSITING

AFCO INVESTMENT CORPORATION, SALT LAKE CITY, UTAH

DATE	INVOICE NO.	DESCRIPTION	AMOUNT	DISCOUNT OR DEDUCTION	NET AMOUNT
1/28/82		Jan. payments			10,548.85
1/29/82					

Home Savings & Loan payments

Newell Sorensen	760.38	750017-16
Owen T. Michaels	420.64	750026-14
Arthur Phippen	614.77	750023-20
William Witt Jr.	669.78	750012-15
Grant J. Tobler	954.52	750024-18
Marlo E. Whittaker	799.21	750013-13
Russell Walton	501.53	750014-11
Donald Penrod	355.92	750021-13
Fred Reed Pehrson	533.88	750030-11
Elvin D. Morrill	550.06	750022-11
James J. Miller	808.91	750015-20
Rodney Lyman	508.00	750018-14
Virgil Gleed	461.08	750030-15
Richard Hind	194.14	750051-20
Melvin Linford	574.33	750029-19
Clinton Loveland	339.74	750019-12
Orrin T. Farnsworth	622.86	750028-21
Orrin Fay Farnsworth	299.30	750030-12
Daivd A. Bott	580.80	750011-17

total

10549.85

Tab89

DECEMBER, 1981

Home Savings and Loan  
130 East 3300 South  
Salt Lake City, UT 84115

100069

Gentlemen:

This letter is written to acknowledge that we have applied to Home Savings and Loan for a loan to be secured by a second trust deed on our personal residence in the amount of \$ 14,500.00, which funds we intend to use for purposes of "investment". Although we have been referred to Home Savings and Loan by AFCO Enterprises for this purpose, we acknowledge that Home Savings and Loan has in no manner been involved in any negotiations between ourselves and AFCO Enterprises nor has Home Savings and Loan been involved in any manner in our decision as to how to use or invest the proceeds of such second trust deed.

We acknowledge that we are fully responsible for full payment of the note secured by such trust deed and each installment thereof in accordance with the terms of said note.

We agree that the loan from Home to us has been documented conditionally and contingent upon a subsequent secondary-market approval. Until such approval be obtained, Home reserves the right to reject the loan.

We further acknowledge that we are aware that AFCO Enterprises may separately arrange to borrow funds from Home Savings and Loan for AFCO Enterprises' account.

Very truly yours,

X Victor W. Armitage  
VICTOR W. ARMITAGE

X Marilyn H. Armitage  
MARILYN H. ARMITAGE

STATE OF UTAH )  
: ss.  
COUNTY OF SALT LAKE )

On the 1<sup>st</sup> day of December, 1981, personally appeared before me Victor W. Armitage and Marilyn H. Armitage the signers of the above instrument, who duly acknowledged to me that they executed the same.

Valerie Kosta  
Notary Public residing at  
Salt Lake County

My Commission Expires:  
May 4, 1984

EXHIBIT

# 89

*Woolbury*  
89

Tab 90

# EXHIBIT

# 90

NOVEMBER 19 1, 1981

Home Savings and Loan  
130 East 3300 South  
Salt Lake City, UT 84115

100618

Gentlemen:

This letter is written to acknowledge that we have applied to Home Savings and Loan for a loan to be secured by a second trust deed on our personal residence in the amount of \$ 22,850.00, which funds we intend to use for purposes of "investment". Although we have been referred to Home Savings and Loan by AFCO Enterprises for this purpose, we acknowledge that Home Savings and Loan has in no manner been involved in any negotiations between ourselves and AFCO Enterprises nor has Home Savings and Loan been involved in any manner in our decision as to how to use or invest the proceeds of such second trust deed.

We acknowledge that we are fully responsible for full payment of the note secured by such trust deed and each installment thereof in accordance with the terms of said note.

We further acknowledge that we are aware that AFCO Enterprises may separately arrange to borrow funds from Home Savings and Loan for AFCO Enterprises' account.

Very truly yours,

Shirley D. Furse  
Carol June Furse

STATE OF UTAH )  
: ss.  
COUNTY OF SALT LAKE )

On the 19<sup>th</sup> day of November, 1981, personally appeared before me Shirley D. Furse and Carol June Furse the signers of the above instrument, who duly acknowledged to me that they executed the same.

Valerie D. Paster  
Notary Public residing at  
Salt Lake County

My Commission Expires:  
May 4, 1984

Tab 111

Minutes of the Regular Meeting of the Board of Directors of Home Savings and Loan held in the Marriott Hotel, Salt Lake City, Utah on Wednesday, March 17, 1982 at 1.00 p.m.

MARCH 17, 1982

PRESENT:

C. Blair Bradshaw  
Howard C. Bradshaw  
Donald A. Mackey  
David K. Richards  
Franklin D. Richards, Jr.  
Fred A. Smolka  
Orin R. Woodbury

ALSO PRESENT BY INVITATION:

Gerald N. Hunter  
Wallace R. Woodbury

F. Orin Woodbury was out of town and excused from the meeting.

Upon motion of Howard C. Bradshaw, seconded by Donald A. Mackey, the Board unanimously approved the minutes of the February 17, 1982 meeting.

MINUTES FEBRUARY  
1982 APPROVED

Upon motion of David K. Richards, seconded by Howard C. Bradshaw, the Board unanimously approved the February 28, 1982 Financial Statements and supporting schedules as submitted and the audited Financial Statements for the year ended December 31, 1981.

FINANCIAL STATEMENT  
APPROVED

Executive Committee:

Fred A. Smolka, Franklin D. Richards, Jr., and Donald A. Mackey reported on a meeting they attended at Summit Savings and Loan in Park City. The purpose of the meeting was to explain details of our merger offer with them and to answer any questions they might have. All three Directors felt comfortable that Home Savings gave a very good presentation and that our chances of success were high if the Summit stockholders are willing to merge as opposed to getting cash.

BOARD COMMITTEE  
REPORTS

Howard C. Bradshaw reported that he had arranged a meeting with Chairman Richard T. Pratt of the FHLB at Park City on March 18, 1982 at 7:00 p.m. All Board members were invited to attend, if available. Topics of discussion are to include the State Savings purchase prospects and other appropriate items.

Audit Committee:

C. Blair Bradshaw reported that the Committee will meet with Peat, Marwick, Mitchell & Co. after F. O. Woodbury returns from vacation. Management was requested to obtain a proposal from Peat, Marwick, Mitchell & Co. for the 1982 audit.

Finance Committee

No report from the Finance Committee. It was reported that the final Budget for 1982 would be ready for the next Board meeting.

Sub-Committee on Employee Compensation.

No report. Action is pending completion of the revision of the 1982 Budget.

Loan Committee:

Howard C. Bradshaw reported on the Bridgewood Condominium Construction Project. Funds are nearly depleted, but the project will require approximately \$425,000 to complete. After appropriate discussion, Fred A. Smolka moved, Franklin D. Richards, Jr. seconded and the Board voted unanimously to increase the existing loan from \$900,000 to \$1,100,000 subject to

**EXHIBIT**

# 111

1. Borrower depositing \$200,000, or more if needed, by

2. Home's entire \$1,100,000 resulting loan must be a first lien on the subject property,
3. The \$200,000 loan advance shall be used only after borrowers' own funds have been fully disbursed,
4. Lien waivers and any accounting required by Home Savings will be furnished upon request, and
5. All other terms and conditions as set forth in the original documentation on this loan.

**PRODUCTION REPORTS  
APPROVED**

Upon motion of Howard C. Bradshaw, seconded by Orin R. Woodbury, approved as presented to Board members. There were 8 loans made from February 1, 1982 through February 28, 1982 totaling \$486,500.

Upon motion of Fred A. Smolka, seconded by Howard C. Bradshaw, the Board unanimously approved the sales of second mortgage loans to Rocky Mountain Federal Savings and Loan, First Federal Savings and Loan of Great Falls, including two loans, Clifford for \$30,000 and Holman for \$17,500 which were sold with recourse and first mortgage loans to MGIC on behalf of Utah State Retirement Fund as presented on the Loan Commitment Report. Also accepted were secondary market sales and coverage reports.

**DELINQUENCY AND REO  
REPORTS APPROVED**

Upon motion of David K. Richards, seconded by Donald A. Mackey, the Board unanimously approved the Delinquency and Real Estate Owned Reports as submitted.

**AFCO**

Wally Woodbury, Legal Counsel, reported status of second mortgage loans referred by AFCO in light of AFCO's bankruptcy. Counsel reports that Home's position should be sound based on documentation of the loans.

**RESIDENTIAL LOAN  
MANAGER HIRED**

Fred A. Smolka reported that Kathleen K. Godbe was recently employed as Residential Loan Manager. Management was assisted in the selection of Ms. Godbe by Franklin D. Richards, Jr., Chairman of the Loan Committee.

**SECURITY OFFICER  
APPROVED**

Upon motion of Fred A. Smolka, seconded by Orin R. Woodbury, the Board unanimously approved Howard C. Bradshaw as Security Officer of Home Savings until such time that a successor is named.

**OFFICERS AND BOARD  
COMMITTEES APPROVED**

Upon motion of Howard C. Bradshaw, seconded by David K. Richards, the Board unanimously voted to approve for the coming year the officers and legal counsel as listed below. Also under this same motion, all Board Committee organizations were ratified for the coming year or until successors are named.

Chairman of the Board  
Vice Chairman of the Board  
President  
Executive Vice President, Treasurer  
Vice President, Secretary  
Controller, Assistant Treasurer  
Vice President  
Assistant Vice Presidents

F. Orin Woodbury  
G. Blair Bradshaw  
Howard C. Bradshaw  
Fred A. Smolka  
Orin R. Woodbury  
Gerald M. Hunter  
Kathleen K. Godbe  
Rosalie Moore  
Marilyn T. Fratto  
Merrill J. (Bob) Waters  
RuNell B. Coleman  
Elaine B. Reese  
Karen Brimhall  
Michelle L. Mullins  
Mikele A. Smith  
Joann D. Borgmeier  
Wallace R. Woodbury

**Assistant Secretaries**

**Legal Counsel**



# Committees of the Board of Directors

## Members

### Executive Committee:

Howard C. Bradshaw, Chairman  
Fred A. Smolka, Vice Chairman  
Orin R. Woodbury  
Franklin D. Richards, Jr.  
Donald A. Mackey

### Finance Committee:

Fred A. Smolka, Chairman  
Howard C. Bradshaw, Vice Chairman  
Donald A. Mackey (Chairman, Sub  
Committee on Employee  
Compensation)  
David K. Richards  
G. Blair Bradshaw

### Loans:

Franklin D. Richards, Jr.,  
Chairman  
Orin R. Woodbury, Vice Chairman  
Howard C. Bradshaw  
Fred A. Smolka

### Audit:

G. Blair Bradshaw, Chairman  
David K. Richards, Vice Chairman  
F. Orin Woodbury

### Profit Sharing Trustees and Committee:

Howard C. Bradshaw, Chairman  
Fred A. Smolka, Vice Chairman  
Rosalie Moore  
Gerald M. Hunter  
Orin R. Woodbury

## BANK ACCOUNTS APPROVED

Upon motion of Howard C. Bradshaw, seconded by Donald A. Mackey, the Board unanimously approved the Company's existing bank accounts as listed below with authorized signatures of Howard C. Bradshaw, Fred A. Smolka, Gerald M. Hunter and Orin R. Woodbury.

<u>Purpose</u>	<u>Bank</u>	<u>Bank Account Number</u>	<u>General Ledger Number</u>
NOW Clearing	First Security	051-01449-34	1535
Visa Clearing	First Security	051-01687-50	1537
Transmatic Acct.	First Security	051-00485-31	1539
Lien Waiver	Tracy Collins	00-15680-2	1540
Investments	Chemical Bank	324-012969	1543
General	Zions	02-16364-0	1544
Payroll	Tracy Collins	00-15710-17	1545
Depository	Continental	084-60-093	1546
Money Orders	Zions	02-11811-15	1547
Demand Acct.	FHLB	114769	1550
FNMA P&I	Zions	02-10480-0	2461
UHFA Trustee	Tracy Collins	00-15739-6	2467
MGIC/MMC P&I	Zions	01-14147-2	2479
FNMA Escrow	Home Savings	1-003539-18	2422
GNMA P&I	Home Savings	1-003537-11	2470
GNMA Escrow	Home Savings	1-003538-20	2424
MGIC/MMC Escrow	Home Savings	1-003727-21	2428

## LINES OF CREDIT APPROVED

Upon motion of Orin R. Woodbury, seconded by Howard C. Bradshaw, the Board unanimously approved the Company's existing lines of credit as listed below:

1. FHLB - Up to the lesser of a) 50% of savings or b) 30% of assets, at terms and rates as set by the FHLB from time to time as agreed upon by Home's Executive Committee.

2. Zions First National Bank - A \$1.5 million revolving line of credit for working capital purposes. Rate to float with prime, secured by GNMA certificates with market values not less than 120% of the advance. A 10% compensating balance is required by the bank.
3. Zions First National Bank - A \$500,000 line of credit secured by funds deposited in the Investment Department and carrying a rate 1.5% over the Fed funds rate.

BROKER ACCOUNTS  
APPROVED

Upon motion of Fred A. Smolka, seconded by Orin R. Woodbury, the Board unanimously approved of maintaining broker accounts for the Company with 1) Merrill, Lynch, Pierce, Fenner and Smith, 2) Paine, Webber, Jackson & Curtis and 3) Eastern Capital Corporation. Also included in this motion is acceptance of the Resolution for corporate authorization as required by Merrill, Lynch, a copy of which is attached and made a part of these minutes.

EXT MEETING  
DATE SET

The next Board meeting was scheduled to be held April 21, 1982 at 12:00 noon at the home office of Home Savings.

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:00 p.m.

Tab116

091

SAVINGS AND LOAN BLANKET BOND

Standard Form No. 22



FIDELITY AND DEPOSIT  
COMPANY OF MARYLAND

A STOCK COMPANY—ESTABLISHED 1890—BALTIMORE

(Herein called Underwriter)

Bond No. 60 33 236

DECLARATIONS

ITEM 1. Name of Insured (herein called Insured):

HOME SAVINGS AND LOAN

Principal Address: 116 South Main Street  
No. Street  
Salt Lake City, Utah 84101  
City State

ITEM 2. Bond Period: from noon on June 21, 1979 to noon  
(Month, Day, Year)

on the effective date of the termination or cancelation of this bond, standard time at the Principal Address as to each of said dates.

ITEM 3. Limit of Liability—

Subject to Section 7 hereof, the Limit of Liability is \$ 100,000.00

Provided, however, that if any amounts are inserted below opposite specified Insuring Agreements or Coverage such amounts shall be part of and not in addition to such Limit of Liability.

Amount applicable to:

Audit Expense Coverage	\$ Not Ordered
Insuring Agreement (D)—Forgery or Alteration	\$ 100,000.00
Insuring Agreement (E)—Securities	\$ Not Ordered

(Insert amount of Insuring Agreement or Coverage, or if an Insuring Agreement or Coverage is to be deleted, insert "Not Covered")

If "Not Covered" is inserted above opposite any specified Insuring Agreement or Coverage, such Insuring Agreement or Coverage and any other reference thereto in this bond shall be deemed to be deleted therefrom.

ITEM 4. The liability of the Underwriter is subject to the terms of the following riders attached hereto:

F162a; F164; F623; F1613a; F1683b; B5279; F6651b; F6697; F7637

ITEM 5. The Insured by the acceptance of this bond gives notice to the Underwriter terminating or canceling price

bond(s) or policy(ies) No.(s) -----  
such termination or cancelation to be effective as of the time this bond becomes effective.

Countersigned by: Blaine H. Kristensen 1/22/79  
Authorized Representative

The Underwriter, in consideration of the agreed premium, and subject to the Declarations made a part hereof, the General Agreements, Conditions and Limitations and other terms of this bond, agrees with the Insured, in accordance with the Insuring Agreements hereof to which an amount of insurance is applicable as set forth in Item 3 of the Declarations and with respect to loss sustained by the Insured at any time but discovered during the Bond Period, to indemnify and hold harmless the Insured for:

## INSURING AGREEMENTS

### FIDELITY

(A) Loss through any dishonest or fraudulent act of any of the Employees, committed anywhere and whether committed alone or in collusion with others, including loss, through any such act of any of the Employees, of Property held by the Insured for any purpose or in any capacity and whether so held gratuitously or not and whether or not the Insured is liable therefor.

### AUDIT EXPENSE

Expense incurred by the Insured for that part of the cost of audits or examinations required by State or Federal supervisory authorities to be conducted either by such authorities or by independent accountants by reason of the discovery of loss sustained by the Insured through dishonest or fraudulent acts of any of the Employees. The total liability of the Underwriter for such expense by reason of such acts of any Employee or in which such Employee is concerned or implicated or with respect to any one audit or examination is limited to the amount stated opposite "Audit Expense Coverage" in Item 3 of the Declarations; it being understood, however, that such expense shall be deemed to be loss sustained by the Insured through dishonest or fraudulent acts of one or more of the Employees and the liability of the Underwriter under this paragraph of Insuring Agreement (A) shall be a part of and not in addition to the Limit of Liability stated in Item 3 of the Declarations.

### ON PREMISES

(B) Loss of Property (occurring with or without negligence or violence) through robbery, burglary, common-law or statutory larceny, theft, hold-up, or other fraudulent means, misplacement, mysterious unexplainable disappearance, damage thereto or destruction thereof, and loss of subscription, conversion, redemption or deposit privileges through the misplacement or loss of Property, while the Property is (or is supposed to be) lodged or deposited within any offices or premises located anywhere, except in the mail or with a carrier for hire, other than an armored motor vehicle company, for the purpose of transportation.

Loss of any of the items of property enumerated in the paragraph defining Property, in the possession of any customer of the Insured or of any representative of such customer, whether or not the Insured is liable for the loss thereof,

- through any hazard specified on the preceding paragraph, while such property is within any of the Insured's offices, or
- through robbery or hold-up while such customer or representative is actually transacting business with the Insured at an outside window or other similar facility offered to the public for that purpose by the Insured, and attended by an Employee of the Insured, at any of the Insured's offices, or
- through robbery or hold-up during business hours while such customer or representative is in any building or on any driveway, parking lot or similar facility maintained by the Insured as a convenience for such customers or representatives using motor vehicles if such customer or representative is present in such building or on such facility for the purpose of transacting business with the Insured at any of its offices;

provided such loss, at the option of the Insured, is included in the Insured's proof of loss, and excluding, in any event, loss caused by such customer or any representative of such customer.

### Offices and Equipment

(a) Loss of, or damage to, furnishings, fixtures, stationery, supplies or equipment, within any of the Insured's offices caused by larceny or theft in, or by burglary, robbery or hold-up of such office, or attempt thereof, or by vandalism or malicious mischief, or (b) loss through damage to any such office by larceny or theft in, or by burglary, robbery or hold-up of such office or attempt thereof, or to the interior of any such office by vandalism or malicious mischief, provided, in any event, that the Insured is the owner of such offices, furnishings, fixtures, stationery, supplies or equipment or is liable for such loss or damage.—always excepting, however, all loss or damage through fire.

### IN TRANSIT

(C) Loss of Property (occurring with or without negligence or violence) through robbery, common-law or statutory larceny, embezzlement, theft, hold-up, misappropriation, misplacement, mysterious unexplainable disappearance, being lost or otherwise made away with, damage thereto or destruction thereof, and loss of subscription, conversion, redemption or deposit privileges through the misplacement or loss of Property, while the Property is in transit anywhere in the custody of any person or persons acting as messenger, except while in the mail or with a carrier for hire, other than an armored motor vehicle company, for the purpose of transportation, such transit to begin immediately upon receipt of such Property by the transporting person or persons, and to end immediately upon delivery thereof at destination.

### FORGERY OR ALTERATION

(D) Loss through FORGERY OR ALTERATION of, on or in any checks, drafts, acceptances, withdrawal orders or receipts for the withdrawal of funds or Property, certificates of deposit, letters of credit, warrants, money orders or orders upon public treasuries.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

### SECURITIES

(E) Loss through the Insured's having, in good faith and in the course of business, purchased or otherwise acquired, or sold or delivered, or given any value, extended any credit or assumed any liability, on the faith of, or otherwise acted upon, any securities, documents or other written instruments which prove to have been

- counterfeited or forged as to the signature of any maker, drawer, issuer, endorser, assignor, lessee, transfer agent or registrar, acceptor, surety or guarantor or as to the signature of any person signing in any other capacity, or
- raised or otherwise altered or lost or stolen.

EXCLUDING in any event loss through FORGERY OR ALTERATION of, on or in any checks, drafts, acceptances, withdrawal orders or receipts for the withdrawal of funds or Property, certificates of deposit, letters of credit, warrants, money orders or orders upon public treasuries.

Securities, documents or other written instruments shall be deemed to mean original, including original counterparts, negotiable or non-negotiable agreements in writing having value which value is, in the ordinary course of business, transferable by delivery of such agreements with any necessary endorsement or assignment.

Actual physical possession of such securities, documents or other written instruments by the Insured is a condition precedent to the Insured's having relied on the faith of, or otherwise acted upon, such securities, documents or other written instruments.

The word "counterfeited" as used in this Insuring Agreement shall be deemed to mean only an imitation of any such security, document or other written instrument which is intended to deceive and to be taken for an original.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

### REDEMPTION OF UNITED STATES SAVINGS BONDS

(F) Loss through the Insured's paying or redeeming, or guaranteeing or witnessing any signature upon, any United States Savings Bonds, Series A to K inclusive, United States Savings Notes or Armed Forces Leave Bonds which shall have been forged, counterfeited, raised or otherwise altered, or lost or stolen, or on which the signature to the Request for Payment shall have been forged.

### COUNTERFEIT CURRENCY

(G) Loss through the receipt by the Insured, in good faith, of any counterfeited or altered paper currencies or coin of the United States or America or Canada issued or purporting to have been issued by the United States of America or Canada or issued pursuant to a United States of America or Canadian Statute for use as currency.

## GENERAL AGREEMENTS

### ADDITIONAL OFFICES OR EMPLOYEES— CONSOLIDATION OR MERGER

No notice to the Underwriter of an increase during any premium period in the number of offices or in the number of Employees at any of the Insured's offices need be given and no additional premium shall be required for the completion of such premium period, unless such

## WARRANT

B. No statement made by or on behalf of the Insured, whether contained in the application or otherwise, shall be deemed to be a warranty of anything except that it is true to the best of the knowledge and belief of the person making the statement.

## COURT COSTS AND ATTORNEYS' FEES

(Applicable to all Insuring Agreements now or hereafter forming part of this bond)

C. The Underwriter will indemnify the Insured against court costs and reasonable attorneys' fees incurred and paid by the Insured in defending any suit or legal proceeding brought against the Insured to enforce the Insured's liability or alleged liability on account of any loss, claim or damage which, if established against the Insured, would

constitute a valid collectible loss sustained by the Insured under the terms of this bond. In the event such loss, claim or damage is subject to a Deductible Amount or is in excess of the amount collectible under the terms of this bond, such court costs and attorneys' fees shall be pro-rated. Such indemnity shall be in addition to the amount of this bond. In consideration of such indemnity, the Insured shall promptly give notice to the Underwriter or the institution any such suit or legal proceeding; at the request of the Underwriter, shall furnish it with copies of all pleadings and other papers thereon and at the Underwriter's election shall permit the Underwriter to conduct the defense of such suit or legal proceeding, in the Insured's name, through attorneys of the Underwriter's own selection. In the event of such election by the Underwriter, the Insured shall give reasonable information and assistance, other than pecuniary, which the Underwriter shall deem necessary to the proper defense of such suit or legal proceeding.

## THE FOREGOING INSURING AGREEMENTS AND GENERAL AGREEMENTS ARE SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

### DEFINITIONS

Section 1. The following terms, as used in this bond, shall have the respective meanings stated in this Section:

(a) "Employee" means:

- (1) any officer or employee of the Insured and any officer or employee of any predecessor of the Insured whose principal assets are acquired by the Insured by consolidation or merger with, or purchase of assets of, such predecessor;
- (2) any employee of an executive officer of the Insured;
- (3) any duly elected or appointed attorney of the Insured or any employee of such attorney;
- (4) any natural person (sometimes known as conveyancer) duly elected or appointed by the Insured to draw deeds of conveyances of lands, to investigate titles of real property or otherwise to assist the Insured in the making (as distinguished from the servicing or collection) of mortgage loans, while performing such services;
- (5) any natural person duly elected or appointed by the Insured to collect rents for the account of the Insured while collecting or having possession of such rents; and
- (6) any natural person appointed by or with the approval of the Insured to make collection of savings from persons who compose, or purport to compose, a group making systematic deposits with the Insured while collecting or having possession of any such savings and such savings, while upon the premises where collected and in the possession or custody of the said person collecting them, shall be deemed to be in the possession of the Insured.

Each natural person, partnership or corporation authorized by written agreement with the Insured to perform services as electronic data processor of checks or other accounting records of the Insured, herein called Processor, shall, while performing such services, be deemed to be an Employee as defined in the preceding paragraph. Each such Processor and the partners, officers and employees of such Processor shall, collectively, be deemed to be one Employee for all the purposes of this bond; excepting, however, the third paragraph of Section 11.

(b) "Property" means money (i.e., currency, coin, bank notes, Federal Reserve notes), postage and revenue stamps, U.S. Savings Stamps, bullion, precious metals of all kinds and in any form and articles made therefrom, jewelry, watches, necklaces, bracelets, gems, precious and semi-precious stones, bonds, securities, evidences of debts, debentures, scrip, passbooks held as collateral, certificates, income shares, prepaid shares, full paid shares, matured shares, receipts, warrants, rights, transfers, coupons, drafts, bills of exchange, acceptances, notes, checks, money orders, travelers' letters of credit, warehouse receipts, bills of lading, withdrawal orders, abstracts of title, insurance policies, deeds, mortgages upon real estate and/or upon chattels and upon interests therein, and assignments of such policies, mortgages and instruments, and other valuable papers, including books of account and other records used by the Insured in the conduct of its business, and all other instruments similar to or in the nature of the foregoing, in which the Insured has an interest or in which the Insured acquired or should have acquired an interest by reason of a predecessor's declared financial condition at the time of the Insured's consolidation or merger with, or purchase of the principal assets of, such predecessor or which are held by the Insured for any purpose or in any capacity and whether so held gratuitously or not and whether or not the Insured is liable therefor.

### EXCLUSIONS

Section 2. THIS BOND DOES NOT COVER:

(b) loss due to military, naval or usurped power, war or insurrection unless such loss occurs in transit in the circumstances recited in Insuring Agreement (C), and unless, when such transit was initiated there was no knowledge of such military, naval or usurped power or insurrection on the part of any person acting for the Insured in initiating such transit;

(c) loss, in time of peace or war, directly or indirectly caused by or resulting from the effects of nuclear fission or fusion or radioactivity provided, however, that this paragraph shall not apply to loss resulting from industrial uses of nuclear energy;

(d) loss resulting from any act or acts of any director or trustee of the Insured other than one employed as a salaried, pensioned or elected official or an Employee of the Insured, except when performing acts coming within the scope of the usual duties of an Employee or while acting as a member of any committee duly elected or appointed by resolution of the board of directors or trustees of the Insured to perform specific, as distinguished from general, directorial acts on behalf of the Insured;

(e) loss resulting from the complete or partial non-payment of default upon:

(1) any loan or transaction in the nature of, or amounting to, a loan made by or obtained from the Insured; or

(2) any note, account, agreement or other evidence of debt signed or sold to, or discounted or otherwise acquired by, the Insured

whether procured in good faith or through trick, artifice, fraud or false pretenses unless such loss is covered under Insuring Agreement (A), (D) or (E);

(f) loss of Property contained in customers' safe deposit boxes unless such loss be sustained through any dishonest or fraudulent act of an Employee in such circumstances as shall make the Insured legally liable therefor;

(g) loss through cashing or paying forged or altered travel checks or travelers' checks bearing forged endorsements, in which ever form drawn, unless fraud or dishonesty on the part of any of the Insured's Employees is involved; or loss of unsold travelers' checks placed in the custody of the Insured with authority to sell, where no fraud or dishonesty on the part of any of the Insured's Employees is involved; or

(h) the Insured is legally liable for such loss of such checks and such checks are later paid or honored by the drawer thereof.

(i) loss of Property or loss of privileges through the misplacement or loss of Property as set forth in Insuring Agreement (B) or while the Property is in the custody of any armored motor vehicle company, unless such loss shall be in excess of the amount recovered by the Insured under: a) the Insured's contract with an armored motor vehicle company, b) insurance carried by the Insured for an armored motor vehicle company for the benefit of users of its service, and then this bond shall cover only such excess; or

(j) loss resulting from the use of credit or charge cards, where such cards were issued, or purport to have been issued, by the Insured or by anyone other than the Insured, except when covered by Insuring Agreement (A);

(k) expense incurred by the Insured for any audit or examination whether conducted by the Insured, by independent accountants or State or Federal supervisory authorities and whether or not conducted by reason of the discovery of loss sustained by the Insured through dishonest or fraudulent acts of any of the Insured's Employees when covered by the second paragraph of Insuring Agreement (A);

(l) any person, who is a partner, officer or employee of any Partner covered under this bond, from and after the time that the Insured or any partner or officer thereof not in collusion with such person have knowledge or information that such person has committed

(1) loss (a) involving automated mechanical devices which, on behalf of the Insured, disburse money accept deposits, cash checks, drafts or similar written instruments or make credit card loans unless automated mechanical devices are located within an office of Insured and access thereto is not available outside such office or resulting from the mechanical failure of such devices to function properly.

### ASSIGNMENT OF RIGHTS

Section 3. This bond does not afford coverage in favor of any Processor, as aforesaid, and upon payment to the Insured by the Underwriter on account of any loss through fraudulent or dishonest acts committed by any of the partners, officers or employees of such Processor, whether acting alone or in collusion with others, an assignment of such of the Insured's rights and causes of action as it may have against such Processor by reason of such acts so committed shall, to the extent of such payment, be given by the Insured to the Underwriter, and the Insured shall execute all papers necessary to secure to the Underwriter the rights herein provided for.

### LOSS—NOTICE—PROOF—LEGAL PROCEEDINGS

Section 4. This bond is for the use and benefit only of the Insured named in the Declarations and the Underwriter shall not be liable hereunder for loss sustained by anyone other than the Insured unless the Insured, in its sole discretion and at its option, shall include such loss in the Insured's proof of loss. At the earliest practicable moment after discovery of any loss hereunder the Insured shall give the Underwriter written notice thereof and shall also within six months after such discovery furnish to the Underwriter affirmative proof of loss with full particulars. If claim is made under this bond for loss of securities, the Underwriter shall not be liable unless each of such securities is identified in such proof of loss by certificate or bond number. Legal proceedings for recovery of any loss hereunder shall not be brought prior to the expiration of sixty days after such proof of loss is filed with the Underwriter nor after the expiration of twenty-four months from the discovery of such loss, except that any action or proceeding to recover hereunder on account of any judgment against the Insured in any suit mentioned in General Agreement C or to recover attorneys' fees paid in any such suit, shall be begun within twenty-four months from the date upon which the judgment in such suit shall become final. If the Insured be a Federal Savings and Loan Association or a state-chartered association insured by the Federal Savings and Loan Insurance Corporation, but not subject to state supervisory authority, it is understood and agreed that in case of any loss hereunder discovered either by the Insured or the Federal Home Loan Bank of which the Insured is a member, the said Federal Home Loan Bank is empowered to give notice thereof to the Underwriter within the period limited therefor. If any limitation embodied in this bond is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

### VALUATION Securities

Section 5. The Underwriter shall settle in kind its liability under this bond on account of a loss of any securities, or at the option of the Insured shall pay to the Insured the cost of replacing such securities, determined by the market value thereof at the time of such settlement. In case of a loss of subscription, conversion, redemption or deposit privileges, as above set forth, the amount of such loss shall be the value of such privileges immediately preceding the expiration thereof. If such securities cannot be replaced or have no quoted market value, or if such privileges have no quoted market value, their value shall be determined by agreement or arbitration. Any loss under this bond of currency or funds of any country shall be paid in the currency or funds of such country or, at the option of the Insured, in the United States of America dollar equivalent thereof determined by the rate of exchange at the time of the payment of such loss. Any other loss sustained at any of the Insured's offices and payable in money shall be paid in the currency or funds of the country in which such office is located or, at the option of the Insured, in the United States of America dollar equivalent thereof determined by the rate of exchange at the time of the payment of such loss.

### Loss of Securities

If the applicable coverage of this bond is not sufficient in amount to indemnify the Insured in full for the loss of securities for which claim is made hereunder, the liability of the Underwriter under this bond is limited to the payment for, or the duplication of, so much of such securities as has a value equal to the amount of such applicable coverage and in such event, the Insured shall assign to the Underwriter all rights, title and interest in and to those securities for which such payment or duplication is made by the Underwriter.

### Books of Account and Other Records

In case of loss of, or damage to, Property consisting of books of ac-

the cost of blank books, blank tapes or other materials plus the cost of labor for the actual transcription or copying of data which shall have been furnished by the Insured in order to reproduce such books and other records.

### Property other than Securities or Records

In case of loss of, or damage to, any Property other than securities, books of account or other records as aforesaid or damage to the interior of the Insured's offices, or loss of, or damage to the furnishings, fixtures, stationery, supplies and equipment therein, the Underwriter shall not be liable for more than the actual cash value of such Property, or of such furnishings, fixtures, stationery, supplies and equipment, or for more than the actual cost of repairing such Property or offices, furnishings, fixtures, stationery, supplies and equipment, or of replacing same with property or material of like quality and value. The Underwriter may, at its election, pay such actual cash value, or make such repairs or replacements. If the Underwriter and the Insured cannot agree upon such cash value or such cost of repairs or replacements, such cash value or such cost shall be determined by arbitration.

### SALVAGE

Section 6. If the Insured shall sustain any loss covered by this bond which exceeds the amount of coverage provided by this bond plus the Deductible Amount, if any, applicable to such loss, the Insured shall be entitled to all recoveries made after payment by the Underwriter of loss covered by this bond, except recoveries on account of loss or securities as set forth in the second paragraph of Section 5 or recoveries from suretyship, insurance, reinsurance, security and indemnity taken by or for the benefit of the Underwriter, by whomsoever made, less the actual cost of effecting such recoveries, until reimbursed for such excess loss; and any remainder, or, if there be no such excess loss, any such recoveries shall be applied first in reimbursement of the Underwriter and thereafter in reimbursement of the Insured for that part of such loss within such Deductible Amount. The Insured shall execute all necessary papers to secure to the Underwriter the rights herein provided for.

### LIMIT OF LIABILITY

Section 7. Payment of loss under this bond shall not reduce the liability of the Underwriter under this bond for other losses whenever sustained; PROVIDED, however, that the total liability of the Underwriter under this bond on account of

- (a) loss caused by any one act of burglary, robbery or hold-up, or attempt thereat, in which no Employee is concerned or implicated, or
- (b) loss with respect to any one unintentional or negligent act or omission on the part of any person (whether one of the Employees or not) resulting in damage to or destruction or misplacement of Property, or
- (c) loss other than those specified in (a) and (b) preceding, caused by all acts or omissions by any person (whether one of the Employees or not) or all acts or omissions in which such person is concerned or implicated, or
- (d) loss other than those specified in (a), (b) and (c) preceding, resulting from any one casualty or event

is limited to the Limit of Liability stated in Item 3 of the Declarations of this bond or amendment thereof or to the amount of the applicable coverage of this bond if such amount be smaller, irrespective of the total amount of such loss.

### NON-ACCUMULATION OF LIABILITY

Section 8. Regardless of the number of years this bond shall continue in force and the number of premiums which shall be payable or paid, the liability of the Underwriter under this bond with respect to any loss specified in the PROVIDED clause of Section 7 of this bond shall not be cumulative in amounts from year to year or from period to period.

### LIMIT OF LIABILITY UNDER THIS BOND AND PRIOR INSURANCE

Section 9. With respect to any loss set forth in subsection (c) of the PROVIDED clause of Section 7 of this bond which is recoverable or recovered in whole or in part under any other bonds or policies issued by the Underwriter to the Insured or to any predecessor in interest of the Insured and terminated or canceled or allowed to expire and in which the period for discovery has not expired at the time any such loss thereunder is discovered, the total liability of the Underwriter under this bond and under such other bonds or policies shall not exceed, in the aggregate, the amount carried hereunder on such loss or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss if the latter amount be the larger.

If the coverage of this bond supersedes in whole or in part the

such termination, cancelation or expiration and discovered within the period permitted under such other bond or policy for the discovery of loss thereunder, shall be liable under this bond only for that part of such loss covered by this bond as is in excess of the amount recoverable or recovered on account of such loss under such other bond or policy, anything to the contrary in such other bond or policy notwithstanding.

#### OTHER INSURANCE OR INDEMNITY

Section 10. If the Insured carries or holds any other insurance or indemnity covering any loss covered by this bond, the Underwriter shall be liable hereunder only for that part of such loss which is in excess of the amount recoverable or recovered from such other insurance or indemnity. In no event shall the Underwriter be liable for more than the amount of the coverage of this bond applicable to such loss; subject, nevertheless, to Section 7 of this bond.

#### TERMINATION OR CANCELATION

Section 11. This bond shall be deemed terminated or canceled as an entirety—(a) thirty days after the receipt by the Insured of a written notice from the Underwriter of its desire to terminate or cancel this bond, or (b) immediately upon the receipt by the Underwriter of a written request from the Insured to terminate or cancel this bond, or (c) immediately upon the taking over of the Insured by a receiver or other liquidator or by State or Federal officials, or (d) immediately upon the taking over of the Insured by another institution. The Underwriter shall, on request, refund to the Insured the unearned premium, computed pro rata, if this bond be terminated or canceled or reduced by notice from, or at the instance of, the Underwriter, or if terminated or canceled as provided in sub-section (c) or (d) of this paragraph. The Underwriter shall refund to the Insured the unearned premium computed at short rates if this bond be terminated or canceled or reduced by notice from, or at the instance of, the Insured.

If the Insured be a Federal Savings and Loan Association or a state chartered association insured by the Federal Savings and Loan Insurance Corporation, no termination or cancelation of this bond in its entirety, whether by the Insured or the Underwriter, shall take effect prior to the expiration of ten days from the receipt by the Federal Home Loan Bank of which the Insured is a member of written notice of such termination or cancelation unless an earlier date of termination or cancelation is approved by said Federal Home Loan Bank.

★ This bond shall be deemed terminated or canceled as to an Employee—(a) as soon as the Insured shall learn of any dishonest fraudulent act on the part of such Employee, without prejudice to the loss of any Property then in transit in the custody of such Employee, or (b) fifteen days after the receipt by the Insured of a written notice from the Underwriter of its desire to terminate or cancel this bond as to such Employee.

#### RIGHTS AFTER TERMINATION OR CANCELATION

Section 12. At any time prior to the termination or cancelation of this bond as an entirety, whether by the Insured or the Underwriter, the Insured may give to the Underwriter notice that it desires under this bond an additional period of twelve months within which to cover loss sustained by the Insured prior to the effective date of such termination or cancelation and shall pay an additional premium therefor. If this bond is terminated or canceled as an entirety, reason of the taking over of the Insured by a receiver or other liquidator or by State or Federal officials, such receiver or other liquidator or State or Federal officials shall have the rights of the Insured and subject to the same limitations as set forth in this paragraph provided that such rights are exercised by notice to the Underwriter within thirty days after such Insured is taken over by such receiver or other liquidator or State or Federal officials and provided, further, if such Insured has not previously exercised such rights. Upon receipt of such notice from the Insured or from such receiver or other liquidator or State or Federal officials, the Underwriter shall give its written consent thereto; provided, however, that such additional period of time shall terminate forthwith on the effective date of any other insurance.

- (a) obtained by the Insured or its successors in business, or by such receiver or other liquidator or State or Federal officials, replacing in whole or in part the insurance afforded by this bond, whether or not such other insurance provides coverage for loss sustained prior to its effective date, or
- (b) obtained by such receiver, liquidator or State or Federal officials replacing in whole or in part the insurance afforded by this bond but only if such other insurance provides coverage to some extent for loss sustained prior to its effective date; and in the event that such additional period of time is terminated, herein provided, the Underwriter shall refund any unearned premium.

IN WITNESS WHEREOF, the FIDELITY AND DEPOSIT COMPANY OF MARYLAND has caused this Bond to be signed by its President and by its Secretary at Baltimore, Maryland, and to be countersigned on the Declarations page by a duly authorized Representative of the Company.

ATTEST:

*W. R. Amos*  
Secretary

By

*Jeremiah A. Neal*  
President



## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22, No. 60 33 236  
in favor of HOME SAVINGS AND LOAN

It is agreed that:

1. The Underwriter shall not be liable under the attached bond for any loss resulting directly or indirectly from trading, with or without the knowledge of the Insured, in the name of the Insured or otherwise, whether or not represented by any indebtedness or balance shown to be due the Insured on any customer's account, actual or fictitious, and notwithstanding any act or omission on the part of any Employee in connection with any account relating to such trading, indebtedness, or balance.

In regard to Blanket Bonds Nos. 5, 22 and 24, this sub-section shall not apply to Insuring Agreement (D) or (E) if coverage is carried thereunder.

2. This rider applies to loss sustained at any time but discovered after 12:01 a.m. on June 21, 1979  
standard time as specified in the attached bond.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

Trading Exclusion  
Rider.

By: Bruce H. Christensen  
Authorized Representative

ACCEPTED:

\_\_\_\_\_  
(INSURED)

By: \_\_\_\_\_  
(OFFICIAL TITLE)

## RIDER

To be attached to and form part of Blanket Bond, Standard Form 22, No. 60 33 236

in favor of HOME SAVINGS AND LOAN

It is agreed that:

1. The attached bond is hereby amended by deleting the first paragraph of Insuring Agreement (A) and by substituting in lieu thereof the following:

"(A) Loss resulting directly from one or more dishonest or fraudulent acts of an Employee, committed anywhere and whether committed alone or in collusion with others, including loss of Property resulting from such acts of an Employee, which Property is held by the Insured for any purpose or in any capacity and whether so held gratuitously or not and whether or not the Insured is liable therefor.

Dishonest or fraudulent acts as used in this Insuring Agreement shall mean only dishonest or fraudulent acts committed by such Employee with the manifest intent:

- (a) to cause the Insured to sustain such loss; and
- (b) to obtain financial benefit for the Employee, or for any other person or organization intended by the Employee to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment."

2. In addition to the existing Exclusions in the attached bond, the Underwriter shall not be liable under any Insuring Agreement for:

- (i) Potential income, including but not limited to interest and dividends, not realized by the Insured because of a loss covered under this bond.
- (ii) All damages of any type for which the Insured is legally liable, except direct compensatory damages arising from a loss covered under this bond.
- (iii) Loss resulting from payments made or withdrawals from a depositor's account involving funds erroneously credited to such account, unless such payments are made to or withdrawn by such depositor or representative of such depositor who is within the office of the Insured at the time of such payment or withdrawal, or unless such loss is covered under Insuring Agreement (A).

3. This rider shall become effective as of noon on June 21, 1979 standard time as specified in the attached bond.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

By: [Signature]  
Authorized Representative

ACCEPTED:

(INSURED)

By \_\_\_\_\_  
(OFFICIAL TITLE)

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22, No. 60 33 236  
in favor of HOME SAVINGS AND LOAN

It is agreed that:

1. Subsection (l) of Section 2 of the attached bond is deleted.
2. The Underwriter shall not be liable under the attached bond on account of loss involving automated mechanical devices which, on behalf of the Insured, disburse money, accept deposits, cash checks, drafts or similar written instruments or make credit card loans unless:
  - (a) such automated mechanical devices are situated within an office of the Insured which is permanently staffed by an Employee whose duties are those usually assigned to an association teller whether or not public access to such devices is from outside the confines of such office, or
  - (b) such automated mechanical devices are not situated within an office covered under (a) above, but are situated on premises at a location listed in the Schedule in paragraph numbered 3 below,

but in no event shall the Underwriter be liable under the attached bond for loss (including loss of Property):

- (i) as a result of damage to such automated mechanical devices situated within any office referred to in (a) above resulting from vandalism or malicious mischief perpetrated from outside such office, or
- (ii) as a result of damage to such automated mechanical devices situated on any premises referred to in (b) above resulting from vandalism or malicious mischief, or
- (iii) as a result of damage to the interior of that portion of a building on any premises referred to in (b) above to which the public has access resulting from vandalism or malicious mischief, or
- (iv) as a result of mechanical breakdown or failure of such automated mechanical devices to function properly, or
- (v) through misplacement or mysterious unexplainable disappearance while such Property is (or is supposed to be) located within any such automated mechanical devices, or
- (vi) to any customer of the Insured or to any representative of such customer while such person is on any premises referred to in (b) above, or
- (vii) as a result of the use of credit, charge, access, convenience, identification or other cards in gaining access to such automated mechanical devices whether such cards were issued or purport to have been issued, by the Insured or by anyone other than the Insured,

except when such loss is covered under Insuring Agreement (A).

### 3. Schedule of Device Locations:

DEVICE  
LOCATION

NIL

LIMIT OF LIABILITY  
AT EACH  
DEVICE LOCATION

NIL

DEDUCTIBLE AMOUNT  
AT EACH  
DEVICE LOCATION

4. The liability of the Underwriter under the Schedule set forth in paragraph numbered 3 is limited to the sum set forth opposite each device location, after the application of the deductible amount, if any, it being understood, however, that such liability shall be a part of and not in addition to the Limit of Liability stated in Item 3 of the Declarations of the attached bond.

5. This rider shall become effective as of noon on June 21, 1979 standard time as specified in the attached bond.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

By   
Authorized Representative

Accepted:

(INSURED)

By \_\_\_\_\_  
(OFFICIAL TITLE)

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22, No. 60 33 236  
in favor of HOME SAVINGS AND LOAN

It is agreed that:

1. The attached bond is amended by deleting subsection (i) of Section 2 and by substituting in lieu thereof the following:

"(i) loss resulting from:

the use of credit, debit, charge, access, convenience, identification or other cards

(a) in obtaining credit; or

(b) in gaining access to automated mechanical devices which, on behalf of the Insured, disburse money, accept deposits, cash checks, drafts or similar written instruments or make credit card loans; or

(c) in gaining access to Point of Sale Terminals, Customer-Bank Communication Terminals, or similar electronic terminals of Electronic Funds Transfer Systems,

whether such cards were issued, or purport to have been issued, by the Insured or by anyone other than the Insured, except when such loss is covered by Insuring Agreement (A)".

2. This rider shall become effective as of 12:01 a.m. on June 21, 1979 standard time as specified in the attached bond.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

By: [Signature]  
Authorized Representative

ACCEPTED:

\_\_\_\_\_  
(INSURED)

By: \_\_\_\_\_  
(OFFICIAL TITLE)

## RIDER

To be attached to and form part of Blanket Bond Standard Form No. 22 No. 60 33 236 in favor of  
HOME SAVINGS ANS LOAN

It is agreed that:

1. The Underwriter shall not be liable under any of the Insuring Agreements of the attached bond on account of loss as specified, respectively, in subdivisions (a), (b), (c) and (d) of the Provided clause of Section 7 of the attached bond, unless the amount of such loss, after deducting the net amount of all reimbursement and/or recovery obtained or made by the Insured, other than from any bond or policy of insurance issued by a surety or insurance company and covering such loss, or by the Underwriter on account thereof

prior to payment by the Underwriter of such loss, shall exceed the sum of One Thousand and No/100 \* \* \* \* \*  
\* \* \* \* \* Dollars (\$ 1,000.00 \* \* \* )  
(herein called Deductible Amount), and then for such excess only, but in no event for more than the Limit of Liability stated in Item 3 of the Declarations of the attached bond or amendment thereof or the amount of the applicable coverage of such bond if such amount be smaller.

2. The Insured shall, in the time and in the manner prescribed in the attached bond, give the Underwriter notice of any loss of the kind covered by the terms of the attached bond, whether or not the Underwriter is liable therefor, and upon the request of the Underwriter shall file with it a brief statement giving the particulars concerning such loss.

3. This rider applies to loss sustained at any time but discovered after noon on June 21, 1979 standard time as specified in the attached bond.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

By: [Signature]  
Authorized Representative

Accepted:

(INSURED)

By \_\_\_\_\_  
(OFFICIAL TITLE)

EFFECTIVE T E RIDER

DORSEMENT 203

To be attached to and form part of Policy or Bond No. 60 33 236 issued to or in favor of.....

HOME SAVINGS AND LOAN

The time of inception and the time of expiration, termination or cancelation of this policy or bond and of any schedule, endorsement or rider attached or to be attached shall be 12:01 a.m. standard time.

To the extent that coverage in this policy or bond replaces coverage in other policies or bonds terminating at noon standard time on the inception date of this policy or bond, coverage under this policy or bond shall not become effective until such other coverage has terminated.

Effective as of..... June 21, 1979.....

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

ATTEST:

*Richard J. O'Brien*  
Secretary

By

*Alfred Calhoun*  
President

Countersigned by

*James H. Christ*  
Authorized Representative

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22 No. 60 33 236  
in favor of HOME SAVINGS AND LOAN

It is agreed that:

1. The attached bond is amended by deleting the General Agreement captioned **ADDITIONAL OFFICES OR EMPLOYEES—CONSOLIDATION OR MERGER** and by substituting in the place thereof the following:

**ADDITIONAL OFFICES OR EMPLOYEES—  
CONSOLIDATION, MERGER OR PURCHASE OF ASSETS—NOTICE**

If the Insured shall while this bond is in force, establish any additional office or offices, other than by consolidation or merger with, or purchase of assets of, another institution, such office or offices shall be automatically covered hereunder from the dates of their establishment, respectively, and without the requirement of notice to the Underwriter of an increase during any premium period in the number of offices or Employees at any of the offices covered hereunder or the payment of additional premium for the remainder of such premium period.

If the Insured shall, while this bond is in force, merge or consolidate with, or purchase the assets of, another institution, the Insured shall not have such coverage as is afforded under this bond for loss which:

- (a) has occurred or will occur in offices or premises,
- (b) has been caused or will be caused by an employee or employees, or
- (c) has arisen or will arise out of the assets

acquired by the Insured as a result of such merger, consolidation or purchase of assets; unless the Insured shall:

- (i) cause to be delivered to the Underwriter written notice of the proposed merger, consolidation or purchase of assets at least 60 days prior to the proposed effective date of the merger, consolidation or purchase of assets,
- (ii) obtain the written consent of the Underwriter to extend the coverage provided by this bond to such additional offices, Employees and other exposures, and
- (iii) pay to the Underwriter an additional premium computed pro rata from the date of such consolidation, merger or purchase of assets to the end of the current premium period.

2. The attached bond is further amended by inserting after the phrase:

"any officer or employee of any predecessor of the Insured whose principal assets are acquired by the Insured by consolidation or merger with, or purchase of assets of, such predecessor"

in the definition of "Employee," the following words:

" , if coverage is extended to such persons under the terms of this bond: "

3. The attached bond is further amended by inserting after the phrase "in which the Insured has an interest or" in the definition of "Property", the following words:

" , if coverage is extended under the terms of this bond: "

4. This rider shall become effective as of noon on June 21, 1979 standard time as specified in the attached bond.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

By *William H. Christensen*  
Authorized Representative

ACCEPTED:

(INSURED)

By

(OFFICIAL TITLE)

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22, No.  
in favor of.....

60 33 236

HOME SAVINGS AND LOAN

It is agreed that:

1. The attached bond is amended by the addition of General Agreement A.2 in the General Agreements section of the bond as follows:

### NOTICE OF CHANGE OF CONTROL

A.2 Upon the Insured's obtaining knowledge of a transfer of its outstanding voting stock or voting rights (including rights with respect to withdrawable accounts) which results in a change in control of the Insured, the Insured shall within thirty days of such knowledge give written notice to the Underwriter setting forth,

1. the names of the transferors and transferees (or the names of the beneficial owners if the shares or voting rights are registered in another name)
2. the total number of shares or voting rights owned by the transferors and the transferees (or the beneficial owners), both immediately before and after the transfer, and
3. the total number of outstanding shares of voting stock or voting rights.

As used in this General Agreement, control means the power to determine the management or policy of the Insured by virtue of voting stock or voting rights ownership. A change in ownership of voting stock or voting rights which results in direct or indirect ownership by a stockholder or an affiliated group of stockholders of ten per cent (10%) or more of the outstanding voting stock or voting rights of the Insured shall be presumed to result in a change of control for the purpose of the required notice.

Failure to give the required notice shall result in termination of coverage of this bond, effective upon the date of stock transfer or voting rights transfer for any loss in which any transferee is concerned or implicated.

2. This rider shall become effective as of noon on..... June 21, 1979 ..... standard time as specified in the attached bond.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

By.....  
Authorized Representative

ACCEPTED:

.....  
(INSURED)

By.....  
(OFFICIAL TITLE)



## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22 No. 60 33 236  
in favor of HOME SAVINGS AND LOAN

**It is agreed that:**

1. Item 3 of the Declarations of the attached bond is amended by changing the amount stated opposite "Limit of Liability" from \$ One Hundred Thousand and No/100 (\$100,000.00)\* \* \* \* \* Dollars to \$ Nine Hundred Thousand and No/100 (\$900,000.00)\* \* \* \* \* Dollars

2. This rider applies to loss sustained at any time but discovered after noon on November 8, 1979  
standard time as specified in the attached bond.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

By: \_\_\_\_\_  
Authorized Representative

**ACCEPTED:**

(INSURED)

By \_\_\_\_\_  
(OFFICIAL TITLE)

**PH6384—10M, 3-77 202876**  
**Insurance—Decrease Limit of Liability—Discovery Form—For use with Blanket Bonds, Standard Forms Nos. 5, 14, 20, 22, 24, and 28.**  
**"Discovery" Form, to increase or decrease the Limit of Liability stated in Item 3 of the Declarations, or Amendment thereof.**  
**Note: With respect to Form No. 24 only, if Insuring Agreements (D), (E) and Misplacement Coverage are not deleted or are not carried in an amount less than the Limit of Liability, this Rider will automatically increase or decrease the amount of such Insuring Agreements or Coverage. If it is not desired that such Insuring Agreements or Coverage**

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22, No. 60 33 236 in favor of

HOME SAVINGS AND LOAN

It is agreed that:

1. The Underwriter shall not be liable under any of the Insuring Agreements of the attached bond on account of loss as specified, respectively, in subdivisions (a), (b), (c) and (d) of the Provided clause of Section 7 of the attached bond, unless the amount of such loss, after deducting the net amount of all reimbursement and/or recovery obtained or made by the Insured, other than from any bond or policy of insurance issued by a surety or insurance company and covering such loss, or by the Underwriter on account thereof

prior to payment by the Underwriter of such loss, shall exceed the sum of Five Thousand and No/100\* \* \* \*  
\* \* \* \* \* Dollars (\$ 5,000.00)  
(herein called Deductible Amount), and then for such excess only, but in no event for more than the Limit of Liability stated in Item 3 of the Declarations of the attached bond or amendment thereof or the amount of the applicable coverage of such bond if such amount be smaller.

2. The Insured shall, in the time and in the manner prescribed in the attached bond, give the Underwriter notice of any loss of the kind covered by the terms of the attached bond, whether or not the Underwriter is liable therefor, and upon the request of the Underwriter shall file with it a brief statement giving the particulars concerning such loss.

3. This rider applies to loss sustained at any time but discovered after noon on November 8, 1979 standard time as specified in the attached bond.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

By: \_\_\_\_\_  
Authorized Representative

Accepted:

HOME SAVINGS AND LOAN  
(INSURED)

By: \_\_\_\_\_  
(OFFICIAL TITLE)

cc: Michael J. Kelly Agency - File of  
original for delivery. Also  
File for extra copy accepted. If  
returned promptly.

# RIDER

To be attached to and form part of Bond No. 60 33 236, in favor of \_\_\_\_\_

HOME SAVINGS AND LOAN, ET AL

It is agreed that:

1. The word Employee, as used in the attached bond, shall also include any natural person who is a director or trustee of the Insured while such director or trustee is engaged in handling funds or other property of any Employee Welfare or Pension Benefit Plan owned, controlled or operated by the Insured or any natural person who is a trustee, manager, officer or employee of any such Plan.

2. This rider is effective as of noon on the 5th day of August 19 81.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

ATTEST:

*Richard J. Ober*  
Secretary

By

*W. Lee Colbertson*  
President

Countersigned by:

*H. Christ*  
Authorized Representative

## RIDER

To be attached to and form part of Bond No. 60 33 236, in favor of \_\_\_\_\_

HOME SAVINGS AND LOAN, ET AL

It is agreed that:

1. The Deductible Amount applicable under the attached bond to loss sustained through acts or defaults committed by Employees shall not apply to loss sustained by any Employee Welfare Benefit Plan or Employee Pension Benefit Plan covered under such bond through acts or defaults committed by any Employee of any such Plan.

This rider is effective as ~~executed~~ of 12:01 A.M. on August 5, 1981, standard time as specified in the attached bond.

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

ATTEST:

*Richard J. O'Brien*

Secretary

By

*Alfred C. Collier*

President

Countersigned by: Bruce H. Christian - /82  
Authorized Representative

RIDER No. 618

To be attached to and form part of Bond No. 60 33 236 in favor of \_\_\_\_\_

Those Hereinafter Designated as Insured

effective as of the 21st day of June 19 79

In consideration of the premium charged for the attached bond, it is hereby agreed that:

1. From and after the time this rider becomes effective the Insured under the attached bond are:

**HOME SAVINGS AND LOAN; HOME SAVINGS AND LOAN PROFIT SHARING PLAN**

2. The first named Insured shall act for itself and for each and all of the Insured for all the purposes of the attached bond.

3. Knowledge possessed or discovery made by any Insured or by any partner or officer thereof shall for all the purposes of the attached bond constitute knowledge or discovery by all the Insured.

4. If, prior to the termination of the attached bond in its entirety, the attached bond is terminated as to any Insured, there shall be no liability for any loss sustained by such Insured unless discovered before the time such termination as to such Insured becomes effective.

5. The liability of the Underwriter for loss or losses sustained by any or all of the Insured shall not exceed the amount for which the Underwriter would be liable had all such loss or losses been sustained by any one of the Insured. Payment by the Underwriter to the first named Insured of loss sustained by any Insured shall fully release the Underwriter on account of such loss.

6. If the first named Insured ceases for any reason to be covered under the attached bond, then the Insured next named shall thereafter be considered as the first named Insured for all the purposes of the attached bond.

7. The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

8. This rider shall become effective as of ~~1980~~ the beginning of the 5th day of August, 19 81

Signed, sealed and dated the 31st day of August, 19 81

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

By: E. J. Christ  
Authorized Representative

Accepted:

**HOME SAVINGS AND LOAN; HOME SAVINGS  
AND LOAN PROFIT SHARING PLAN**  
(INSURED)

By \_\_\_\_\_  
(OFFICIAL TITLE)

# RIDER

To be attached to and form part of Bond No. 60 33 236, in favor of

HOME SAVINGS AND LOAN, ET AL

It is agreed that:

1. If the attached bond, in accordance with its agreements, limitations and conditions, covers loss sustained by two or more Employee Welfare or Pension Benefit Plans or sustained by any such Plan in addition to loss sustained by an Insured other than such Plan, it is the obligation of the Insured or the Plan Administrator(s) of such Plans under Regulations published by the Secretary of Labor implementing Section 13 of the Welfare and Pension Plans Disclosure Act of 1958 to obtain under one or more bonds or policies issued by one or more Insurers an amount of coverage for each such Plan at least equal to that which would be required if such Plans were bonded separately.

2. In compliance with the foregoing, payment by the Underwriter in accordance with the agreements, limitations and conditions of the attached bond shall be held by the Insured or if more than one, by the Insured first named therein for the use and benefit of any Employee Welfare or Pension Benefit Plan sustaining loss covered by the attached bond and to the extent that such payment is in excess of the amount of coverage required by such Regulations to be carried by said Plan sustaining such loss, such excess shall be held for the use and benefit of any other such Plan also covered under the attached bond in the event that such other Plan discovers that it has sustained loss covered thereunder.

3. If money or other property of two or more Employee Welfare or Pension Benefit Plans covered under the attached bond is commingled, recovery under the attached bond for loss of such money or other property through fraudulent or dishonest acts of Employees shall be shared by such Plans on a pro rata basis in accordance with the amount for which each such Plan is required to carry bonding coverage in accordance with the applicable provisions of said Regulations.

4. Nothing herein contained shall vary, alter or extend any of the agreements, limitations and conditions of the attached bond.

5. This rider is effective as of noon on the 5th day of August, 1981

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

ATTEST:

*Richard J. Orr*  
Secretary

BY

*Alvin Culbertson*  
President

Countersigned by:

*James W. Christensen*  
Authorized Representative

ACCEPTED:

HOME SAVINGS AND LOAN, ET AL  
(INSURED)

By \_\_\_\_\_  
(OFFICIAL TITLE)

Tab 119

RAY, QUINNEY & NEBEKER  
PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW

S. J. QUINNEY  
ALBERT R. BOWEN  
W. J. O'CONNOR, JR.  
ALONZO W. WATSON, JR.  
STEPHEN B. NEBEKER  
MITCHELL MELICH  
L. RIDD LARSON  
DON B. ALLEN  
MERLIN O. BAKER  
STEPHEN H. ANDERSON  
CLARK P. GILES  
JAMES W. FREED  
THOMAS A. QUINN  
H. HAL VISICK  
EUGENE H. BRAMHALL  
NARRVEL E. HALL  
JAMES L. WILDE  
M. JOHN ASHTON  
HERBERT C. LIVSEY  
WILLIAM A. MARSHALL  
JAMES Z. DAVIS  
J. MICHAEL KELLY (D.C. & SA ONLY)  
PAUL S. FELT  
GERALD T. SNOW

ALAN A. ENKE  
JONATHAN A. DIBBLE  
SCOTT H. CLARK  
JAMES W. GILSON  
STEVEN H. GUNN  
JAMES S. JARDINE  
KENT H. MURDOCK  
JANET HUGIE SMITH  
JUDITH MITCHELL BILLINGS  
DOUGLAS MATSUMORI  
CARY D. JONES  
ANTHONY W. SCHOFIELD  
ALLEN L. ORR  
BRAD O. HARDY  
BRIAN E. KATZ  
A. ROBERT THORUP  
TARA D. LUNDGRIN  
LARRY G. MOORE  
ANTHONY B. QUINN  
THOMAS L. KAY  
BRUCE L. OLSON

400 DESERET BUILDING  
79 SOUTH MAIN STREET  
SALT LAKE CITY, UTAH 84111  
(801) 532-1500

210 FIRST SECURITY BANK BLDG.  
92 NORTH UNIVERSITY AVENUE  
PROVO, UTAH 84601  
(801) 226-7210

1020 FIRST SECURITY BANK BLDG.  
2404 WASHINGTON BOULEVARD  
OGDEN, UTAH 84401  
(801) 399-1015

PAUL H. RAY (1893-1967)  
C. PRESTON ALLEN (1921-1971)  
MARVIN J. BERTOCH (1915-1978)  
A. H. NEBEKER (1895-1980)

TELECOPY NO. (801) 532-7543

December 9, 1982

Mr. Don Bradshaw  
American Insurance & Investment Corp.  
P. O. Box 8489  
Salt Lake City, Utah 84108

Dear Mr. Bradshaw:

On behalf of my client, Home Savings and Loan ("Home"), 116 South Main Street, Salt Lake City, Utah, 84101, I am writing to give notice of claims that have been made against Home which, if established, could result in a loss under Savings and Loan Blanket Bond, Standard Form No. 22, Bond No. 19 F 3041 BCA issued by Aetna Life & Casualty.

The claims which may give rise to a covered loss are set forth in complaints filed in the United States District Court for the District of Utah and are denominated Abbott, et al. vs. Shaffer, et al., Civil No. C-82-0628A and Armitage, et al. vs. Home Savings and Loan, Civil No. C-82-0670A. In essence, these complaints allege in pertinent part that Home, through certain of its employees and agents, committed fraudulent acts in connection with a sale of securities and the obtaining by Home of a second mortgage of plaintiffs' homes.

As the result of discovery recently completed, we have additionally learned that:

EXHIBIT

# 119



Mr. Don Bradshaw  
December 9, 1982  
Page Two

1. Certain employees of Home may have accepted compensation from the principals of AFCO, the entity alleged to have been the issuer of the fraudulent securities.

2. Certain Home employees may have violated Home's standard policies and procedures as well as specific instruction with respect to procedures to be followed in the documentation and closing of loans generally and the subject loans in particular.

3. Some of the plaintiffs allege that what purports to be their signatures on some of the documents relating to the subject loans were, in fact, not their signatures.

We stand ready to assist you in any way in investigating and defending these claims.

While we have not yet experienced a loss within the meaning of the Bond, we are incurring expenses within the coverage of the paragraph entitled "Loss - Notice - Proof - Legal Proceedings."

If it is necessary for Home to file any further information or forms, please inform us immediately.

Very truly yours,

RAY, QUINNEY & NEBEKER

  
Thomas A. Quinn

TAQ/as  
cc: Howard Bradshaw  
David B. Boyce

Tab 120

LEGRAND P. BACKMAN  
ANTONY BACKMAN  
HARLAN W. CLARK  
RALPH J. MARSH  
GARZA MARGENT  
DAVID B. BOYCE  
SCOTT W. CAMERON  
KENT M. HUTTON

## BACKMAN, CLARK & MARSH

ATTORNEYS AT LAW  
400 AMERICAN SAVINGS BUILDING  
61 SOUTH MAIN STREET  
SALT LAKE CITY, UTAH 84101

ROBERT L. BACKMAN  
OF COUNSEL

ALMA H. BOYCE  
OF COUNSEL

ELLEN K. HUTTON

December 21, 1982

Mr. Don Bradshaw  
American Insurance &  
Investment Corporation  
P. O. Box 8489  
Salt Lake City, Utah 84108

Dear Mr. Bradshaw:

Our office is co-counsel with Thomas A. Quinn of Ray, Quinney & Nebeker in representing Home Savings & Loan in various related matters, concerning which Mr. Quinn wrote to you on December 9, 1982.

This letter is to give you notice of other claims that have been made against Home which, if established, could result in a loss under Savings & Loan Blanket Bond, Standard Form No. 22, Bond No. 19 F 3041 BCA issued by Aetna Life & Casualty.

The claims which may give rise to a covered loss are set forth in complaints and counterclaims filed in the following matters:

1. Bott et ux vs. Home Savings & Loan et al, Civil No. 17132 in the First Judicial District Court of Box Elder, State of Utah.
2. The Counterclaim of the defendants in the matter of Home Savings & Loan vs. Broadbent et al, Civil No. 20682 in the First Judicial District Court of Cache County, State of Utah.
3. The Counterclaim of the defendants in the matter of Home Savings & Loan vs. Corenson et al, Civil No. 82189 in the First Judicial District Court of Cache County, State of Utah.
4. The Counterclaim of the defendants in the matter of Home Savings & Loan vs. Tobler et al, Civil No. 1-32185 in the Second Judicial District Court of Davis County, State of Utah.
5. The Counterclaim of the defendants in the matter of Home Savings & Loan vs. Fisher et al, Civil No. 1-32183 in the Second Judicial District Court of Davis County, State of Utah.

**EXHIBIT**

6. Clifford et ux vs. Home Savings & Loan Civil No. 31892 in the Second Judicial District Court of Davis County, State of Utah.
7. The Counterclaim of the defendants in the matter of Home Savings & Loan vs. Lyman et al, Civil No. 82-188 in the Third Judicial District Court of Salt Lake County, State of Utah.
8. The Counterclaim of the defendants in the matter of Home Savings & Loan vs. Beaumont et al, Civil No. 82-193 in the Third Judicial District Court of Salt Lake County, State of Utah.
9. The Counterclaim of the defendants in the matter of Home Savings & Loan vs. Gleed, Civil No. 82-192 in the Third Judicial District Court of Salt Lake County, State of Utah.
10. The Counterclaim of the defendants in the matter of Home Savings & Loan vs. Roberts, Civil No. 82-191 in the Third Judicial District Court of Salt Lake County, State of Utah.
11. The Counterclaim of the defendnts in the matter of Home Savings & Loan vs. Sorenson, Civil No. 82-189 in the Third Judicial District Court of Salt Lake County, State of Utah.
12. The Counterclaim of the defendants in the matter of Home Savings & Loan vs. Drummond, Civil No. 82417 in the Second Judicial District Court of Weber County, State of Utah.
13. The Counterclaim of the defendants in the matter of Home Savings & Loan vs. Beckstead, Civil No. 82419 in the Second Judicial District Court of Weber County, State of Utah.
14. The Counterclaim of the defendants in the matter of Home Savings & Loan vs. Hancock, Civil No. 82418 in the Second Judicial District Court of Weber County, State of Utah.

We are also handling several other similar cases where counterclaims have yet to be filed but may be filed. The subject matter of the complaints and counterclaims is as set forth in Mr. Quinn's letter, including claims of fraud and misrepresentation, securities violations, failure to give an opportunity to rescind, failure to give adequate disclosure, disbursement of funds prior to rescission right expiration, making loans against the normal business practices of lending institutions and negligence.

This letter is intended to supplement the letter of Thomas A. Quinn and incorporates the other information given by him in his letter, a copy of

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which is attached. If you need further information or if it is necessary for Home to file any further information of forms, please inform us immediately.

Sincerely yours,

BACKMAN, CLARK & MARSH

*David B. Boyce*  
David B. Boyce

DEB:tms

Enclosure

cc: Howard Bradshaw

Thomas A. Quinn

Tab 122



ETNA CASUALTY AND SURETY CO  
Hartford, Connecticut 06115

This form must be completed for each new bond and at each premium anniversary.

## EXHIBIT

# 122

(HEREINAFTER CALLED UNDERWRITER)  
**APPLICATION - QUESTIONNAIRE FOR A  
SAVINGS AND LOAN BLANKET BOND, STANDARD FORM NO. 22**

Application is hereby made by HOME SAVINGS & LOAN  
(Exact Name of Insured)

Principal Address: 116 SOUTH MAIN SALT LAKE UTAH 84101 (herein called the Insured)  
(No.) (Street) (City) (State) (Zip)

for a Savings and Loan Blanket Bond, Standard Form No. 22, to become effective or to be continued as of noon on 6-21-82  
in the amount of \$ 900,000

Premium payable: Annual ☐ Three-year prepaid ☐ Three-year in equal annual installments ☒

Attach copies of Association's latest June 30 and December 31 financial statements.

1. Date Insured was established.	<u>1915</u>	
2. (a) Total number of salaried officers and employees; and attorneys, collectors and conveyancers, if any.	(a) No. <u>23</u>	
(b) Do you engage the services of persons, partnerships or corporations to act as Closing Attorneys or Conveyancers in the closing of title to property in connection with approved loans? If "Yes", give number included in (a) above.	(b) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> No.	
(c) Number and Locations of branches, if any. <u>2205 EAST 2100 SO. SLC, UT.</u> <u>130 EAST 3300 SO. SLC, UT.</u>	(c) No. <u>2</u> Locations:	
(d) Number of Mobile branch units.	(d) No. <u>NONE</u>	
3. As of latest Financial Statements of: Dec. 31 <u>June 30</u>	Average Amount of Assets	
Total Assets \$ <u>21,339,000</u> \$	\$ <u>21,339,000</u>	
4. If Forgery coverage (Agreement D) is desired, state amount.	\$ <u>100,000</u>	
5. If Securities Forgery coverage (Agreement E) is desired, state amount.	\$ <u>NOT WANTED</u>	
6. If Audit Expense Coverage is desired, state amount.	\$ <u>NOT WANTED</u>	
7. If coverage is desired on officers, employees and partners of concerns engaged in the electronic data processing of the Insured's checks and other accounting records, state name and location of each such concern.	<u>NOT WANTED</u>	
8. If Servicing Contractors Coverage is desired: (a) State amount of coverage. <u>N/A</u> (b) Number of Servicing Contractors (list on page 3). (c) Servicing Contractors on whom Excess Indemnity is desired and state amount of such Excess (list on page 3). (d) Servicing Contractors not to be covered (list on page 3). (Note — If Servicing Contractors are Banks (Commercial or Savings), Savings and Loan Associations or Industry Service organizations (formed by Banks and Savings and Loan Associations) they may be excluded.	(a) \$..... (b) No. (c) No. (d) No.	
9. If Fraudulent Real Property Mortgage Coverage is desired, state		

10. If Insured has appointed or elected as agents any persons, firm or corporations (other than servicing contractors or data processors) to perform any act or service in connection with the ordinary conduct of its business, state whether rider covering such agents is desired (list such agents on page 3). Yes ☐ No ☒ No. of agents CC

11. If deductibles are to be carried, state amount, and, where applicable, check (✓) type of deductible.  
(Note—Underwriting Deductibles may be written in the minimum amount of \$100 and in multiples thereof up to \$1,000. Self-Insurance Deductibles may be written in the minimum amount of \$1,500 and in multiples of \$500 up to \$5,000; thereafter in multiples of \$2,500 up to \$10,000; thereafter in multiples of \$5,000. If Insured is subject to Federal Home Loan Bank regulations, see permissible deductibles permitted by such regulations.)  
All Insuring Agreements except (D) and (E) \$.....  
Agreement (D) \$ 5,000 { Regular ☒ Aggregate ☐  
Agreement (E) \$ N/A { Regular ☐ Aggregate ☐  
If a deductible is to be carried on the basic Insuring Agreements, a deductible in the same amount, or higher, must apply to (D) and (E).

12. Are deposits insured by the Federal Savings and Loan Insurance Corporation? Yes ☒ No ☐

13. (a) Are examinations made by State and/or Federal authorities? (a) Yes ☒ No ☐  
(b) If so, how often? (b) Approximately every 18 months  
(c) Date of last examination. (c) JUNE 1982

14. Audit Procedures:  
(a) Is there an annual audit by an independent CPA? (a) Yes ☒ No ☐  
(b) If "Yes", is it a complete audit made in accordance with generally accepted auditing standards and so certified? (b) Yes ☒ No ☐  
(c) If the answer to (b) is "No", explain the scope of the CPA's examination:  
.....  
(d) Is the audit report rendered directly to the Board of Directors? (d) Yes ☒ No ☐  
(e) State name and location of CPA PEAT, MARWICK, MITCHELL & CO.  
(f) State the date of completion of the last audit by CPA DECEMBER 1981  
(g) Is there a continuous internal audit by an Internal Audit Department? (g) Yes ☐ No ☒  
(h) If "Yes", are monthly reports rendered directly to the Board of Directors? (h) Yes ☐ No ☐  
(i) If (a) and (d) or (g) and (h) are answered affirmatively, is there direct verification of at least 20% of all deposit accounts and direct verification of at least 20% of all loan accounts? (i) Yes ☐ No ☐ N/A

15. Internal Controls (Other Than Audit Procedures):  
(a) Do you require annual vacations of at least two consecutive weeks for all officers and employees? (a) Yes ☐ No ☒ ONE WK  
(b) Is there a formal, planned program requiring the rotation of duties of key personnel without prior notice thereof? (b) Yes ☐ No ☒  
(c) Is there a formal, planned program requiring segregation of duties so that no single transaction can be fully controlled (from origination to posting) by one person? (c) Yes ☒ No ☐

16. (a) Is Statutory Faithful Performance of Duty bond on specific Position(s) required to be carried? (a) Yes ☐ No ☒  
(b) If so, list Position(s) covered, Amount(s) and Companies furnishing such bond(s). (b)

17. List on page 4 all losses sustained by date, type and amount, whether reimbursed or not, during the last six years. If none, so state.  
NONE OVER DEDUCTIBLE AMOUNT

18. Name of prior carrier, if other than Underwriter. N/A

List of officers, employees, attorneys, collectors, conveyancers (and agents, and servicing contractors, if any, to be covered by rider).

List of officers and employees

Name	In Employ Since	Place of Employment (If at Branch, state location)	Title or Position	Other Business Engaged in
Mark D. Amundson	2/8/82	Main	Accountant	
Rebecca T. Arbon	2/18/82	Main	Teller	
Howard C. Bradshaw	2/1/79	Main	President	
Karen Brimhall	7/16/79	33rd South	Teller	
Kathleen Budd	1/28/80	Main	Check. Accts.	
RaNeil B. Coleman	4/19/68	Main	Loan Servic. Mgr.	
Marilyn T. Fratto	4/14/81	Main	Collect. Mgr.	
Kathleen T. Godbe	2/22/82	33rd South	Vice Pres	
Betty C. H...				



Gerald M. Hunter	4/4/79	Main	Controller
David H. Kirkpatrick	1/16/82	33rd South	in Solicitor
Laura McCormick	5/22/79	Main	Clerk
Dorothy Moore	4/19/82	Main	Exec. Sec.
Michelle Mullins	12/31/81	33rd South	Office Mgr.
Sue Pewtress	5/18/81	33rd South	Teller
Elaine Reese	7/16/79	33rd South	Supervisor
Mikele Smith	6/1/81	Parley's	Teller
Fred A. Smolka	2/1/79	Main	Exec. V.P.
Laura Smolka	9/21/81	33rd & Parley's	Teller
Orin R. Woodbury			V.P. & Secretary

**Agents (other than Servicing Contractors) to be covered.**

Name and Location	Name and Location
NONE	

**Servicing Contractors**

List those Servicing Contractors to be covered for amount shown in answer 8(a) on page 1.

Name and Location	Name and Location
NONE	

List those Servicing Contractors on whom Excess Indemnity is desired, and state amount of such Excess Indemnity, referred to in Question 8(c) on page 1.

Name and Location	Amount of Excess Indemnity
NONE	

List those Servicing Contractors to be excluded, referred to in answer 8(d) on page 1.

Name and Location	Name and Location
NONE	

2

[illegible]

The present officers and employees of the Insured, of whom a complete list at this time, with positions held, is given above, have, to best of the Insured's knowledge and belief, while in the service of the Insured always performed their respective duties honestly. There has not come to its notice or knowledge any information which in the judgment of the Insured indicates that any of the said officers and employees dishonest. Such knowledge as any officer signing for the Insured may now have in respect to his own personal acts or conduct, unknown to Insured, is not imputable to the Insured.

Dated at.....10:43.....this.....16th.....day of.....June....., 198

— 0.0111 IN. A. (Ins)



BURGLARY AND ROBBERY  
QUESTIONNAIRE

THE AETNA CASUALTY AND SURETY COMPANY  
Hartford, Connecticut 06115

Name of Insured HOWIE SAVINGS & LOAN

☐ Main Office \_\_\_\_\_

Location

☒ Branch or facility 130 EAST 3300 SOUTH, SALT LAKE CITY

1. Does this location have the following protection

against robbery:

(a) Alarm System?..... yes ☒ no ☐  
Certified?..... yes ☒ no ☐  
Where Connected?  
☒ Central Station  
☐ Police Station  
☐ Other (describe)

against burglary:

(a) Alarm System?..... yes ☒  
Certified?..... yes ☒  
Where Connected?  
☒ Central Station  
☐ Police Station  
☐ Other (describe)

(b) Camera System?..... yes ☒ no ☐

(b) Police Patrol and Inspection of  
premises?..... yes ☐

(c) Armed Guard or Guards? yes ☐ no ☒

(c) Watchman?..... yes ☐

2. State below the amounts on the premises:

	Maximum	Average
(a) cash	\$ <u>8,000.00</u>	\$ <u>4,000.00</u>
(b) securities	\$ <u>-</u>	\$ <u>-</u>

3. State below the amount of cash in the working drawer of each teller. (If applical  
state the amount of cash in a locked drawer or safe at each teller's station in the  
"Reserve" column.)

	Maximum	Average	Reserve
Teller 1.....	\$ <u>4,000.00</u>	\$ <u>2,000.00</u>	\$ <u>-</u>
Teller 2.....	\$ <u>4,000.00</u>	\$ <u>2,000.00</u>	\$ <u>-</u>
Teller 3.....	\$ _____	\$ _____	\$ _____
Teller 4.....	\$ _____	\$ _____	\$ _____
Teller 5.....	\$ _____	\$ _____	\$ _____
Teller 6.....	\$ _____	\$ _____	\$ _____

4. Are tellers supplied with packages of "marked" currency? yes ☒ no
5. Are tellers' currency drawers equipped with electrical "money traps"? yes ☒ no
6. Is each teller's station equipped with an alarm button or pedal? yes ☐ no
7. Is excess cash held under timelock or secreted so as not to be available to robbers? yes ☒ no
8. Are drive-in and walk-up windows built of bullet-resistant glass and steel? yes ☒ no
9. What is the minimum number of employees on the banking floor at any time during business hours? Two
10. Are employees given specific instructions as to their duties in the event of holdups and as to the measures to be taken to prevent, control or minimize loss from such attacks? yes ☒ no
11. Are working supplies of money orders, travelers checks, register checks and other similar forms kept at minimum levels in tellers' area? yes ☒ no
12. Description and classification of vault:  
Small (operation) Small # 10764
- 
13. Is vault equipped with (a) a timelock? ..... yes ☐ no  
(b) a relocking device? ..... yes ☒ no
14. Is combination to vault (a) under dual control? ..... yes ☐ no  
(b) equipped with an alarm device? ..... yes ☒ no
15. Are safe deposit boxes kept in the main vault or in a separate vault offering equal protection? yes ☒ no
16. Description and classification of safe:  
NONE
- 
17. Is safe (a) within the vault? ..... yes ☐ no  
(b) anchored? ..... yes ☐ no  
(c) equipped with a relocking device? ..... yes ☐ no
18. Is the night depository protected by an alarm system? yes ☐ no
19. What is the maximum value of night deposits? \$ \_\_\_\_\_ ; average? \$ \_\_\_\_\_

20. Are transfers of money and securities made only by armored motor vehicle? yes ☐ no
21. If not, please answer the following:
- (a) Are messengers accompanied by police or an armed guard? yes ☐ no
- (b) What is the maximum amount of cash and securities carried by any one messenger? \$ 2,000.00; average? \$ 1,000.00.
- (c) Are trips scheduled at irregular intervals and over varying routes? yes ☐ no
- (d) Is a private conveyance used? yes ☐ no
22. Do you provide messenger service for any customers? yes ☐ no
23. Do you make up payrolls for customers and deliver them? yes ☐ no
24. If you make up packages of cash, are they made up in a private area not exposed to hold-up or the public view? yes ☒ no
25. If packages of cash are held on the premises for pick-up by the customer, are the packages kept locked in a safe or chest or placed in the vault? yes ☒ no
26. Do opening procedures include the following:
- (a) Inspection of exterior of premises for signs of forcible entry? yes ☒ no
- (b) Inspection of interior of premises by a designated person before others are allowed to enter? yes ☐ no
- (c) Prearranged signal to warn arriving employees of trouble and to notify authorities? yes ☒ no
- (d) Stationing of a designated person at the door who has instructions to admit only persons known to him? yes ☐ no
- (e) Stationing of Police Department patrolman near the premises for a reasonable time prior to and after opening? yes ☐ no
27. Do closing procedures include the following:
- (a) Exit of all employees by way of a single door? yes ☐ no
- (b) Relocking of door after each employee departs? yes ☒ no
- (c) Stationing of Police Department patrolman near the premises for a reasonable time prior to and after closing? yes ☐ no
28. Are all unprocessed items placed in the vault for safekeeping overnight? yes ☒ no
29. Are all doors leading to the exterior of the premises locked with double cylinder deadlocks? yes ☒ no
30. Are the premises well illuminated at night? yes ☒ no

31. If data processing is done off the premises, are checks microfilmed or otherwise recorded before being forwarded to the data processing center, your main office or any other location?

yes ☒ no ☐

Date 6-15-82 By GERALD HUNTER CONTROLLER  
(Title)



BURGLARY AND ROBBERY  
QUESTIONNAIRE

THE AETNA GUARANTY AND SURETY COMPANY  
Hartford, Connecticut 06115

of Insured HOME SAVINGS & LOAN

☒ Main Office 116 SOUTH MAIN STREET SALT LAKE CITY

ocation

☐ Branch or facility

1. Does this location have the following protection

against robbery:

(a) Alarm System?..... yes ☒ no ☐  
 Certified? ..... yes ☒ no ☐  
 Where Connected?  
☒ Central Station  
☐ Police Station  
☐ Other (describe)

against burglary:

(a) Alarm System?      yes ☒ no ☐  
C-                          yes ☒ no ☐

(b) Camera System?..... yes ☒ no ☐

(b) Police Patrol and Inspection of premises?..... yes ☐ no ☒

(c) Armed Guard or Guards? yes ☐ no ☒

(c) Watchman? ..... yes ☐ no ☒

2. State below the amounts on the premises:

	Maximum	Average
(a) cash	\$ <u>8,000.00</u>	\$ <u>4,000.00</u>
(b) securities	\$ <u>-</u>	\$ <u>-</u>

3. State below the amount of cash in the working drawer of each teller. (If applicable, state the amount of cash in a locked drawer or safe at each teller's station in the "Reserve" column.)

	Maximum	Average	Reserve
Teller 1.....	\$ <u>4,000.00</u>	\$ <u>2,000.00</u>	\$ <u>-</u>
Teller 2.....	\$ <u>4,000.00</u>	\$ <u>2,000.00</u>	\$ <u>-</u>
Teller 3.....	\$ _____	\$ _____	\$ _____
Teller 4.....	\$ _____	\$ _____	\$ _____
Teller 5.....	\$ _____	\$ _____	\$ _____
Teller 6.....	\$ _____	\$ _____	\$ _____

4. Are tellers supplied with packages of "marked" currency? yes ☒ r
5. Are tellers' currency drawers equipped with electrical "money traps"? yes ☒ r
6. Is each teller's station equipped with an alarm button or pedal? yes ☐ r
7. Is excess cash held under timelock or secreted so as not to be available to robbers? yes ☒ r
8. Are drive-in and walk-up windows built of bullet-resistant glass and steel? yes ☒ r
9. What is the minimum number of employees on the banking floor at any time during business hours? Two
10. Are employees given specific instructions as to their duties in the event of holdups and as to the measures to be taken to prevent, control or minimize loss from such attacks? yes ☒ r
11. Are working supplies of money orders, travelers checks, register checks and other similar forms kept at minimum levels in tellers' area? yes ☒ r
12. Description and classification of vault:  
NO VAULT ON THIS LOCATION
13. Is vault equipped with (a) a timelock? ..... yes ☐ r  
(b) a relocking device? ..... yes ☐ r
14. Is combination to vault (a) under dual control? ..... yes ☐ r  
(b) equipped with an alarm device? ..... yes ☐ r
15. Are safe deposit boxes kept in the main vault or in a separate vault offering equal protection? yes ☐ r
16. Description and classification of safe:  
The American Safe Company - Model 1702A
17. Is safe (a) within the vault? ..... yes ☐ r  
(b) anchored? ..... yes ☒ r  
(c) equipped with a relocking device? ..... yes ☐ r
18. Is the night depository protected by an alarm system? N/A yes ☐ r
19. What is the maximum value of night deposits? \$ N/A ; average? \$ \_\_\_\_\_



20. Are transfers of money and securities made only by armored motor vehicle? yes ☐
21. If not, please answer the following:
- (a) Are messengers accompanied by police or an armed guard? yes ☐
  - (b) What is the maximum amount of cash and securities carried by any one messenger? \$ 2,000.00; average? \$ 1,000.00.
  - (c) Are trips scheduled at irregular intervals and over varying routes? yes ☐
  - (d) Is a private conveyance used? yes ☐
22. Do you provide messenger service for any customers? yes ☐
23. Do you make up payrolls for customers and deliver them? yes ☐
24. If you make up packages of cash, are they made up in a private area not exposed to hold-up or the public view? yes ☒
25. If packages of cash are held on the premises for pick-up by the customer, are the packages kept locked in a safe or chest or placed in the vault? yes ☒
26. Do opening procedures include the following:
- (a) Inspection of exterior of premises for signs of forcible entry? yes ☒
  - (b) Inspection of interior of premises by a designated person before others are allowed to enter? yes ☐
  - (c) Prearranged signal to warn arriving employees of trouble and to notify authorities? yes ☒
  - (d) Stationing of a designated person at the door who has instructions to admit only persons known to him? yes ☐
  - (e) Stationing of Police Department patrolman near the premises for a reasonable time prior to and after opening? yes ☐
27. Do closing procedures include the following:
- (a) Exit of all employees by way of a single door? yes ☐
  - (b) Relocking of door after each employee departs? yes ☒
  - (c) Stationing of Police Department patrolman near the premises for a reasonable time prior to and after closing? yes ☐
28. Are all unprocessed items placed in the vault for safekeeping overnight? yes ☒
29. Are all doors leading to the exterior of the premises locked with double cylinder deadlocks? yes ☒
30. Are the premises well illuminated at night? yes ☒



BURGLARY AND ROBBERY  
QUESTIONNAIRE

THE AETNA CASUALTY AND SURETY COMPANY  
Hartford, Connecticut 06115

of Insured HOME SAVINGS & LOAN

☐ Main Office \_\_\_\_\_

Location

☒ Branch or facility PARLEYS  
2205 EAST 2100 SOUTH SUITE 7410A

1. Does this location have the following protection

against robbery:

(a) Alarm System?..... yes ☒ no ☐  
Certified? ..... yes ☒ no ☐  
Where Connected?  
☒ Central Station  
☐ Police Station  
☐ Other (describe) \_\_\_\_\_

against burglary:

(a) Alarm System?..... yes ☒ no ☐  
Certified? ..... yes ☒ no ☐  
Where Connected?  
☒ Central Station  
☐ Police Station  
☐ Other (describe) \_\_\_\_\_

\_\_\_\_\_

(b) Camera System?..... yes ☒ no ☐

(b) Police presence?..... yes ☒ no ☐

(c) Armed Guard or Guards? yes ☐ no ☒

(c) Watchman? yes ☐ no ☒

2. State below the amounts on the premises:

	Maximum	Average
(a) cash	\$ <u>8,000.00</u>	\$ <u>4,000.00</u>
(b) securities	\$ <u>-</u>	\$ <u>-</u>

3. State below the amount of cash in the working drawer of each teller. (If applicable, state the amount of cash in a locked drawer or safe at each teller's station in the "Reserve" column.)

	Maximum	Average	Reserve
Teller 1.....	\$ <u>4,000.00</u>	\$ <u>2,000.00</u>	\$ <u>-</u>
Teller 2.....	\$ <u>4,000.00</u>	\$ <u>2,000.00</u>	\$ <u>-</u>
Teller 3.....	\$ _____	\$ _____	\$ _____
Teller 4.....	\$ _____	\$ _____	\$ _____
Teller 5.....	\$ _____	\$ _____	\$ _____
Teller 6.....	\$ _____	\$ _____	\$ _____

4. Are tellers supplied with packages of "marked" currency? yes ☒
5. Are tellers' currency drawers equipped with electrical "money traps"? yes ☒
6. Is each teller's station equipped with an alarm button or pedal? yes ☐
7. Is excess cash held under timelock or secreted so as not to be available to robbers? yes ☒
8. Are drive-in and walk-up windows built of bullet-resistant glass and steel? yes ☒
9. What is the minimum number of employees on the banking floor at any time during business hours? ONE
10. Are employees given specific instructions as to their duties in the event of holdups and as to the measures to be taken to prevent, control or minimize loss from such attacks? yes ☒
11. Are working supplies of money orders, travelers checks, register checks and other similar forms kept at minimum levels in tellers' area? yes ☒
12. Description and classification of vault:  
NO VAULT ON THIS LOCATION
13. Is vault equipped with (a) a timelock? ..... yes ☐  
(b) a relocking device? ..... yes ☐
14. Is combination to vault (a) under dual control? ..... yes ☐  
(b) equipped with an alarm device? ..... yes ☐
15. Are safe deposit boxes kept in the main vault or in a separate vault offering equal protection? yes ☐
16. Description and classification of safe:  
made by \_\_\_\_\_ serial # 179779
17. Is safe (a) within the vault? ..... yes ☐  
(b) anchored? ..... yes ☒  
(c) equipped with a relocking device? ..... yes ☐
18. Is the night depository protected by an alarm system? N/A yes ☐
19. What is the maximum value of night deposits? \$ N/A ; average? \$ \_\_\_\_\_

20. Are transfers of money and securities made only by armored motor vehicle? yes ☐
21. If not, please answer the following:
- (a) Are messengers accompanied by police or an armed guard? yes ☐
  - (b) What is the maximum amount of cash and securities carried by any one messenger? \$ 2,000.00 ; average? \$ 1,000.00 .
  - (c) Are trips scheduled at irregular intervals and over varying routes? yes ☐
  - (d) Is a private conveyance used? yes ☐
22. Do you provide messenger service for any customers? yes ☐
23. Do you make up payrolls for customers and deliver them? yes ☐
24. If you make up packages of cash, are they made up in a private area not exposed to hold-up or the public view? yes ☒
25. If packages of cash are held on the premises for pick-up by the customer, are the packages kept locked in a safe or chest or placed in the vault? yes ☒
26. Do opening procedures include the following:
- (a) Inspection of exterior of premises for signs of forcible entry? yes ☒
  - (b) Inspection of interior of premises by a designated person before others are allowed to enter? yes ☐
  - (c) Prearranged signal to warn arriving employees of trouble and to notify authorities? yes ☒
  - (d) Stationing of a designated person at the door who has instructions to admit only persons known to him? yes ☐
  - (e) Stationing of Police Department patrolman near the premises for a reasonable time prior to and after opening? yes ☐
27. Do closing procedures include the following:
- (a) Exit of all employees by way of a single door? yes ☐
  - (b) Relocking of door after each employee departs? yes ☒
  - (c) Stationing of Police Department patrolman near the premises for a reasonable time prior to and after closing? yes ☐
28. Are all unprocessed items placed in the vault for safekeeping overnight? yes ☒
29. Are all doors leading to the exterior of the premises locked with double cylinder deadlocks? yes ☒
30. Are the premises well illuminated at night? yes ☒



INTERNAL CONTROL  
QUESTIONNAIRE

THE ATN LIFE & CASUALTY AND SURETY COMPANY  
Hartford, Connecticut 06115

Name of Insured HOME SAVINGS & LOAN

Address 116 SOUTH MAIN SALT LAKE CITY

Audits

1. Is there an audit\* by an outside auditing firm? ☒ Yes ☐ No  
If "yes", please answer the following:
- (a) Name of auditing firm PEAT, MARWICK, MITCHILL & CO.
- (b) Frequency of audit ANNUALLY
- (c) Does the audit include all locations? ☒ Yes ☐ No
- (d) Do the auditors visit all locations? ☒ Yes ☐ No
- (e) Does the auditing firm regularly review the system of internal control and furnish written reports to the applicant? ☒ Yes ☐ No
- (f) Has the auditing firm made any recommendations that have not been adopted? ☐ Yes ☒ No
- (g) If "yes", please describe: \_\_\_\_\_
- (h) Does the audit report go directly to the Board of Directors? ☒ Yes ☐ No
- (i) If the audit does not result in an unqualified opinion, describe the qualifications and scope of the audit:  
UNQUALIFIED

\*Not to be confused with bank examinations made by State or Federal authorities.

2. Have the directors by resolution set up a requirement for an internal audit? ☒ Yes ☐ No
3. Is there an examining committee consisting only of non-officer directors? ☒ Yes ☐ No
4. Has an auditor or person responsible for the auditing function been appointed? ☒ Yes ☐ No
5. If the bank has an audit department, how many people are involved? N/A
6. Is there an "audit and control procedures" manual? ☐ Yes ☒ No
7. Does the person responsible for the auditing function have authority to check any person and any record at any time? ☒ Yes ☐ No
8. Does the person responsible for the auditing function make reports directly to the Board of Directors? ☒ Yes ☐ No
9. Is the person responsible for the auditing function forbidden to originate entries? ☐ Yes ☒ No

10. Are letters and customers' inquiries about discrepancies referred to the person responsible for the auditing function? ☐ Yes ☒ No
11. Is there periodic direct verification of loan and deposit balances? ☒ Yes ☐ No
12. What is the percentage of verification? Loans 25 % Deposits 50 %
13. Are all direct verification replies and all undelivered mail received in a separate post office box controlled by the person responsible for the audit function? ☒ Yes ☐ No
14. Does a plan exist for periodic surprise testing of internal control systems under the direct supervision of the person responsible for the auditing function? ☒ Yes ☐ No
15. Is it a matter of policy that any discrepancy or breakdown in any part of the control system as revealed by the testing program is reported directly to the Board of Directors? ☒ Yes ☐ No

#### General Procedures

1. Are the duties of employees divided so that no individual is permitted to handle cash or checks or securities and to maintain accounting records (ledgers) of the transactions involving such items? ☐ Yes ☒ No
2. Is a practice of unannounced and irregular changes in the positions of employees within particular job strata followed? ☐ Yes ☒ No
3. Are all officers and employees required to take an annual vacation of at least ~~two~~ <sup>ONE</sup> consecutive weeks? ☒ Yes ☐ No
4. Does the Board of Directors or loan committee review all loans made? ☒ Yes ☐ No
5. Are both cash and securities kept under joint control? ☐ Yes ☒ No
6. Is dual control maintained over all safekeeping items and supplies? ☐ Yes ☒ No
7. Is a permanent record maintained of all incoming and outgoing registered mail and is this handled jointly by two people? ☐ Yes ☒ No
8. Are all drafts, money orders, official checks, etc. pre-numbered and accounted for? ☒ Yes ☐ No
9. Is there a strict policy against the signing of any certificates of deposit, drafts or official checks in blank? ☒ Yes ☐ No
10. Is the night depository under dual control with respect to the following:
  - (a) Opening of depository? N/A ☐ Yes ☐ No
  - (b) Opening of deposits? ☐ Yes ☐ No
  - (c) Counting and listing deposits? ☐ Yes ☐ No
11. Does the Board of Directors approve all changes in investments? ☐ Yes ☒ No

### Accounting Procedures

1. Are trial balances of all ledgers run regularly and reported to the auditor or person responsible for auditing? ☒ Yes ☐ No
2. Are trial balances prepared by persons other than those responsible for the maintenance of the bookkeeping records? ☒ Yes ☐ No
3. Are precautions taken to prevent substitution of ledger control sheets showing totals of the particular ledgers? ☒ Yes ☐ No
4. Are the amounts of transferred balances verified for correctness? ☒ Yes ☐ No
5. Are separate general ledger accounts kept for fees, service charges, rent, etc. to eliminate "catch all" accounts? ☒ Yes ☐ No
6. Are all errors in accounting records corrected by entry or by lining through the error rather than by erasure? ☒ Yes ☐ No
7. Do all record corrections require the initial of an officer? ☐ Yes ☒ No
8. Are complete individual records maintained under joint custody of all charged-off assets and reviewed at least annually? ☒ Yes ☐ No
9. Are dormant accounts controlled by a general ledger account and under joint custody? ☐ Yes ☒ No
10. Is the general ledger bookkeeper prevented from reconciling the bank statement? ☐ Yes ☒ No
11. Are "due from banks" accounts reconciled by a person who does not have authority to sign checks? ☒ Yes ☐ No
12. Are service charge postings traced to the income account? ☒ Yes ☐ No
13. Are interest calculations independently checked or recomputed and traced to the expense account? ☒ Yes ☐ No
14. Are new notes totalled daily and balanced to the general ledger? ☐ Yes ☒ No
15. Are notes and note ledgers totalled and balanced periodically by someone other than the note teller? ☒ Yes ☐ No

### Loans and Discounts

1. Do loaning officers have definite loan limits? ☒ Yes ☐ No
2. Are all notes pre-numbered? ☐ Yes ☒ No
3. Is a register maintained? ☒ Yes ☐ No
4. Are notes initialed by the officer making the loan? ☒ Yes ☐ No

5. Are notes disbursed by an employee other than the loan officer? ☒ Yes ☐ N
  6. Are new notes disbursed only by official check or deposit - never cash? ☒ Yes ☐ N
  7. Are tellers required to hand proceeds of check issued in payment of loans directly to the borrower - never to the loan officer or other employee? ☒ Yes ☐ N
  8. Are customers' notices mailed by a person other than the loaning officer or note teller? ☒ Yes ☐ N
  9. Are past due notes reported to the Board of Directors? ☒ Yes ☐ N
  10. Are paid notes stamped "paid" and returned to customers? ☒ Yes ☐ N
  11. Is it contrary to policy to hold signed blank notes? ☒ Yes ☐ N
  12. Is the mailing of a coupon or payment book handled by someone other than the person processing the loan? ☒ Yes ☐ N
  13. Is collateral under dual control? ☒ Yes ☐ N
  14. Is merchandise covered by floor plan loans inventoried periodically by someone not connected with the granting and servicing of such loans? N/A ☐ Yes ☐ N
  15. Are there any loans outstanding to Directors and Officers, or Corporations controlled by Directors or Officers? (If "yes", furnish details): SINGLE FAMILY, PERSONAL RESIDENCE LOANS ONLY. ☒ Yes ☐ N
- 

#### Forgery

1. Are makers and co-signers of notes required to sign in the presence of an officer or employee? ☒ Yes ☐ N
2. If signatures are permitted off the premises, must they be notarized? ☒ Yes ☐ N
3. If signatures of co-signers are obtained off the premises, are such co-signers contacted before the proceeds of loans are released? ☒ Yes ☐ N
4. Are securities accepted as collateral checked with the securities validation system or otherwise verified? N/A ☐ Yes ☐ N
5. Is there a rule against cashing checks bearing rubber stamp endorsements? ☐ Yes ☒ N
6. Have your tellers been instructed not to cash checks for employees of depositors which are drawn to the order of the employer, but rather to require that all such items be deposited to the employer's (depositor's) account and drawn against by check signed by an authorized signer of the employer (depositor)? ☒ Yes ☐ N



7. Are signatures on withdrawal slips verified through comparison with the signature registry? ☒ Yes ☐
8. Are split transactions permitted on checks other than payroll or Government checks? ☐ Yes ☒
9. If "yes", is the approval of an officer required? ☐ Yes ☐
10. Do checks in excess of a specified amount require approval of an officer before cashing? ☒ Yes ☐
11. Must initialed checks be presented to the cashing teller by a bank employee? ☒ Yes ☐
12. Are tellers instructed to be on the alert for the cashing of numerous payroll checks for one person which are alleged to have been endorsed by the payees? ☒ Yes ☐
13. Are signatures verified as to authenticity with respect to loans involving:  
    (a) Warehouse receipts. N/A ☐ Yes ☐ No  
    (b) Assignment of accounts receivable.  ☐ Yes ☐ No
14. If engaged in consumer credit financing, are accounts verified with customers? N/A ☐ Yes ☐ No
15. Do you require positive identification of new depositors? ☒ Yes ☐ No

#### Tellers

1. Does each teller have a separate cash drawer and separate working fund? ☒ Yes ☐ No
2. Is a definite limit placed on the amount of cash permitted to be held by a teller? ☒ Yes ☐ No
3. Are tellers' cash drawers locked when unattended? ☒ Yes ☐ No
4. Is teller's cash counted on an irregular and unannounced basis by an officer or another employee? ☒ Yes ☐ No
5. Does each teller have a compartment or other container in the vault for overnight storage of his/her cash supply? ☒ Yes ☐ No
6. Is reserve cash under dual control? ☒ Yes ☐ No
7. Are relief tellers provided with separate cash? ☒ Yes ☐ No
8. Must transfers between tellers be supported by signed tickets? ☒ Yes ☐ No
9. Do tellers identify all transactions handled? ☒ Yes ☐ No
10. Is there a strict rule against tellers' "kittys"? ☒ Yes ☐ No
11. Are all tellers' differences reported daily? ☐ Yes ☐ No

12. Is it contrary to policy for a bookkeeper to serve as a relief teller? ☒ Yes ☐ No

#### Personnel

1. Are employees and officers accounts reviewed for overdrafts, unusual activity or kiting? ☒ Yes ☐ No
2. Are prospective employees carefully investigated? ☒ Yes ☐ No
3. Is there a clearly stated policy as respects loans for employees? ☒ Yes ☐ No
4. Does the bank have a definite training program for new employees? ☐ Yes ☒ No

#### Safe Deposit Boxes

1. Is the safe deposit guard key under strict and absolute control? ☒ Yes ☐ No
2. Is it contrary to policy for customers to leave safe deposit keys at the bank? ☒ Yes ☐ No
3. Are the number of rented boxes, contracts, and income records reconciled at least annually? ☒ Yes ☐ No
4. Are locks changed on surrendered boxes? ☒ Yes ☐ No
5. Are keys to unrented safe deposit boxes under joint control? ☒ Yes ☐ No

#### Branch Control

1. Do internal control procedures extend to all branch offices and facilities? ☒ Yes ☐ No
2. Is there a program for inter-branch rotation of key personnel? ☐ Yes ☒ No

#### Overdrafts and Kiting

1. Are payments of overdrafts approved by an officer? ☒ Yes ☐ No
2. Is a daily report of overdrafts prepared by someone other than the approving officer? ☒ Yes ☐ No
3. Is a daily report of overdrafts reviewed by an officer other than the approving officer? ☐ Yes ☒ No
4. Is a report of overdrafts made available for directors' review at regular meetings? ☐ Yes ☒ No

5. When large accounts are overdrawn, are they checked for irregularities? ☒ Yes ☐
6. Have bank employees been instructed in the detection of check kiting and the danger signals involved? ☒ Yes ☐
7. Have employees been instructed to call any unusual activity in an account to the attention of an officer? ☒ Yes ☐
8. Does the auditor or an experienced officer periodically scrutinize the accounts for any unusual activity or frequent overdrafts? ☒ Yes ☐
9. Are customers prohibited from drawing against uncollected funds? ☒ Yes ☐

Trust Accounts

N/A

1. Were exceptions noted in either of last two trust department examinations by authorities? ☐ Yes ☐ N
2. If "yes", have the exceptions and their causes been corrected? ☐ Yes ☐ N
3. How often is the Trust Department audited? \_\_\_\_\_  
By whom: \_\_\_\_\_
4. Is the audit report reviewed by the Board of Directors? ☐ Yes ☐ N
5. How many officers and employees are employed in the Trust Department? \_\_\_\_\_
6. Total trust assets (Estimated) \$ \_\_\_\_\_

Electronic Data Processing

N/A

1. Are the duties of programmers and console operators separated? ☐ Yes ☐ N
2. Is an auditor given the opportunity to advise the programmer of his/her needs? ☐ Yes ☐ N
3. Is the output reconciled by persons who do not prepare the input or process it? ☐ Yes ☐ N
4. Is your E.D.P. system programmed to detect attempts to draw against uncollected funds and unusual account activity? ☐ Yes ☐ N
5. If the bank operates a service center, does an auditor check computer time and trace charges into the income account? ☐ Yes ☐ N
6. If data processing is done off the premises, does the auditor review the procedures? ☐ Yes ☐ N

Tab 196

~~Office of Examinations and Supervision~~  
**REPORT OF EXAMINATION**

<b>NAME AND ADDRESS OF INSTITUTION</b> Home Savings and Loan 116 South Main Street Salt Lake City, Utah 84101	<b>DISTRICT NO.</b> 12	<b>CHECK NO.</b> 7772
	<b>EXAMINATION AS OF</b> June 4, 1982	

Federal Home Loan Bank Board

Gentlemen:

As required by the Rules and Regulations for Insurance of Accounts, we have conducted an examination of the above-named institution as of the date shown above and submit herewith the results of our findings.

Information contained in the supporting schedules of this report is from the institution's books and records. The examiner's comments and conclusions are based on an analysis of information obtained from the institution's records and from other authoritative sources. This report has been prepared for supervisory purposes only and should not be considered an audit report.

The following comments summarize, when applicable, conditions, policies, practices and trends which have had or may have an adverse effect on the institution's financial condition. Other major items of concern, not necessarily related to financial condition, are also summarized.

**REPORT SUMMARY**

The institution's lending procedures have resulted in high scheduled items, possible losses, potential real estate owned and lawsuits.

The lack of consistent procedures has caused 41 second trust deed loans referred to the institution by AFCO to become the subject of lawsuits between the borrowers and Home Savings. None of the borrowers are making payments, the loans are scheduled items and the institution has commenced foreclosure.

Similarly, the absence of sound procedures and lack of supervision of loan department personnel has resulted in a large construction loan that is \$425,000 short of funds so complete and the possibility that the institution will have to acquire title, complete, and market the 40-unit condominium.

COMMENTS

SECOND MORTGAGE LOANS

By deviating from normal loan processing procedures, management has subjected the institution to high scheduled items ratios, lawsuits and possible losses.

1. Introduction

At the examination date, scheduled items totaled \$1,448,894 representing 6.82 percent of the institution's assets. Slow loans account for \$1,223,662 and 5.76 percent of these totals. Included in this figure are 41 loans aggregating \$688,593 which are second mortgage loans initiated by a firm known as AFCO. These loans represent a potential for losses and/or large legal expenses to the institution.

2. Background

Approximately 285 unhappy investors filed a \$50 million lawsuit on April 7, 1982, against a real estate developer, Grant Affleck and several financial institutions, including Home Savings and Loan, Salt Lake City, Utah. Also named as defendants were two employees of Home Savings and Loan, William H. Cox and Larry Glad, neither of whom are still employed by Home Savings.

At the preceding exam, Mr. Cox was the vice president in charge of lending. The plaintiffs are investors in corporate entities (known as AFCO) controlled by Grant Affleck. AFCO is a developer of a condo time-sharing development known as Sherwood Hills, located near Logan, Utah. On March 8, 1982, AFCO filed for bankruptcy.

The complaint alleges that the defendants solicited the plaintiffs to buy an investment package that required the investor to execute and deliver a promissory note payable to a funding institution (i.e., Home Savings and Loan). These promissory notes were in most instances secured by a second mortgage on the plaintiffs' personal residences (an equity loan). Proceeds of the loans flowed to AFCO. In return for the funds, AFCO executed and delivered a promissory note to the plaintiffs, which notes were purportedly secured by liens on property owned by AFCO (including Sherwood Hills). Upon the sales of the time-share condo's at Sherwood Hills, AFCO was to make the payments to the funding institution on the equity loans taken out by the plaintiffs.

The complaint alleges that the funding institutions, in addition to participating in numerous misrepresentations, departed from conventional and standard lending practices, namely, that the funding institutions:

- Expedited the completion of the loan transaction to meet the demands and purpose of AFCO.
- Accepted from AFCO, financial and credit data on plaintiffs without confirmation from plaintiffs.
- Authorized and permitted AFCO to solicit and arrange the loans on behalf of the funding institutions.
- Failed to provide plaintiffs an adequate opportunity to rescind.
- Agreed to rely on AFCO credit for repayment of the loans.
- Were joint venturers or partners with AFCO.

Essentially the plaintiffs want all the equity loans made by the funding institutions to be voided or set aside, and to return the promissory notes executed by AFCO. In addition, they want to recover treble damages and reasonable attorneys fees from the defendants, jointly and severally, estimated to be no less than \$50 million.

## SECOND TRUST DEED LOANS

### Background (continued)

Home Savings and Loan granted 41 loans totaling approximately \$1,250,000 to the plaintiffs, of which 23 totaling \$743,850 were sold to Rocky Mountain Federal Savings and Loan Association, Cheyenne, Wyoming, and a 95 percent interest in 14 loans totaling \$456,400 to First Federal Savings and Loan Association of Great Falls, Montana. Rocky Mountain has demanded that Home repurchase the loans on the basis that the loans were in default at the time of sale. Home has repurchased the loans from Rocky Mountain Federal Savings and Loan Association.

### 3. Current Legal Status

The various lenders named in the lawsuit answered the complaint and requested removal of the loans from the bankruptcy proceedings. On June 22, 1982, the court removed the loans from the AFCO bankruptcy thus permitting Home Savings to proceed with foreclosure. Because none of the borrowers had made payments, the institution had already commenced proceedings by filing for judicial foreclosure on June 18, 1982. The decision to file for judicial foreclosure rather than the usual trustee foreclosure was taken on advice of legal counsel. The judicial foreclosure proceedings normally take 6 months and according to Manager Howard Bradshaw, cannot be interrupted by another lawsuit as may a trustee sale.

At the close of the examination, none of the borrowers had responded to the summons nor had any payments been received on any of the loans.

Management expects that there will be further attempts to frustrate the foreclosures by challenging the validity of the documentation and underwriting.

### 5. Procedures and Documentation

On November 10, 1981, Home Savings entered into an agreement with AFCO whereby AFCO would refer homeowners to the institution for second trust deed loans. Home Savings would loan AFCO \$100,000 secured by junior deeds of trust on five condominium units and an office building. When \$500,000 of the second trust deed loans had been granted by Home Savings, AFCO would pay \$50,000 on the \$100,000 loan and from that point, would further reduce the principal by 10 percent on all additional second trust deed loans Home Savings granted to borrowers referred by AFCO.

Other documents indicate that the applicants would have to meet Home Savings' normal lending criteria and the loans would be granted subject to their being able to be sold on the secondary market.

However, the processing of these loans was handled in a manner inconsistent with the institution's normal processing procedures.

The application was provided to the borrower by AFCO and, when completed, was submitted to Home Savings by AFCO. After being approved by Home Savings' loan committee, the loan documents were prepared and given to AFCO. Personnel at AFCO then closed the loans at the borrower's residence. The notary public reportedly witnessing the transactions was an employee of AFCO who, according to some borrowers, was not properly licensed and did not use the proper

## 2nd MORTGAGE LOANS

### 2.1 Procedures and Documentation (continued)

Catherine Godbe, the vice president currently in charge of the association's loan department, stated that she had reviewed all of the files and each borrower had qualified under the association underwriting guidelines, regarding payment to income ratio, loan to appraised value ratios and credit history.

In a complaint, one borrower claimed that the documents were dated 7 days prior to the actual signing. When he attempted to rescind the transaction, he was told that the rescission period had expired. A review of the documents indicates this contention may have validity based on the following:

- A letter written by Grant C. Affleck to Executive Vice President Fred Szolka at Home Savings states in part,

*"Dear Mr. Szolka:*

*"Please be advised that under the direction of your loan officer the documents that the individuals signed on Afco's referred 2nd mortgage loans were consummated as follows:*

- 1. The right of rescission was waived - all documents were back dated.*
- 2. I was personally instructed to take the documents to the closings to the individuals homes for the closings - without any loan officer or employee of Home Savings & Loan."*

- The deed of trust was dated December 21, 1981, but was not recorded until January 6, 1982.
- The check for the loan proceeds was dated December 24, 1981. The borrower endorsed the check back to Home Savings but it was not paid by the bank until January 5, 1982.
- The rescission notice stated that the rescission period expired at midnight December 24, 1981, but the check had already been issued according to the way it was dated. There was no evidence of the customer waiving his rescission rights because of an emergency.

Home Savings President Bradshaw stated that three individuals did request rescission and their loans were cancelled. He further stated that Home Savings' position is strong based on several reasons:

- Each borrower signed a statement wherein they acknowledge that they are responsible for the loan payments and that Home Savings does not have any connection with any decision they make as to the loan proceeds.
- Each borrower signed a receipt for the notice of the right to rescind.
- The title company has indicated it will not invalidate coverage because of any notary irregularities.
- Home Savings' attorney is of the opinion that AFCO was the agent for the borrowers, not the institution.
- MGIC is insuring 100 percent of the loans sold to First Federal Savings of Great Falls, and 15 percent of the other loans.



## SECOND MORTGAGE LOANS

### Procedures and Documentation (continued)

At the conclusion of the examination, U. S. District Court Judge Edwin Mechem took under advisement a motion to prevent foreclosure action by all financial institutions involved in the AFCO controversy. In addition, eight borrowers filed a lawsuit against Home Savings and Loan and Carvel R. Shaffer, a lawyer and director of AFCO. The suit charges that employees of Home Savings falsely and intentionally back-dated certain documents, represented the transactions to be sound and prudent investments, and notarized certain documents without plaintiffs being present.

#### 6. Contingent Liability - Lawsuit

The above-mentioned second trust deeds initiated by AFCO also resulted in a lawsuit being filed against the institution.

Grant Affleck contacted one Ronald W. Haslam and asked him for a short-term loan of \$65,000. He informed Mr. Haslam that Home Savings was processing some second trust deed loans which would be used to repay Mr. Haslam and invited Mr. Haslam to confirm the information with Home Savings. Mr. Haslam telephoned Home Savings' loan department and spoke with Larry Glad, a loan solicitor for the institution. Mr. Glad verbally attested to the correctness of Mr. Affleck's statement. Mr. Haslam asked for written confirmation and received a letter on Home Savings' letterhead dated November 27, 1981, which stated:

*"Please be advised that Afco Enterprises, Inc. is processing second mortgage loans through Home Savings and Loan. We presently have completed approval on a second mortgage package for \$250,000.00. Mr. Grant C. Affleck, Chief Executive Officer of Afco Enterprises, Inc. has authorized Home Savings and Loan to hold \$65,000 in checks on the aforementioned commitment to be disbursed directly to you on or before December 10, 1981."*

*"Any questions, call me directly."*

The letter was signed by Larry Glad.

On November 27, 1981, Mr. Haslam borrowed \$65,000 from a local bank to be repaid by May 26, 1982, and gave the funds to Affleck. As he did not receive the funds from Home Savings, he telephoned Home Savings to inquire why he had not been paid the \$65,000 that had been held from the proceeds of the second trust deed loans. When he was informed that no funds were being held for him, he filed suit for reimbursement.

In a reply to the lawsuit, the institution bases its defense on Larry Glad as an "independent contractor who solicited loans and processed applications for loans" for Home Savings. Also that Mr. Haslam "had no reasonable basis for reliance on any such representations made by Larry Glad" and should have checked with corporate officers as to whether he had authority to make such representations.

Home Savings further states that Larry Glad and Grant Affleck conspired to add Home Savings to the liability and should be held responsible for any liability.

### CONSTRUCTION LOAN - POTENTIAL REAL ESTATE CONFD

Management's loan underwriting and disbursement procedures have resulted in a large construction loan having insufficient funds to complete construction and the possibility of the institution acquiring title to the property expending \$425,000 to complete the project.

The institution granted a \$1,000,000 loan to T. P. Co. on January 12, 1981, on a Veterans Affairs loan with a Certificate of Reasonable Value for \$1,500,000. The loan was to be used for the completion of a project.

**CONSTRUCTION LOAN - FORMER LIP ASSETS OWNED (continued)**

The commitment for the loan indicated that the loan amount could be increased to \$1,250,000 based on savings growth as approved by the board of directors. Former Vice President William Cox made inspections and disbursed funds based on the anticipated increase in the loan amount. However, no increase took place. Sometime in October 1981, faced with a shortage of funds and no sales, the developer ceased work on the project. The construction loan matured June 22, 1982.

Home Savings did not commence foreclosure action permitted by its construction loan agreement when construction ceased because their legal counsel was not satisfied with the completed agreement. He suggested that the institution wait until the loan matured at June 22, 1982.

Home Savings did continue to charge interest to the loans in process account (LIP) as provided in the construction loan agreement after the construction ceased in October 1981. This agreement provided that if interest was not paid when due, after 10 days, the interest could be charged to LIP. Based on disbursements from the LIP, the project was doomed to failure at the start without additional loan funds.

The first two disbursements from LIP included a \$75,718 payment on the land with the owner, Phillips S. Mobey, taking a second lien for the remainder of his equity. The second disbursement was \$73,500 for loan fees of which \$31,500 was for the construction loan and \$42,000 for a \$1,680,000 permanent loan takeout commitment. In addition, as the construction proceeded, monthly interest was charged against the LIP account, and taken into income. This interest by semiannual periods was:

January 12, 1981 to June 30, 1981	\$ 40,725
July 1, 1981 to December 31, 1981	78,505
January 1, 1982 to June 30, 1982	<u>78,370</u>
Total	<u>\$197,600</u>

Based on the above described disbursements, only \$553,132 (or \$13,830 per unit) was available to construct the 40 units. The original appraisal assigned an individual cost per unit of \$30,953 plus \$11,250 for the land. This estimation of construction funds available was based on:

Loan Balance	\$900,000
Less: Land Payment	75,713
Loan Fees	73,500
Construction Interest	<u>197,600</u>
Balance	<u>\$553,132</u>

A mortgage equity discounted cash flow analysis, using current market rates, for these units was made based on the following information furnished by President Howard Bradshaw:

No. of Unreleased Condo Units	40
Per Unit Estimated Sales Price	\$ 38,000
Selling Period	3 Months
Holding Costs	100,000
Marketing Costs	20,000
Interest Rate on Loan	11%
Loan to Value for Construction	80%
Amount Needed to Complete Units and Common Areas	425,000

**POTENTIAL REAL ESTATE OWNED (Continued)**

Present Book Value	\$ 900,000
Advance	<u>425,000</u>
Total Advance	<u>\$1,325,000</u>
Equity (Based on Computer Program)	\$ (427,466)
Value	<u>\$ 897,534</u>

Loan to Value Ratio 147%.

In addition, the value of the units, if completed and rented as apartments, is estimated to be as follows:

40 Units @ \$350 per month for a Year	\$ 168,000
5% Vacancy Factor	<u>8,400</u>
Net Estimated Rental Income	<u>\$ 159,600</u>
Less: 35% Expenses	<u>\$ 55,860</u>
Net Income	<u>\$ 103,740</u>
Value Using a 10% Recapture Rate	<u>1,037,400</u>
Appraised Loss (Estimated)	<u>\$ 287,600</u>

As mentioned previously, \$42,000 was paid out of the loan funds for a \$1,680,000, 20-month permanent loan commitment. Based on Section 563.23-1 (g)(4)(ii) of the Insurance Regulations, \$33,600 of the fee was eligible to be taken into income and \$8,400 to be deferred. The \$42,000 has been taken into income.

At the close of the examination, a property inspection of the project was made by the examiner and Home Savings' President Howard Bradshaw, who is a member of the Society of Real Estate Appraisers. President Bradshaw estimated the stage of completion for the units ranged from 37 to 90 percent. He further indicated the common areas, yet to be completed, consisted of a 17' X 42' swimming pool, fencing, asphalt roads and parking and landscaping. He estimated a total cost of \$425,000, but was waiting for actual bids from several contractors.

On July 13, 1982, T.C.P. issued a deed in lieu of foreclosure on the property to Home Savings. Home Savings has not accepted the deed at present as they desire an additional protection clause in the deed. Once the deed is accepted and recorded, the institution plans, according to President Bradshaw, to accept the best bid, complete the units, and offer them for sale at rock-bottom prices, thereby avoiding any loss.

A title report on the security property dated July 27, 1982, indicated the only lien on the property was the institution's \$900,000 loan. But the report did indicate that title to Unit "D" in building two was in the name of Phillip S. Maybe. This could add an additional problem as no funds have been paid to Home Savings to release this unit.

**C. LOAN INVOLVING AFFILIATED PERSON**

Institution President Howard A. Bradshaw received funds from the proceeds of a third trust deed loan granted to a third party. This is in noncompliance with Section 7-7-15(c) of the Utah Financial Institutions Act of 1981 and also has the appearance of a conflict of interest.

C. "LOAN INVOLVING AFFILIATED PERSON" (continued)

In an addendum to his original response to Question 7 of the Management Questionnaire, Mr. Bradshaw identifies a transaction wherein he received a portion of the loan proceeds. Additional details include:

- The appraisal of \$189,000 was prepared by Mr. Bradshaw.
- The loan was approved by Mr. Bradshaw and Executive Vice President Smolka. The State Act requires a board resolution approved by two-thirds of the directors with the interested director having no part of the vote, for approval of the loan.

APPRAISAL PRACTICES

The institution's appraisal practices for major loans are considered deficient because the institution does not retain control of this function.

1. Unapproved Appraisers

Loan 500371 granted to Roy Dental Clinic is supported by an appraisal prepared by Louis Howard. Also loan 500393 granted to Butler, Crockett and Walsh had an appraisal prepared by Thomas Heal. Neither Mr. Howard nor Mr. Heal is included on the list of appraisers approved by the board of directors.

2. Appraisals Not Prepared for Lender

The above appraisal reports by unapproved appraisers were addressed to the borrowers and prepared for their use. Additionally, the appraisal supporting loan 500391 granted to Clark and Green was prepared for Franklin Financial, a former owner and seller of the property. Moreover, this appraisal was for 100 acres of land. Only 50 acres of the land was purchased by Clark and Green and used as security for the institution's loan.

Mr. Bradshaw offered no explanation for the above practice but agreed that all such appraisals should be addressed to the institution and prepared by approved appraisers.

LIQUIDITY RECORDS

Contrary to the provisions of Bank System Regulation 523.13(b), the institution did not have liquidity records for part of the review period.

The review of liquidity disclosed that no records were available for the months of July, October and November 1981, or January and February 1982. The institution did not attempt to reconstruct liquidity records for those months. Management was requested to prepare the records and to furnish the Supervisory Agent with the average monthly liquidity percentages for the months in question. Forty-five days were allowed in which to accomplish this.

LOAN UNDERWRITING STANDARDS

The review of the minutes did not disclose an annual review of the loan standards by the board of directors. Bank System Regulation 528.2a(b) requires such an annual review.

Mr. Bradshaw stated the review would be included on the agenda of the next board of directors' meeting and it would be reviewed annually thereafter.

## ELECTRONIC DATA PROCESSING

### 1. Contract

The institution does not have a contract with DHI, Inc., its data processor, a condition existing since before the preceding examination.

Controller Gerald Hunter stated that DHI had presented a contract to Home Savings but it was unsatisfactory and was rejected by the users. He stated that the attorney for Western Savings (another user) was preparing a contract that would meet the needs and requirements of the users and when completed and accepted it would be implemented by all the users including Home Savings.

### 2. Supervisory Keys

The institution has not implemented a program to control the use of the supervisory holds placed on various accounts.

The window posting machines used by the tellers have provision for a supervisory key by which holds may be placed or released on various accounts. This key is not controlled and tellers have unrestricted access to its use. A compensating control is the "Exception Report" detailing the transactions requiring the use of the key. Thus management can determine the propriety of the transactions by review of the report. Home Savings does not receive such reports from DHI therefore has not developed a compensating control for the unrestricted teller access to the supervisory key.

Mr. Bradshaw stated that DHI would be requested to provide exception reports for management review.

## H. ELECTRONIC FUNDS TRANSFERS (REGULATION E)

Home Savings is not complying with the disclosure requirements of Section 205.7 of Regulation E.

The institution accepts direct deposits for customers from the Social Security Administration and other transfer-payment programs. When such an account is set up, the disclosures required by the above noted section are not made. Thus the customer is not aware of whether notification will be made when such payments are received, or only if they are not received. Nor are they provided with a toll free number where inquiries may be made, and the business hours such inquiries may be made. Similarly, they have no information on what to do in case of errors or the institution's error resolution procedures.

Mr. Bradshaw stated he was not aware of the requirement for disclosure but promised to implement the required disclosures.

### I. MONITORING INFORMATION

The monitoring information for race and sex required by Bank System Regulation 528.6 and Regulation B was not disclosed nor designated by the lender on four of ten applications reviewed to determine compliance.

Mr. Bradshaw stated that loan personnel would be instructed to obtain the information on all applications.

### J. EQUAL EMPLOYMENT OPPORTUNITY

Home Savings is not in compliance with Bank System Regulation 563.36 regarding Equal Employment Opportunity as follows:

- The Home Office did not notify the notice relating to equal employment opportunity required by subsection (b)(3) of the regulation.

EQUAL EMPLOYMENT OPPORTUNITY (continued)

Mr. Bradshaw stated that the required notice would be displayed and that future advertisements would include the required wording.

COMMUNITY REINVESTMENT ACT

Home Savings and Loan appears to be meeting the Community Reinvestment Act (CRA) objectives of providing the credit needs of the community it serves.

Home Savings' CRA statement was reviewed and approved by the institution's board of directors on July 15, 1981.

President Bradshaw indicated the CRA statement will again be reviewed at the August 1982 board meeting.

Tab 226A

VIOLATION OR POSSIBLE VIOLATION of Criminal Statutes (excluding robbery or holdup) (See instructions on reverse)		UTAH STATE DEPT. OF FINANCIAL INSTITUTION  MAR 25 1983 AM 7:8,9,10,11,12,1,2,3,4,5,6 PM
1. NAME OF INSTITUTION Home Savings and Loan		2. DOCKET NUMBER 7772
3. CITY Salt Lake City	4. STATE Utah	5. ASSET SIZE OF INSTITUTION \$ 20,522,586
6. TYPE OF IRREGULARITY SUSPECTED ("X" appropriate box/boxes) <input type="checkbox"/> DEFALCATION/EMBEZZLEMENT <input type="checkbox"/> MISUSE OF POSITION <input checked="" type="checkbox"/> OTHER (Describe) <input type="checkbox"/> FALSE STATEMENT <input type="checkbox"/> MYSTERIOUS DISAPPEARANCE      False Entries		
PERSONS RESPONSIBLE OR SUSPECTED		
7. NAME Elaine Reese	8. RELATIONSHIP TO INSTITUTION (i.e., Director, Officer, Employee, Borrower, Savings Customer) IF OFFICER OR EMPLOYEE, GIVE TITLE OR POSITION  Loan Processor	
9. <input checked="" type="checkbox"/> RESPONSIBLE <input type="checkbox"/> SUSPECTED		
10. IF DIRECTOR, OFFICER OR EMPLOYEE WERE SERVICES TERMINATED? Resigned <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	11. IF YES, GIVE DATE TERMINATED	12. EXPLAIN HOW TERMINATED Resigned voluntarily
DESCRIPTION OF SUSPECTED OFFENSE		
13. SUMMARIZE PERTINENT INFORMATION AND ATTACH EXHIBIT(S) IF NECESSARY  In her deposition dated October 4, 1982, Elaine Reese admitted that she had backdated trust deed notes, second deeds of trust and truth-in-lending rescission notices so that it would appear that the borrowers' right of rescission had already expired on the date the instruments were actually signed. The purpose of the backdating was to enable Grant Affleck to obtain the borrowers' loan proceeds before they had time to rescind the transaction. These irregularities were discovered as a result of a lawsuit filed against the association in April 1982.  Approximately 285 unhappy investors filed a \$50 million lawsuit on April 7, 1982, against real estate developer, Grant Affleck (AFCO), and several financial institutions, including (continued on attached p		
LOSS		
14. AMOUNT OF LOSS KNOWN	\$ Unknown	19. NAME OF INSTITUTION'S SURETY BOND COMPANY Fidelity Deposit Company of Maryland
15. RESTITUTION BY:	\$	20. AMOUNT OF BOND \$900,000
16. SETTLEMENT BY SURETY COMPANY	\$	21. AMOUNT OF DEDUCTIBLE \$ 5,000
17. TOTAL RESTITUTION AND SETTLEMENT TO DATE	\$	22. WAS CLAIM FILED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO IF YES, GIVE DATE:
18. TOTAL LOSS TO DATE	\$	23. IS ADDITIONAL LOSS SUSPECTED? <input type="checkbox"/> YES <input type="checkbox"/> NO (If YES, explain in item 13)
* Bonding company notified of possible claim if the institution loses court cases.		
DISCOVERY AND REPORTING		
24. DISCOVERED BY: Attorney Kent Murdock in a deposition from Mrs. Elaine W. Reese	25. DATE DISCOVERED 10/04/82	
26. REPORTED TO FHLLB REPRESENTATIVE BY: Association President Howard Bradshaw	27. DATE REPORTED 03/08/83	
28. REPORTED BY INSTITUTION TO: FEDERAL CRIMINAL LAW ENFORCEMENT OFFICIALS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO STATE OR LOCAL CRIMINAL LAW ENFORCEMENT OFFICIALS <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	29. IF YES, GIVE DATE	30. STATUS OF INVESTIGATION OR PROSECUTION
31. PREPARER'S SIGNATURE <i>John L. Hinkle</i>	32. TITLE Assistant District Director	33. DATE SIGNED 03/23/83
FOR FHLLB USE ONLY		
34. IS THIS REPORT BEING SENT TO U.S. ATTORNEY? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	36. IF NO, GIVE REASON ("X" appropriate box) <input type="checkbox"/> MATTER PREVIOUSLY REFERRED <input type="checkbox"/> NO CRIME INDICATED <input type="checkbox"/> OTHER (Explain)	
35. IF YES, DATE SENT March 23, 1983		
37. ARE FINANCIAL PRIVACY ACT LETTERS BEING SENT? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	38. IF YES, GIVE NAME(S) OF RECIPIENT(S)	39. DATE SENT



Description of Suspected Offense (continued)

~~Home Savings and Loan, Salt Lake City, Utah.~~ Also named as defendants were two employees of ~~Home Savings and Loan~~, William H. Cox and Larry Glad.

The complaint alleges that the defendants solicited the plaintiffs to buy an ~~investment package that required the investor to execute and deliver a promissory note payable to a funding institution (i.e., Home Savings and Loan Association).~~ These promissory notes were in most instances secured by a second mortgage on the plaintiffs personal residences (an equity loan). ~~Proceeds of the loans flowed to AFCO.~~ In return for the funds, AFCO executed and delivered a promissory note to the plaintiffs, which notes were purportedly secured by liens on property owned by AFCO (including Sherwood Hills). From the sales of the ~~time-share condo's at Sherwood Hills~~, AFCO was to make the payments to the funding institution on the equity loans taken out by the plaintiffs.

The complaint alleges that the funding institutions, in addition to participating in numerous misrepresentations, departed from conventional and standard lending practices, namely, that the funding institution:

- expedited the completion of the loan transaction to meet the demands and purpose of AFCO.
- accepted from AFCO, financial and credit data on plaintiffs without confirmation from plaintiffs.
- authorized and permitted AFCO to solicit and arrange the loans on behalf of the funding institutions.
- failed to provide plaintiffs an adequate opportunity to rescind.
- agreed to rely on AFCO credit for repayment of the loans.
- were joint venturers or partners with AFCO.

Tab 330

Arthur H. Nielsen  
Gary A. Weston  
Earl Jay Peck  
John K. Mangum  
NIELSEN & SENIOR  
Attorneys for Plaintiffs  
1100 Beneficial Life Tower  
36 South State Street  
Salt Lake City, Utah 84111  
Telephone: (801) 532-1900

Exhibit  
"B"

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IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH  
CENTRAL DIVISION

---

WELDON S. ABBOTT, et al.,	)	
	)	
Plaintiffs,	)	Civil No. C82-0628K
	)	
v.	)	
	)	
CARVEL R. SHAFFER, HOME	)	
SAVINGS AND LOAN, et al.,	)	JUDGMENT ON SPECIAL
	)	VERDICTS IN TRIAL WITH
Defendants.	)	HOME SAVINGS AND LOAN
-----	)	
	)	
VICTOR W. ARMITAGE, et al.,	)	
	)	
Plaintiffs,	)	Civil No. C82-0670K
	)	
v.	)	
	)	
HOME SAVINGS AND LOAN, a	)	
corporation, and CARVEL R.	)	
SHAFFER,	)	
	)	
Defendants.	)	

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These consolidated actions came on for trial of all claims by or against Defendant Home Savings and Loan in Salt Lake City, Utah, commencing July 2, 1984, before the Court and a jury, the Honorable John L. Kane, Jr., District Judge, District of Colorado, presiding.

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EXHIBIT  
# 330

Arthur H. Nielsen, Gary A. Weston, Earl Jay Peck, and John K. Mangum of Nielsen & Senior appeared as counsel for Plaintiffs asserting claims against Home Savings. Those Plaintiffs are as follows: (1) In Civil No. C82-0628K--Quinn Merrill Beckstead, Sarah Jane Beckstead, Jerome F. Chandler, Peggy Chandler, O. Stanley Cullimore, Kerry Cullimore, Marvin P. Drummond, Betty Drummond, Orrin Fay Farnsworth, Vea Farnsworth, Orrin T. Farnsworth, Judy C. Farnsworth, Shirl D. Ferre, Carol J. Ferre, Craig D. Fisher, Julia W. Fisher, Virgil W. Gleed, Rhonda Gleed, Terry D. Hancock, Ronda S. Hancock, Richard L. Hind, Cynthia Hind, Kathleen C. Holman, Melvin J. Linford, Judy Kay Linford, Ardel H. Loveland, Amy Y. Loveland, Clinton A. Loveland, Julie A. Loveland, Owen A. Michaelis, Sherla E. Michaelis, Walter M. Miles, Pacita G. Miles, James J. Miller, Kathleen Miller, Elvin D. Morrill, Arvella Morrill, R. Fred Pehrson, Gayle Pehrson, Donald J. Penrod, Shirley P. Penrod, Arthur E. Phippen, Mary Lou Phippen, LeRay Reese, Kristene K. Reese, Kenneth D. Richards, Doris B. Richards, Andrew T. Roberts, Ruby M. Roberts, Dennis M. Rosenlof, Lauri Rosenlof, Steven J. Scoville, Margo M. Scoville, Newell J. Sorenson, Garnet M. Sorenson, Grant Tobler, Dorothy L. Tobler, Russell V. Walton, Melba J. Walton, Marlo E. Whitaker, Karen M. Whitaker, F. William Witt and Denice O. Witt, and (2) in Civil No. C82-0670K--Victor W. Armitage, Marilyn Armitage, Richard R. Devey, Marilyn K. Devey, Ronald V. Kirk, Barbara Kirk, and Joye G. Pratt, individually and as personal representative of the estate of Leigh B. Pratt.

Thomas A. Quinn, Kent H. Murdock and Anthony B. Quinn of Ray, Quinney & Nebeker appeared as counsel at trial for the Defendant, Home Savings and Loan ("Home Savings"), in both said actions, here consolidated for trial of all claims involving this Defendant.

Upon the completion of the presentation of all evidence in the case, the Court granted motions of Defendant Home Savings for a directed verdict against Plaintiffs and in favor of Home Savings on certain causes of action raised by the pleadings, as follows:

(a) Claims under Section 12(1) of the Securities Act of 1933, 15 U.S.C. §771(1);

(b) Claims under Section 17 of the Securities Act of 1933, 15 U.S.C. §770;

(c) Claims under the Federal Racketeering Influenced and Corrupt Organizations Act (RICO), 18 U.S.C. §§1961 et seq.;

(d) Claims under the Utah Racketeering Influences and Criminal Enterprises Act (RICE), Utah Code Ann. §§76-10-1601 et seq.;

(e) Claims under the Utah Consumer Sales Practices Act, Utah Code Ann. §§13-11-1, et seq.;

(f) Claims that Home Savings had a duty to Plaintiffs as sureties which it breached;

(g) Claims that Home Savings was guilty of negligently misrepresenting material facts;

(h) Claims that Home Savings was guilty of constructive fraud upon Plaintiffs;

(i) Claims that Home Savings was negligent in its conduct towards Plaintiffs;

(j) Claims that Home Savings had a fiduciary duty to Plaintiffs which it breached; and

(k) Claims against Home Savings arising under the Utah Savings and Loan Association Act, Utah Code Ann. §7-7-33(4).

The Court reserved for its own determination, after receipt of the jury's special verdicts, claims that Home Savings was guilty of violating the unconscionability provisions of the Utah Consumer Credit Code, Utah Code Ann. §70B-5-108, and claims arising under the counterclaims of Home Savings for foreclosure of trust deeds on Plaintiffs' property and to collect amounts paid to retire prior debts of Plaintiffs. The parties stipulated that the Court determine and measure damages arising from any liability determined by either the jury or Court. The parties further stipulated to reserve for determination by the Court after trial the issue of what attorney fees should be imposed on any party.

The Court submitted to the jury the remaining claims framed by the pleadings for determination by special verdict. The jury having duly rendered its special verdicts on Tuesday, August 14,

1984, and the Court having considered the same, as reflected in its Order dated December 17, 1985,

NOW, THEREFORE, in furtherance of the Court's previous rulings and in accordance with the special verdicts of the jury, it is hereby ORDERED and ADJUDGED:

1. The following claims made by Plaintiffs against Home Savings are hereby dismissed:

(a) Claims under Section 12(1) of the Securities Act of 1933, 15 U.S.C. §771(1);

(b) Claims under Section 17 of the Securities Act of 1933, 15 U.S.C. §77o;

(c) Claims under the Federal Racketeering Influenced and Corrupt Organizations Act (RICO), 18 U.S.C. §§1961 et seq.;

(d) Claims under the Utah Racketeering Influences and Criminal Enterprises Act (RICE), Utah Code Ann. §§76-10-1601 et seq.;

(e) Claims under the Utah Consumer Sales Practices Act, Utah Code Ann. §§13-11-1, et seq.;

(f) Claims that Home Savings had a duty to Plaintiffs as sureties which it breached;

(g) Claims that Home Savings was guilty of negligently misrepresenting material facts;

(h) Claims that Home Savings was guilty of constructive fraud upon Plaintiffs;

(i) Claims that Home Savings was negligent in its conduct towards Plaintiffs;

(j) Claims that Home Savings had a fiduciary duty to Plaintiffs which it breached;

(k) Claims against Home Savings arising under the Utah Savings and Loan Association Act, Utah Code Ann. §7-7-33(4); and

(l) Claims that the transactions were unconscionable under Utah Code Ann. §70B-5-108, and that Plaintiffs are entitled to civil penalties under said section.

2. The counterclaim of Home Savings for foreclosure of trust deeds on Plaintiffs' property is hereby dismissed.

3. As a consequence of (a) the primary liability of Home Savings for (1) violating the provisions of Section 12(2) of the Securities Act of 1933, 15 U.S.C. §771(2); (2) violating the provisions of Section 10(b) of the Securities and Exchange Act of 1934, 15 U.S.C. §78j(b); and Rule 10b-5, 17 C.F.R. §240.10b-5, promulgated thereunder; (3) violating the Utah Uniform Securities Act, Utah Code Ann. §61-1-22(1)(b); (4) committing common law fraud upon Plaintiffs; and (5) violating the requirements of the truth in lending provisions of federal and Utah law relating to notices of right to rescind and other rescission procedures under 15 U.S.C. §1635 and Utah Code Ann. §70B-5-204 (as in effect from November, 1981, through July, 1982); and (b) the secondary liability of Home Savings for (1)



controlling one or more parties who violated each of the securities laws described in subparagraph 3(a)(1)-(3) inclusive above, and (2) aiding and abetting violations of Grant Affleck and/or AFCO of Section 10(b) of the Securities and Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, all as found by the jury:

(i) The transactions between each of these Plaintiffs and Defendant are hereby cancelled and declared to be null and void and Plaintiffs have no obligation thereunder, except insofar as the jury specified amounts to be paid by Plaintiffs as addressed more particularly in paragraph No. 4 below. Each Plaintiff shall have and recover from Defendant the consideration paid or given by said Plaintiff for or in connection with the purchase of the AFCO security. That consideration consists of the promissory notes and deeds of trust executed by each said Plaintiff, as more particularly described below. Defendant is ordered to immediately cancel and return said promissory notes and deeds of trust to the respective Plaintiffs and to reconvey to the Plaintiffs named in said deeds of trust the record interest of Defendant in the property therein described.

(ii) The promissory notes which are voided and which Defendant is to mark cancelled and return to Plaintiffs are as follows:

<u>Plaintiffs</u>	<u>Date on Note</u>	<u>Original Principal Amount</u>
Armitage	December 1, 1981	\$14,500.00
Beckstead	December 18, 1981	57,000.00
Chandler	December 28, 1981	26,500.00
Cullimore	December 4, 1981	35,000.00
Devey	November 19, 1981	45,000.00
Drummond	December 8, 1981	40,000.00
Farnsworth, O.F. & V.	December 1, 1981	29,500.00
Farnsworth, OT & J.	November 23, 1981	38,500.00
Ferre	November 9, 1981	22,850.00
Fisher	December 4, 1981	29,000.00
Gleed	November 17, 1981	28,500.00
Hancock	December 18, 1981	22,000.00
Hind	November 23, 1981	12,000.00
Holman	December 18, 1981	17,500.00
Kirk	December 21, 1981	57,300.00
Linford	November 23, 1981	35,500.00
Loveland, A. & A.	December 8, 1981	32,400.00
Loveland, C. & J.	November 17, 1981	21,000.00
Michaelis	November 23, 1981	26,000.00
Miles	December 9, 1981	45,600.00
Miller	November 10, 1981	50,000.00
Morrill	November 17, 1981	34,000.00
Pehrson	November 23, 1981	33,000.00
Penrod	November 17, 1981	22,000.00
Phippen	November 18, 1981	38,000.00
Pratt	December 1, 1981	34,500.00
Reese	December 28, 1981	24,900.00
Richards	December 1, 1981	23,500.00
Roberts	December 11, 1981	42,000.00
Rosenlof	November 9, 1981	10,250.00
Scoville	November 23, 1981	28,500.00
Sorenson	November 12, 1981	47,000.00
Tobler	November 18, 1981	59,000.00
Walton	November 9, 1981	31,000.00
Whitaker	November 9, 1981	49,400.00
Witt	November 9, 1981	41,400.00

(iii) The trust deeds which are voided and which Defendant is to mark cancelled and return to Plaintiffs together with a reconveyance of any interest of Defendant in and to the property described therein, are as follows:

<u>Plaintiff</u>	<u>Date</u> <u>Trust Deed</u> <u>Recorded</u>	<u>County of</u> <u>Recordation</u>	<u>Book</u>	<u>Page(s)</u>	<u>Entry</u> <u>No.</u>
Armitage	12/8/81	Tooele	198	779-783	348988
Beckstead	12/29/81	Weber	1395	416	849514
Chandler	1/6/82	Salt Lake	5329	225	3637422
Cullimore	12/18/81	Salt Lake	5324	229	3632807
Devey	1/12/82	Utah	1959	2	805
Drummond	12/18/81	Weber	1394	1490	849078
Farnsworth, O.F.&V	12/8/81	Salt Lake	5320	1623	3629988
Farnsworth, O.T.&J	12/1/81	Salt Lake	5318	765	3627798
Ferre	11/16/81	Salt Lake	5313	1097	3623876
Fisher	12/18/81	Davis	888	101	606006
Gleed	11/24/81	Tooele	198	541-545	348853
Hancock	12/29/81	Weber	1395	407	849510
Hind	12/1/81	Salt Lake	5318	750	3627795
Holman	1/8/82	Salt Lake	5329	1070	3637891
Kirk	12/30/81	Tooele	199	418-422	349412
Linford	12/1/81	Salt Lake	5318	770	3627799
Loveland, A. & A.	12/18/81	Utah	1954	827	35644
Loveland, C. & J.	11/24/81	Box Elder	352	98	88704H
Michaelis	12/3/81	Salt Lake	5319	310	3628457
Miles	12/15/81	Salt Lake	5323	178	3631943
Miller	11/17/81	Salt Lake	5314	409	3624304
Morrill	11/24/81	Davis	885	981	604637
Pehrson	12/1/81	Salt Lake	5318	755	3627796
Penrod	11/24/81	Box Elder	352	108	88706H
Phippen	11/24/81	Box Elder	352	103	88705H
Pratt	12/18/81	Tooele	199	9-13	349098
Reese	1/6/82	Box Elder	353	539	89468H
Richards	12/1/81	Salt Lake	5320	668	3629497
Roberts	12/28/81	Tooele	199	206-210	349235
Rosenlof	11/30/81	Salt Lake	5317	1340	3627273
Scoville	12/1/81	Salt Lake	5318	760	3627797
Sorenson	11/20/81	Tooele	198	394-398	348753
Tobler	12/8/81	Davis	887	155	605385
Walton	11/17/81	Box Elder	351	717	88595H
Whitaker	11/16/81	Box Elder	351	668	88571H
Witt	11/16/81	Box Elder	351	673	88572H

(iv) Defendant Home Savings shall pay, as punitive damages, the following amounts (as determined by the jury) to the respective Plaintiffs here listed:

<u>Plaintiffs</u>	<u>Amount</u>
a. Quinn M. and Sarah Jane Beckstead	\$3,000.00
b. Richard and Marilyn Devey	\$3,000.00
c. Clinton and Julie Loveland	\$2,000.00
d. Owen and Sherla Michaelis	\$2,000.00

(v) Defendant Home Savings shall pay to the following named Plaintiffs, as prejudgment interest on amounts it received from said Plaintiffs (calculated at 12% per annum from date of payment to Home Savings through December 17, 1985), the following amounts:

<u>Plaintiffs</u>	<u>Amount</u>
a. O. Stanley and Kerry Cullimore	\$ 258.67
b. Orrin Fay and Vea Farnsworth	219.25
c. Shirl and Carol Ferre	370.34
d. Melvin and Judy Kay Linford	524.92
e. Steven and Margo Scoville	191.51

4. To complete the rescission process elected by Plaintiffs, Defendant shall have and recover from the respective Plaintiffs the following amounts, as determined by the special verdicts of the jury:

<u>Plaintiffs</u>	<u>Amount Owed to Home Savings to Complete Rescission</u>
Armitage, Victor/Marilyn	\$ 311.75
Beckstead, Quinn/Sarah	14,560.71
Chandler, Jerome/Peggy	122.00

Cullimore, O. Stanley/Kerry	--0--
Devey, Richard/Marilyn	151.00
Drummond, Marvin/Betty	10,901.13
Farnsworth, Orrin Fay/Vea	23.68
Farnsworth, Orrin T./Judy	14,298.30
Ferre, Shirl/Carol	4,781.98
Fisher, Craig/Julia	7,619.93
Gleed, Virgil/Rhonda	11,879.04
Hancock, Terry/Ronda	213.60
Hind, Richard/Cynthia	1,328.33
Holman, Kathleen	194.88
Kirk, Ronald/Barbara	10,396.53
Linford, Melvin/Judy Kay	2,550.88
Loveland, Ardel/Amy	363.18
Loveland, Clinton/Julie	1,100.64
Michaelis, Owen/Sherla	135.71
Miles, Walter/Pacita	1,158.83
Miller, James/Kathleen	11,375.14
Morrill, Elvin/Arvella	12,954.23
Pehrson, R. Fred/Gayle	7,317.63
Penrod, Donald/Shirley	13,018.40
Phippen, Arthur/Mary Lou	275.28
Joye Pratt, individually, and as Personal Representative of the Estate of Leigh Pratt	790.64
Reese, LeeRay/Kristine	6,484.00
Richards, Kenneth/Doris	1,518.72
Roberts, Andrew/Ruby	471.90
Rosenlof, Dennis/Laura	1,190.28
Scoville, Steven/Margo	8,356.00
Sorenson, Newell/Garnet	11,402.77
Tobler, Grant/Dorothy	21,297.27
Walton, Russel/Melba	3,672.25
Whitaker, Marlo/Karen	21,652.04
Witt, William/Denice	13,072.87

No interest shall begin to accrue on said amounts until 60 days after entry of this Judgment. Thereafter, interest shall accrue at the rate per annum in effect from time to time as determined pursuant to the provisions of 28 U.S.C. § 1961, as amended, except to the extent any of the following applies:

- a. Any Plaintiff who benefitted from a payment by Home Savings of any prior debt of that Plaintiff may elect, upon written notice to Home Savings within 60

days after entry of this Judgment, to make installment payments to Home Savings of that portion of the amount specified above which was paid by Home Savings to prior creditors of that Plaintiff. In the event of such election, said installments shall be in the same periodic amount as payable under the obligation reduced or retired by Home Savings, and at a rate of interest agreeable between the Plaintiff so electing and Home Savings, but not to exceed that payable under the obligation reduced or retired. Any Plaintiff who elects this option, upon written request of Home Savings, shall execute a new promissory note or notes so providing, and, if Home Savings requests, also shall execute a new deed of trust replacing the trust deed ordered to be released by this Judgment, to secure payment of said note or notes, provided, that Home Savings shall not be entitled as part of such refinancing to charge to Plaintiffs any amount for discount points, origination fees, credit reports, or other similar closing costs, including, unless different property is substituted as collateral, fees for appraisals, title searches, title insurance premiums, recording fees and mortgage insurance. Any Plaintiff who makes the election provided for in this paragraph shall make payment and Home Savings shall

accept the same as in full compliance with this option  
if paid in accord with the following terms:

<u>Plaintiffs</u>	<u>Principal Amount</u>	<u>Period</u>	<u>Periodic Amount</u>	<u>Annual Int. Rate</u>
a. Beckstead	\$14,125.35	Monthly	\$510.00	18%
b. Drummond	6,533.11	Monthly	137.00	18%
c. Farnsworth, O.T.	10,291.00	Monthly	181.00	10.80%
d. Ferre	2,234.23	Monthly	60.00	14%
e. Fisher	5,247.83	Annual	1,700.00	11%
	115.00	Monthly	20.00	18%
	1,315.00	Monthly	75.00	18%
	650.00	Monthly	60.00	18%
Fisher Total	\$ 7,327.83			
f. Gleed	10,196.80	Monthly	228.84	9.6%
	590.00	Monthly	73.87	19.99%
Gleed Total	\$10,786.80			
g. Kirk	10,100.18	Monthly	194.00	9.5%
h. Linford	2,168.82	Monthly	108.30	13.5%
i. Miles	503.21	Property tax payment		
j. Miller	10,410.96	Monthly	202.00	10.5%
k. Morrill	7,639.95	Monthly	177.00	12%
	295.00	Monthly	20.00	18%
	579.00	Monthly	82.00	18%
	1,980.00	Monthly	88.00	18%
	1,216.00	Monthly	65.00	18%
	424.00	Monthly	24.00	18%
Morrill Total	\$12,133.95			
l. Pehrson	3,035.23	Monthly	81.24	16.75%
	440.00	Monthly	20.00	18%
	400.00	Monthly	200.00	11.90%
Pehrson Total	\$ 3,875.23			
m. Penrod	\$12,800.00	Monthly	225.82	16.75%
n. Reese	6,358.00	Monthly	171.65	16%
o. Richards	1,085.00	Monthly	151.90	10.5%
p. Scoville	6,411.00	Monthly	251.57	13%
	556.00	Monthly	25.00	21%
Scoville Total	\$ 6,967.00			
q. Sorenson	10,153.71	Annual	3,000.00	10%
? r. Tobler	7,481.23	Monthly	155.00	6 1/2%
	9,392.00	Monthly	135.60	18%
Tobler Total	\$16,873.23			

s. Whitaker	4,993.92	Monthly	112.30	17%
	<u>16,104.37</u>	Monthly	323.06	12%
Whitaker Total	<u>\$21,098.29</u>			
t. Witt	8,207.22	Monthly	147.50	12%
	2,500.00	Monthly	71.12	16%
	500.00	Monthly	46.91	21%
	<u>644.00</u>	Monthly	35.00	10.25%
Witt Total	<u>\$11,851.22</u>			

b. If any appeal is taken from this Judgment, any party may make any payment in a timely manner required to be made pursuant hereto to the clerk of the court for deposit into an interest bearing account and be relieved from payment of any interest thereon in the event the part of the Judgment requiring the payment to be made is finally affirmed. Nothing herein shall be construed to deny the right to file an appropriate bond on appeal to relieve a party from complying with the Judgment pending its review on appeal and until made final.

5. Plaintiffs shall have and recover jointly and collectively from the Defendant such costs and disbursements as they have incurred in this action and as are allowed by the Court, together with reasonable attorney fees in an amount reserved to and as shall hereafter be determined by the Court.


6. Having determined all issues by all parties to these actions involving any claim by or against Defendant Home Savings, except as addressed in paragraph 5 above, and finding no just reason to further delay entry of this judgment, it is



hereby directed that this judgment be entered forthwith pursuant to the provisions of Rule 54(b) of the Federal Rules of Civil Procedure.

DATED this 24<sup>a</sup> day of ~~January~~ <sup>February</sup>, 1986.

BY THE COURT:

  
\_\_\_\_\_  
John L. Kane, Jr.  
United States District Judge

0356x

CURRENT LISTING OF COUNSEL IN ABBOTT vs. SHAFFER - C-82-0628K

2/26/86

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Gary R. Howe, Esq.  
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Honorable Juan G. Burciaga  
*Wallace R. Bennett, Esq.*

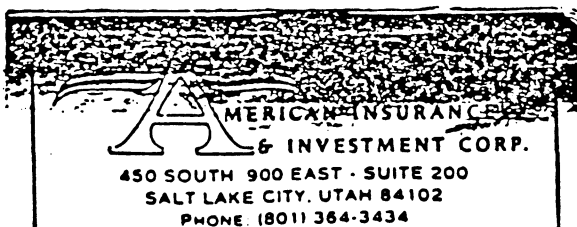
Tab 343

The Aetna Casualty and Surety Company  
The Standard Fire Insurance Company  
The Automobile Insurance Company  
of Hartford, Connecticut 06156



Exhibit  
"A"

Insurance planned for your protection by



Bond No. 19 F 3041 BCA

## DECLARATIONS

Item 1. Name of Insured (herein called Insured): Home Savings &amp; Loan

Principal Address: 116 South Main Street,  
(NO.) (STREET)Salt Lake City, Utah  
(CITY) (STATE)

Item 2. Bond Period: from noon on June 21, 1982

(MONTH, DAY, YEAR)

to noon on the effective date of the termination or cancellation of this bond, standard time at the Principal Address as to each of said dates.

Item 3. Limit of Liability —

Subject to Section 7 hereof, the Limit of Liability is \$ 1,135,000.00

Provided, however, that if any amounts are inserted below opposite specified Insuring Agreements or Coverage, such amounts shall be part of and not in addition to such Limit of Liability.

Amount applicable to:

Audit Expense Coverage	\$ Nil
Insuring Agreement (D)—Forgery or Alteration	\$ 100,000.00
Insuring Agreement (E)—Securities	\$ Nil

(Insert amount of Insuring Agreement or Coverage, or if an Insuring Agreement or Coverage is to be deleted, insert "Not Covered")

If "Not Covered" is inserted above opposite any specified Insuring Agreement or Coverage, such Insuring Agreement or Coverage and any other reference thereto in this bond shall be deemed to be deleted therefrom.

Item 4. The liability of the Underwriter is subject to the terms of the following riders attached hereto:

SR 5876b	5972a	6042	6091
5884c	5973	6059(1)	
5923b	6037	6064a	
5936d	6041	6090	

Item 5. The Insured by the acceptance of this bond gives notice to the Underwriter terminating or canceling prior bond(s) or policy(ies) No.(s) Nil such termination or cancellation to be effective as of the time this bond becomes effective.

Signed, sealed and dated (enter below)  
8-20-82 ep

THE AETNA CASUALTY AND SURETY COMPANY

By Thomas S. Carpenter, IV  
Thomas S. Carpenter, IV Attorney-in-Fact

The Underwriter, in consideration of an agreed premium, and subject to the Declarations, Conditions and Limitations and other terms of the Policy, agrees with the Insured, in accordance with the amount of insurance is applicable as set forth in Item 3 of the Declarations and with respect to loss discovered during the Bond Period, to indemnify and hold harmless the Insured for

part hereof, the General Agreements, Insuring Agreements hereto to which an addition by the Insured at any time but

## INSURING AGREEMENTS

### FIDELITY

(A) Loss through any dishonest or fraudulent act of any of the Employees, committed anywhere and whether committed alone or in collusion with others, including loss, through any such act of any of the Employees, of Property held by the Insured for any purpose or in any capacity and whether so held gratuitously or not and whether or not the Insured is liable therefor.

### AUDIT EXPENSE

Expense incurred by the Insured for that part of the cost of audits or examinations required by State or Federal supervisory authorities to be conducted either by such authorities or by independent accountants by reason of the discovery of loss sustained by the Insured through dishonest or fraudulent acts of any of the Employees. The total liability of the Underwriter for such expense by reason of such acts of any Employee or in which such Employee is concerned or implicated or with respect to any one audit or examination is limited to the amount stated opposite "Audit Expense Coverage" in Item 3 of the Declarations, it being understood, however, that such expense shall be deemed to be loss sustained by the Insured through dishonest or fraudulent acts of one or more of the Employees and the liability of the Underwriter under this paragraph of Insuring Agreement (A) shall be a part of and not in addition to the Limit of Liability stated in Item 3 of the Declarations.

### ON PREMISES

(B) Loss of Property (occurring with or without negligence or violence) through robbery, burglary, common-law or statutory larceny, theft, hold-up, or other fraudulent means, misplacement, mysterious unexplainable disappearance, damage thereto or destruction thereof, and loss of subscription, conversion, redemption or deposit privileges through the misplacement or loss of Property, while the Property is (or is supposed to be) lodged or deposited within any offices or premises located anywhere, except in the mail or with a carrier for hire, other than an armored motor vehicle company, for the purpose of transportation.

Loss of any of the items of property enumerated in the paragraph defining Property, in the possession of any customer of the Insured or of any representative of such customer, whether or not the Insured is liable for the loss thereof,

- (a) through any hazard specified in the preceding paragraph, while such property is within any of the Insured's offices, or
- (b) through robbery or hold-up while such customer or representative is actually transacting business with the Insured at an outside window or other similar facility offered to the public for that purpose by the Insured, and attended by an Employee of the Insured, at any of the Insured's offices, or
- (c) through robbery or hold-up during business hours while such customer or representative is in any building or on any driveway, parking lot or similar facility maintained by the Insured as a convenience for such customers or representatives using motor vehicles if such customer or representative is present in such building or on such facility for the purpose of transacting business with the Insured at any of its offices;

provided such loss, at the option of the Insured, is included in the Insured's proof of loss, and excluding, in any event, loss caused by such customer or any representative of such customer.

### Offices and Equipment

(a) Loss of, or damage to, furnishings, fixtures, stationery, supplies or equipment, within any of the Insured's offices caused by larceny or theft in, or by burglary, robbery or hold-up of such office, or attempt hereat, or by vandalism or malicious mischief, or (b) loss through damage to any such office by larceny or theft in, or by burglary, robbery or hold-up of such office or attempt thereat, or to the interior of any such office by vandalism or malicious mischief, provided, in any event, that the Insured is the owner of such offices, furnishings, fixtures, stationery, supplies or equipment or is liable for such loss or damage,—always excepting, however, all loss or damage through fire.

### ADDITIONAL OFFICES OR EMPLOYEES—CONSOLIDATION OR MERGER

A. If the Insured shall, while this bond is in force, establish any additional office or offices, such office or offices shall be automatically covered hereunder from the dates of their establishment, respectively, by notice to the Underwriter of an increase during any premium period of the number of offices or in the number of Employees at any of the Insured's offices need be given and no additional premium need be paid or the remainder of such premium period, unless such increase shall result from the Insured's consolidation or merger with, or purchase of assets of, another institution.

### WARRANTY

B. No statement made by or on behalf of the Insured, whether contained in the application or otherwise, shall be deemed to be a warranty of anything except that it is true to the best of the knowledge and belief

### IN TRANSIT

(C) Loss of Property (occurring with or without negligence or violence) through robbery, common-law or statutory larceny, embezzlement, theft, hold up, misappropriation, misplacement, mysterious unexplainable disappearance, being lost or otherwise made away with, damage thereto or destruction thereof, and loss of subscription, conversion, redemption or deposit privileges through the misplacement or loss of Property, while the Property is in transit anywhere in the custody of any person or persons acting as messenger, except while in the mail or with a carrier for hire, other than an armored motor vehicle company, for the purpose of transportation, such transit to begin immediately upon receipt of such Property by the transporting person or persons, and to end immediately upon delivery thereof at destination.

### FORGERY OR ALTERATION

(D) Loss through FORGERY OR ALTERATION of, on or in any checks, drafts, acceptances, withdrawal orders or receipts for the withdrawal of funds or Property, certificates of deposit, letters of credit, warrants, money orders or orders upon public treasuries.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

### SECURITIES

(E) Loss through the Insured's having, in good faith and in the course of business, purchased or otherwise acquired, or sold or delivered, or given any value, extended any credit or assumed any liability, on the faith of, or otherwise acted upon, any securities, documents or other written instruments which prove to have been

- (a) counterfeited or forged as to the signature of any maker, drawer, issuer, endorser, assignor, lessee, transfer agent or registrar, acceptor, surety or guarantor or as to the signature of any person signing in any other capacity, or
- (b) raised or otherwise altered or lost or stolen;

EXCLUDING in any event loss through FORGERY OR ALTERATION of, on or in any checks, drafts, acceptances, withdrawal orders or receipts for the withdrawal of funds or Property, certificates of deposit, letters of credit, warrants, money orders or orders upon public treasuries.

Securities, documents or other written instruments shall be deemed to mean original (including original counterparts) negotiable or non-negotiable agreements in writing having value which value is, in the ordinary course of business, transferable by delivery of such agreements with any necessary endorsement or assignment.

Actual physical possession of such securities, documents or other written instruments by the Insured is a condition precedent to the Insured's having relied on the faith of, or otherwise acted upon, such securities, documents or other written instruments.

The word "counterfeited" as used in this Insuring Agreement shall be deemed to mean only an imitation of any such security, document or other written instrument which is intended to deceive and to be taken for an original.

Mechanically reproduced facsimile signatures are treated the same as handwritten signatures.

### REDEMPTION OF UNITED STATES SAVINGS BONDS

(F) Loss through the Insured's paying or redeeming, or guaranteeing or witnessing any signature upon, any United States Savings Bonds, Series A to K inclusive, United States Savings Notes or Armed Forces Leave Bonds which shall have been forged, counterfeited, raised or otherwise altered, or lost or stolen, or on which the signature to the Request for Payment shall have been forged.

### COUNTERFEIT CURRENCY

(G) Loss through the receipt by the Insured, in good faith, of any counterfeited or altered paper currencies or coin of the United States of America or Canada issued or purporting to have been issued by the United States of America or Canada or issued pursuant to a United States of America or Canadian Statute for use as currency.

## GENERAL AGREEMENTS

and reasonable attorneys' fees incurred and paid by the Insured in defending any suit or legal proceeding brought against the Insured to enforce the Insured's liability or alleged liability on account of any loss, claim or damage which, if established against the Insured, would constitute a valid and collectible loss sustained by the Insured under the terms of this bond. In the event such loss, claim or damage is subject to a Deductible Amount or is in excess of the amount collectible under the terms of this bond, such court costs and attorneys' fees shall be pro-rated. Such indemnity shall be in addition to the amount of this bond. In consideration of such indemnity, the Insured shall promptly give notice to the Underwriter of the institution of any such suit or legal proceeding, at the request of the Underwriter shall furnish it with copies of all pleadings and other papers therein; and at the Underwriter's election shall permit the Underwriter to appear in such suit or legal proceeding.

# THE FOREGOING INSURING AGREEMENTS AND GENERAL AGREEMENTS ARE SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS.

## DEFINITIONS

Section 1. The following terms, as used in this bond, shall have the respective meanings stated in this Section:

(a) "Employee" means

- (1) any officer or employee of the Insured and any officer or employee of any predecessor of the Insured whose principal assets are acquired by the Insured by consolidation or merger with, or purchase of assets of, such predecessor;
- (2) any employee of an executive officer of the Insured;
- (3) any duly elected or appointed attorney of the Insured or any employee of such attorney;
- (4) any natural person (sometimes known as conveyancer) duly elected or appointed by the Insured to draw deeds of conveyances of lands, to investigate titles of real property or otherwise to assist the Insured in the making (as distinguished from the servicing or collection) of mortgage loans, while performing such services;
- (5) any natural person duly elected or appointed by the Insured to collect rents for the account of the Insured while collecting or having possession of such rents; and
- (6) any natural person appointed by or with the approval of the Insured to make collection of savings from persons who compose, or purport to compose, a group making systematic deposits with the Insured while collecting or having possession of any such savings and such savings, while upon the premises where collected and in the possession or custody of the said person collecting them, shall be deemed to be in the possession of the Insured.

Each natural person, partnership or corporation authorized by written agreement with the Insured to perform services as electronic data processor of checks or other accounting records of the Insured, herein called Processor, shall, while performing such services, be deemed to be an Employee as defined in the preceding paragraph. Each such Processor and the partners, officers and employees of such Processor shall, collectively, be deemed to be one Employee for all the purposes of this bond, excepting, however, the third paragraph of Section 11.

(b) "Property" means money (i.e., currency, coin, bank notes, Federal Reserve notes), postage and revenue stamps, U.S. Savings Stamps, bullion, precious metals of all kinds and in any form and articles made therefrom, jewelry, watches, necklaces, bracelets, gems, precious and semi-precious stones, bonds, securities, evidences of debts, debentures, scrip, passbooks held as collateral, certificates, income shares, prepaid shares, full paid shares, matured shares, receipts, warrants, rights, transfers, coupons, drafts, bills of exchange, acceptances, notes, checks, money orders, travelers' letters of credit, warehouse receipts, bills of lading, withdrawal orders, abstracts of title, insurance policies, deeds, mortgages upon real estate and/or upon chattels and upon interests therein, and assignments of such policies, mortgages and instruments, and other valuable papers, including books of account and other records used by the Insured in the conduct of its business, and all other instruments similar to or in the nature of the foregoing, in which the Insured has an interest or in which the Insured acquired or should have acquired an interest by reason of a predecessor's declared financial condition at the time of the Insured's consolidation or merger with, or purchase of the principal assets of, such predecessor or which are held by the Insured for any purpose or in any capacity and whether so held gratuitously or not and whether or not the Insured is liable therefor.

## EXCLUSIONS

Section 2. THIS BOND DOES NOT COVER:

- (a) loss effected directly or indirectly by means of forgery or alteration of, on or in any instrument, except when covered by Insuring Agreement (A), (D), (E), (F) or (G);
- (b) loss due to military, naval or usurped power, war or insurrection unless such loss occurs in transit in the circumstances recited in Insuring Agreement (C), and unless, when such transit was initiated, there was no knowledge of such military, naval or usurped power, war or insurrection on the part of any person acting for the Insured in initiating such transit;
- (c) loss, in time of peace or war, directly or indirectly caused by or resulting from the effects of nuclear fission or fusion or radioactivity; provided, however, that this paragraph shall not apply to loss resulting from industrial uses of nuclear energy;
- (d) loss resulting from any act or acts of any director or trustee of the Insured other than one employed as a salaried, pensioned or elected official or an Employee of the Insured, except when performing acts coming within the scope of the usual duties of an Employee, or while acting as a member of any committee duly elected or appointed by resolution of the board of directors or trustees of the Insured to perform specific, as distinguished from general, directorial acts on behalf of the Insured;
- (e) loss resulting from the complete or partial non-payment of, or default upon,
  - (1) any loan or transaction in the nature of, or amounting to, a loan made by or obtained from the Insured, or
  - (2) any note, account, agreement or other evidence of debt assigned or sold to the Insured;

therefor,

(g) loss through cashing or paying forged or altered travelers' checks or travelers' checks bearing forged endorsements, in whatsoever form drawn, unless fraud or dishonesty on the part of any of the Employees is involved, or loss of unsold travelers' checks placed in the custody of the Insured with authority to sell, where no fraud or dishonesty on the part of any of the Employees is involved, unless (a) the Insured is liable for such loss of such checks and (b) such checks are later paid or honored by the drawer thereof;

(h) loss of Property or loss of privileges through the misplacement or loss of Property as set forth in Insuring Agreement (B) or (C) while the Property is in the custody of any armored motor vehicle company, unless such loss shall be in excess of the amount recovered or received by the Insured under (a) the Insured's contract with said armored motor vehicle company, (b) insurance carried by said armored motor vehicle company for the benefit of users of its service, and (c) all other insurance and indemnity in force in whatsoever form carried by or for the benefit of users of said armored motor vehicle company's service, and then the bond shall cover only such excess;

(i) loss resulting from the use of credit or charge cards, whether such cards were issued, or purport to have been issued, by the Insured or anyone other than the Insured, except when covered by Insuring Agreement (A);

(j) expense incurred by the Insured for any audit or examination whether conducted by the Insured, by independent accountants or State or Federal supervisory authorities and whether or not conducted by reason of the discovery of loss sustained by the Insured through honest or fraudulent acts of any of the Employees except when covered by the second paragraph of Insuring Agreement (A);

(k) any person, who is a partner, officer or employee of any Processor covered under this bond, from and after the time that the Insured or partner or officer thereof not in collusion with such person shall have knowledge or information that such person has committed any fraudulent or dishonest act in the service of the Insured or otherwise, when such act be committed before or after the time this bond is effected;

(l) loss (a) involving automated mechanical devices which, on behalf of the Insured, disburse money, accept deposits, cash checks, drafts, similar written instruments or make credit card loans unless such automated mechanical devices are located within an office of the Insured and access thereto is not available outside such office or (b) result from the mechanical failure of such devices to function properly.

## ASSIGNMENT OF RIGHTS

Section 3. This bond does not afford coverage in favor of any Processor, as aforesaid, and upon payment to the Insured by the Underwriter on account of any loss through fraudulent or dishonest acts committed by any of the partners, officers or employees of such Processor, whether acting alone or in collusion with others, an assignment of such of Insured's rights and causes of action as it may have against such Processor by reason of such acts so committed shall, to the extent of such payment, be given by the Insured to the Underwriter, and the Insured shall execute all papers necessary to secure to the Underwriter the rights herein provided for.

## LOSS—NOTICE—PROOF—LEGAL PROCEEDINGS

Section 4. This bond is for the use and benefit only of the Insured named in the Declarations and the Underwriter shall not be liable hereunder for loss sustained by anyone other than the Insured unless the Insured, in its sole discretion and at its option, shall include such loss in the Insured's proof of loss. At the earliest practicable moment after discovery of any loss hereunder the Insured shall give the Underwriter written notice thereof and shall also within six months after such discovery furnish to the Underwriter affirmative proof of loss with particulars. If claim is made under this bond for loss of securities the Underwriter shall not be liable unless each of such securities identified in such proof of loss by certificate or bond number. Legal proceedings for recovery of any loss hereunder shall not be brought prior to the expiration of sixty days after such proof of loss is filed with the Underwriter nor after the expiration of twenty-four months from the discovery of such loss, except that any action or proceeding to cover hereunder on account of any judgment against the Insured or any suit mentioned in General Agreement C or to recover attorney fees paid in any such suit, shall be begun within twenty-four months from the date upon which the judgment in such suit shall become final. If the Insured be a Federal Savings and Loan Association or a state-chartered association insured by the Federal Savings and Loan Insurance Corporation, but not subject to state supervisory authority, it is understood and agreed that in case of any loss hereunder discovered either by the Insured or the Federal Home Loan Bank of which the Insured is a member, the said Federal Home Loan Bank is empowered to give notice thereof to the Underwriter within the period limited hereunder. If any limitation embodied in this bond is prohibited by law controlling the construction hereof, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

VALUATION  
Securities

Section 5

privileges have no quoted market value, the value shall be determined by agreement or arbitration. Any loss under this bond of currency or funds of any country shall be paid in the currency or funds of such country or, at the option of the Insured, in the United States of America dollar equivalent thereof determined by the rate of exchange at the time of the payment of such loss. Any other loss sustained at any of the Insured's offices and payable in money shall be paid in the currency or funds of the country in which such office is located or, at the option of the Insured, in the United States of America dollar equivalent thereof determined by the rate of exchange at the time of the payment of such loss.

#### Loss of Securities

If the applicable coverage of this bond is not sufficient in amount to indemnify the Insured in full for the loss of securities for which claim is made hereunder, the liability of the Underwriter under this bond is limited to the payment for, or the duplication of, so much of such securities as has a value equal to the amount of such applicable coverage and in such event, the Insured shall assign to the Underwriter all its rights, title and interest in and to those securities for which such payment or duplication is made by the Underwriter.

#### Books of Account and Other Records

In case of loss of, or damage to, Property consisting of books of account or other records used by the Insured in the conduct of its business, the Underwriter shall be liable under this bond only if such books or records are actually reproduced and then for not more than the cost of blank books, blank pages or other materials plus the cost of labor for the actual transcription or copying of data which shall have been furnished by the Insured in order to reproduce such books and other records.

#### Property other than Securities or Records

In case of loss of, or damage to, any Property other than securities, books of account or other records as aforesaid or damage to the interior of the Insured's offices, or loss of or damage to the furnishings, fixtures, stationery, supplies and equipment therein, the Underwriter shall not be liable for more than the actual cash value of such Property, or of such furnishings, fixtures, stationery, supplies and equipment, or for more than the actual cost of repairing such Property or offices, furnishings, fixtures, stationery, supplies and equipment, or of replacing same with property or material of like quality and value. The Underwriter may, at its election, pay such actual cash value, or make such repairs or replacements. If the Underwriter and the Insured cannot agree upon such cash value or such cost of repairs or replacements, such cash value or such cost shall be determined by arbitration.

#### SALVAGE

Section 6. If the Insured shall sustain any loss covered by this bond which exceeds the amount of coverage provided by this bond plus the Deductible Amount, if any, applicable to such loss, the Insured shall be entitled to all recoveries made after payment by the Underwriter of loss covered by this bond, except recoveries on account of loss of securities as set forth in the second paragraph of Section 5 or recoveries from suretyship, insurance, reinsurance, security and indemnity taken by or for the benefit of the Underwriter, by whomsoever made, less the actual cost of effecting such recoveries, until reimbursed for such excess loss; and any remainder, or, if there be no such excess loss, any such recoveries shall be applied first in reimbursement of the Underwriter and thereafter in reimbursement of the Insured for that part of such loss within such Deductible Amount. The Insured shall execute all necessary papers to secure to the Underwriter the rights herein provided for.

#### LIMIT OF LIABILITY

Section 7. Payment of loss under this bond shall not reduce the liability of the Underwriter under this bond for other losses whenever sustained; PROVIDED, however, that the total liability of the Underwriter under this bond on account of

- (a) loss caused by any one act of burglary, robbery or hold-up, or attempt thereat, in which no Employee is concerned or implicated, or
- (b) loss with respect to any one unintentional or negligent act or omission on the part of any person (whether one of the Employees or not) resulting in damage to or destruction or misplacement of Property, or
- (c) loss other than those specified in (a) and (b) preceding, caused by all acts or omissions by any person (whether one of the Employees or not) or all acts or omissions in which such person is concerned or implicated, or
- (d) loss other than those specified in (a), (b) and (c) preceding, resulting from any one casualty or event

is limited to the Limit of Liability stated in Item 3 of the Declarations of this bond or amendment thereof or to the amount of the applicable coverage of this bond if such amount be smaller, irrespective of the total amount of such loss.

#### NON-ACCUMULATION OF LIABILITY

Section 8. Regardless of the number of years this bond shall continue in force and the number of premiums which shall be payable or paid, the liability of the Underwriter under this bond with respect to any loss specified in the PROVIDED clause of Section 7 of this bond shall not be cumulative in amounts from year to year or from period to period.

#### LIMIT OF LIABILITY UNDER THIS BOND AND PRIOR INSURANCE

recovered in whole or in part under any other bonds or policies issued by the Underwriter to the Insured or to any predecessor in interest of the Insured and which is not terminated, canceled or allowed to expire at the time the period for recovery has not expired at the time any loss thereunder is discovered, the total liability of the Underwriter under this bond and under such other bonds or policies shall not exceed, in aggregate, the amount carried hereunder on such loss or the amount available to the Insured under such other bonds or policies, as limited by the terms and conditions thereof, for any such loss if the amount be the larger.

If the coverage of this bond supersedes in whole or in part the coverage of any other bond or policy of insurance issued by an Insurer other than the Underwriter and terminated, canceled or allowed to expire by the Underwriter, with respect to any loss sustained prior to such termination, cancellation or expiration and discovered within the period permitted under such other bond or policy for the discovery of loss thereunder, the Underwriter shall be liable under this bond only for that part of such loss covered by this bond as is in excess of the amount recoverable or recoverable account of such loss under such other bond or policy, anything to the contrary in such other bond or policy notwithstanding.

#### OTHER INSURANCE OR INDEMNITY

Section 10. If the Insured carries or holds any other insurance or indemnity covering any loss covered by this bond, the Underwriter shall be liable hereunder only for that part of such loss which is in excess of the amount recoverable or recovered from such other insurance or indemnity. In no event shall the Underwriter be liable for more than the amount of the coverage of this bond applicable to such loss; subject nevertheless, to Section 7 of this bond.

#### TERMINATION OR CANCELLATION

Section 11. This bond shall be deemed terminated or canceled as an entirety—(a) thirty days after the receipt by the Insured of a written notice from the Underwriter of its desire to terminate or cancel this bond, or (b) immediately upon the receipt by the Underwriter of a written request from the Insured to terminate or cancel this bond, or (c) immediately upon the taking over of the Insured by a receiver or other liquidator or by State or Federal officials, or (d) immediately upon the taking over of the Insured by another institution. The Underwriter shall, upon request, refund to the Insured the unearned premium, computed pro rata, if this bond be terminated or canceled or reduced by notice from the Insured or at the instance of the Underwriter, or if terminated or canceled provided in sub-section (c) or (d) of this paragraph. The Underwriter shall refund to the Insured the unearned premium computed at such rates if this bond be terminated or canceled or reduced by notice from the Insured or at the instance of the Underwriter.

If the Insured be a Federal Savings and Loan Association or a stock chartered association insured by the Federal Savings and Loan Insurance Corporation, no termination or cancellation of this bond in whole or in entirety, whether by the Insured or the Underwriter, shall take effect prior to the expiration of ten days from the receipt by the Federal Home Loan Bank of which the Insured is a member of written notice of such termination or cancellation unless an earlier date of termination or cancellation is approved by said Federal Home Loan Bank.

This bond shall be deemed terminated or canceled as to any Employee—(a) as soon as the Insured shall learn of any dishonest or fraudulent act on the part of such Employee, without prejudice to the loss of any Property then in transit in the custody of such Employee, or (b) fifteen days after the receipt by the Insured of a written notice from the Underwriter of its desire to terminate or cancel this bond as to such Employee.

#### RIGHTS AFTER TERMINATION OR CANCELLATION

Section 12. At any time prior to the termination or cancellation of this bond as an entirety, whether by the Insured or the Underwriter, the Insured may give to the Underwriter notice that it desires under this bond an additional period of twelve months within which to discover loss sustained by the Insured prior to the effective date of such termination or cancellation and shall pay an additional premium therefor. If this bond is terminated or canceled as an entirety, the reason of the taking over of the Insured by a receiver or other liquidator or by State or Federal officials, such receiver or other liquidator or State or Federal officials shall have the rights of the Insured as to such termination or cancellation as set forth in this paragraph provided that such rights are exercised by notice to the Underwriter within thirty days after such Insured is taken over by such receiver or other liquidator or State or Federal officials and provided, further, that such Insured has not previously exercised such rights. Upon receipt of such notice from the Insured or from such receiver or other liquidator or State or Federal officials, the Underwriter shall give its written consent thereto; provided, however, that such additional period of time shall terminate forthwith on the effective date of any other insurance

- (a) obtained by the Insured or its successors in business, other than such receiver or other liquidator or State or Federal officials replacing in whole or in part the insurance afforded by this bond whether or not such other insurance provides coverage for loss sustained prior to its effective date, or
- (b) obtained by such receiver, liquidator or State or Federal officials replacing in whole or in part the insurance afforded by this bond but only if such other insurance provides coverage



**RIDER**

To be attached to and form part of Bond No. 19 F 3041 BCA  
in favor of HOME SAVINGS & LOAN

It is agreed that:

1. At the request of the Insured, the Underwriter ~~deducts from~~ <sup>adds to</sup> the list of Insured under the attached bond the following:

HOME SAVINGS SERVICE CORPORATION

2. This rider is effective as of noon on June 21, 1983

Signed, sealed and dated (enter below)  
4/6/84

THE ETNA CASUALTY AND SURETY COMPANY

By Thomas S. Carpenter, IV  
Thomas S. Carpenter, IV Attorney-in-Fact

Accepted: Signature Waived

ADDING OR DEDUCTING INSURED'S RIDER  
FOR USE WITH ALL FORMS OF BONDS CONTAINING A JOINT INSURED  
CLAUSE OR RIDER, TO ADD OR DEDUCT JOINT INSURED.  
REVISED TO MAY, 1957.

SR 5109a

RIDER

To be attached to and form part of Bond No. 19 F 3041 BCA  
in favor of HOME SAVINGS & LOAN  
effective as of JUNE 21, 1983

In consideration of the premium charged for the attached bond, it is agreed that:

1. The attached bond is hereby amended by canceling and terminating a certain rider (hereinafter called Canceled Rider) dated June 21, 1982, attached to the said bond and more fully described as follows:

SR-5876b - Delete Electronic Data Processing Coverage

so that from and after the effective date hereof, the attached bond shall continue in force without the amendment contained in the said Canceled Rider.

2. The amendment of the attached bond effected hereby shall apply to loss or losses sustained at any time but discovered on and after the effective date hereof.

3. The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

4. This rider shall become effective as of <sup>noon</sup> ~~the beginning~~ of the 21st day of June 1984

Signed, sealed and dated (enter below)  
4/6/84

HOME SAVINGS & LOAN

THE AETNA CASUALTY AND SURETY COMPANY

By Thomas S. Carpenter, IV  
Thomas S. Carpenter, IV, Attorney-in-Fact

Accepted: Signature Waived

RIDER CANCELING AN EXISTING RIDER — DISCOVERY FORM  
FOR USE WITH ALL FORMS OF STANDARD BONDS ON A "DISCOVERY"  
FORM, TO CANCEL OR TERMINATE AN EXISTING RIDER.  
REVISED TO SEPTEMBER, 1954.  
SR 5531 Printed in U.S.A.

## **RIDER**

To be attached to and form part of Blanket Bond, Standard Form No. 22 , No. 19 F 3041 BCA  
in favor of Home Savings & Loan

It is agreed that:

1. The Underwriter shall not be liable under the attached bond for any loss resulting directly or indirectly from trading, with or without the knowledge of the Insured, in the name of the Insured or otherwise, whether or not represented by any indebtedness or balance shown to be due the Insured on any customer's account, actual or fictitious, and notwithstanding any act or omission on the part of any Employee in connection with any account relating to such trading, indebtedness, or balance.

In regard to Blanket Bonds Nos. 5, 22 and 24, this sub-section shall not apply to Insuring Agreement (D) or (E) if coverage is carried thereunder.

2. This rider applies to loss sustained at any time but discovered after 12:01 a.m. on June 21, 1982 standard time as specified in the attached bond.

Accepted: Signature Waived

**DELETE TRADING LOSS RIDER — DISCOVERY FORM**  
FOR USE WITH BLANKET BONDS STANDARD FORMS NOS. 5, 22, 24 AND 28,  
"DISCOVERY" FORMS, TO DELETE TRADING LOSS COVERAGE.  
REVISED TO JUNE, 1978.  
SR 6030a Printed in U.S.A.

CAT. NO. 036625

**RIDER**

To be attached to and form part of Bond No. 19 F 3041 BCA

in favor of Home Savings & Loan, et al

It is agreed that:

1. The word Employee, as used in the attached bond, shall also include any natural person who is a director or trustee of the Insured while such director or trustee is engaged in handling funds or other property of any Employee Welfare or Pension Benefit Plan owned, controlled or operated by the Insured or any natural person who is a trustee, manager, officer or employee of any such Plan.

2. This rider is effective as of noon on 12-3-82

Signed, sealed and dated (enter below)

1-5-83

THE AETNA CASUALTY AND SURETY COMPANY

By:

Sheila Diggins, Attorney-in-fact

(SEAL)

**WELFARE AND PENSION PLAN RIDER**

FOR USE WITH ALL FORMS OF STANDARD BONDS TO COVER DIRECTORS OR TRUSTEES OF THE INSURED WHILE HANDLING FUNDS OR OTHER PROPERTY OF THE INSURED'S WELFARE OR PENSION PLANS AND TO COVER TRUSTEES, MANAGERS, OFFICERS AND EMPLOYEES OF SUCH PLANS.

REVISED TO JANUARY, 1963.

SR 5137b Printed in U.S.A.

.(F-1010) Ed. 1-63

## **RIDER**

To be attached to and form part of Blanket Bond, Standard Form No. 22, No. 19 F 3041 BCA  
in favor of Home Savings & Loan

It is agreed that:

1. Anything in the attached bond to the contrary notwithstanding, the attached bond shall be deemed terminated or canceled as an entirety sixty days after the receipt by the Insured of a written notice from the Underwriter of its desire to terminate or cancel such bond.

2. This rider shall become effective as of noon on June 21, 1982

### **CANCELATION RIDER**

FOR USE WITH ALL FINANCIAL INSTITUTION BLANKET BONDS, "DISCOVERY" OR "LOSS SUSTAINED" FORM, TO PROVIDE FOR SIXTY DAYS NOTICE OF CANCELATION WHEN THE BOND IS CANCELED AS AN ENTIRETY BY THE UNDERWRITER.

NOTE NOT APPLICABLE TO STANDARD FORM NO. 10.

REVISED TO APRIL, 1974

.SR 5923b Printed in U.S.A.

## **RIDER**

To be attached to and form part of Blanket Bond, Standard Form No. 22, No. 19 F 3041 BCA  
in favor of Home Savings & Loan

It is agreed that:

1. The attached bond is amended by inserting as part (c) in the Definitions Section, the following:

(c) **"Forgery"** (or **"Forged"**) means the signing of the name of another with intent to deceive; it does not include the signing of one's own name with or without authority, in any capacity, for any purpose.

2. The words **"Forgery"** and **"Forged"** shall be deemed to appear with an initial capital throughout this bond and attached riders.

3. This rider shall become effective as of 12:01 a.m. on June 21, 1982 standard time as specified in the attached bond.

Accepted: Signature Waived

### **DEFINITION OF FORGERY**

FOR USE WITH BLANKET BONDS, STANDARD FORMS NOS. 5, 14, 15, 20  
AND 22 TO PROVIDE FOR A DEFINITION OF THE WORD FORGERY.  
ADOPTED DECEMBER, 1980.

SR 8090 Printed in U.S.A.

## RIDER

To be attached to and form part of Blanket Bond Standard Form No 22 . No 19 F 3041 BCA  
in favor of Home Savings & Loan

It is agreed that:

1. The Underwriter shall not be liable under the attached bond on account of loss through the surrender of Property away from an office of the Insured as a result of a threat:

(a) to do bodily harm to any person, except loss of Property in transit in the custody of any person acting as messenger provided that when such transit was initiated there was no knowledge by the Insured of any such threat, or

(b) to do damage to premises or property,

except when covered under Insuring Agreement/Clause (A).

2. This rider shall become effective as of 12:01 a.m. on June 21, 1982 standard time  
as specified in the attached bond.

Accepted: Signature Waived

### EXTORTION EXCLUSION RIDER

FOR USE WITH ANY BLANKET BOND FORM NOT CONTAINING AN EXTORTION EXCLUSION TO EXCLUDE LOSS THROUGH SURRENDER OF PROPERTY AWAY FROM AN OFFICE OF THE INSURED  
REVISED TO SEPTEMBER, 1980

SR 5936d Printed in U.S.A.

~~2437~~ 2438

RIDER

To be attached to and form part of Bond No. 19 F 3041 BCA

in favor of Home Savings & Loan

effective as of June 21, 1982

In consideration of the premium charged for the attached bond, it is hereby agreed that:

1. From and after the time this Rider becomes effective the Insured under the attached bond are:

Home Savings & Loan  
Home Savings & Loan Profit Sharing Plan

2. The first named Insured shall act for itself and for each and all of the Insured for all the purposes of the attached bond.

3. Knowledge possessed or discovery made by any Insured or by any partner or officer thereof shall for all the purposes of the attached bond constitute knowledge or discovery by all the Insured.

4. If, prior to the termination of the attached bond in its entirety, the attached bond is terminated as to any Insured, there shall be no liability for any loss sustained by such Insured unless discovered before the time such termination as to such Insured becomes effective.

5. The liability of the Underwriter for loss or losses sustained by any or all of the Insured shall not exceed the amount for which the Underwriter would be liable had all such loss or losses been sustained by any one of the Insured. Payment by the Underwriter to the first named Insured of loss sustained by any Insured shall fully release the Underwriter on account of such loss.

6. If the first named Insured ceases for any reason to be covered under the attached bond, then the Insured next named shall thereafter be considered as the first named Insured for all the purposes of the attached bond.

7. The attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified.

8. This Rider shall become effective as of ~~XXXXX~~ of the 3rd day of December, 1982 the beginning

Signed, sealed and dated (enter below)

January 5, 1983

HOME SAVINGS & LOAN

Accepted:

BY: \_\_\_\_\_

THE AETNA CASUALTY AND SURETY COMPANY

By Sheila Diggins  
Sheila Diggins Attorney-in-Fact

JOINT INSURED RIDER—DISCOVERY FORM  
FOR USE WITH ALL FORMS OF STANDARD BONDS ON A "DISCOVERY"  
FORM, WHICH DO NOT CONTAIN A JOINT INSURED PARAGRAPH,  
WHENEVER TWO OR MORE ARE NAMED AS INSURED  
REVISED TO SEPTEMBER, 1954



## RIDER

To be attached to and form part of Bond No. 19 F 3041 BCA

in favor of Home Savings & Loan, et al

It is agreed that:

1. If the attached bond, in accordance with its agreements, limitations and conditions, covers loss sustained by two or more Employee Welfare or Pension Benefit Plans or sustained by any such Plan in addition to loss sustained by an Insured other than such Plan, it is the obligation of the Insured or the Plan Administrator(s) of such Plans under Regulations published by the Secretary of Labor implementing Section 13 of the Welfare and Pension Plans Disclosure Act of 1958 to obtain under one or more bonds or policies issued by one or more Insurers an amount of coverage for each such Plan at least equal to that which would be required if such Plans were bonded separately.

2. In compliance with the foregoing, payment by the Underwriter in accordance with the agreements, limitations and conditions of the attached bond shall be held by the Insured or if more than one, by the Insured first named therein for the use and benefit of any Employee Welfare or Pension Benefit Plan sustaining loss covered by the attached bond and to the extent that such payment is in excess of the amount of coverage required by such Regulations to be carried by said Plan sustaining such loss, such excess shall be held for the use and benefit of any other such Plan also covered under the attached bond in the event that such other Plan discovers that it has sustained loss covered thereunder.

3. If money or other property of two or more Employee Welfare or Pension Benefit Plans covered under the attached bond is co-mingled, recovery under the attached bond for loss of such money or other property through fraudulent or dishonest acts of Employees shall be shared by such Plans on a pro rata basis in accordance with the amount for which each such Plan is required to carry bonding coverage in accordance with the applicable provisions of said Regulations.

4. Nothing herein contained shall vary, alter or extend any of the agreements, limitations and conditions of the attached bond.

5. This rider is effective as of noon on 12-3-82

Signed, sealed and dated (enter below)  
1-5-83

THE AETNA CASUALTY AND SURETY COMPANY

By: Sheila Diggins  
Sheila Diggins, Attorney-in-fact

(SEAL)

HOME SAVINGS & LOAN, ET AL

Accepted:

BY: \_\_\_\_\_

### PAY-OVER RIDER

FOR USE WITH ALL FORMS OF STANDARD BONDS, WHEN TWO OR MORE EMPLOYEE WELFARE OR PENSION BENEFIT PLANS ARE COVERED THEREUNDER OR WHEN ANY SUCH PLAN IS COVERED THEREUNDER IN ADDITION TO ANOTHER INSURED, TO COMPLY WITH THE REGULATIONS OF THE SECRETARY OF LABOR AS TO THE DISTRIBUTION OF LOSS PAYMENTS.

REVISED TO JANUARY, 1963.

SR 5796a Printed in U.S.A.

(F-1011) Ed. 1-63

RIDER

To be attached to and form part of Bond No

19 F 3041 BCA

in favor of HOME SAVINGS & LOAN, ET AL

It is agreed that:

1. The Deductible Amount applicable under the attached bond to loss sustained through acts or defaults committed by Employees shall not apply to loss sustained by any Employee Welfare Benefit Plan or Employee Pension Benefit Plan covered under such bond through acts or defaults committed by any Employee of any such Plan.

2. This rider is effective as of 12-3-82

Signed, sealed and dated  
January 3, 1983

THE AETNA CASUALTY AND SURETY COMPANY

BY: Sheila Diggins  
Sheila Diggins, Attorney-in-fact

SR 5817a

210.28

ACORD

**INSURANCE BINDER**  
THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE REVERSE SIDE OF THIS FORM.

NAME AND ADDRESS OF AGENCY

American Ins. & Inv. Corp.  
P. O. Box 8489  
Salt Lake City, Utah 84108

COMPANY

Aetna Casualty & Surety Co.

Effective 12:01 am June 21, 1982  
Expires ☒ 12:01 am ☐ Noon Aug. 21, 1982

☐ This binder is issued to extend coverage in the above na company per expiring policy # (except as noted below)

NAME AND MAILING ADDRESS OF INSURED

Home Savings & Loan  
116 South Main St.  
Salt Lake City, Utah 84101

Description of Operation/Vehicles/Property

P R O P E R T Y	Type and Location of Property	Coverage/Perils/Forms	Amt of Insurance	Ded.
	Savings & Loan Blanket Bond Form 22	\$1,135,000 A B C		\$500

L I A B I L I T Y	Type of Insurance	Coverage/Forms	Limits of Liability	
			Each Occurrence	Aggregat
	<input type="checkbox"/> Scheduled Form	<input type="checkbox"/> Comprehensive Form	Bodily Injury	\$
	<input type="checkbox"/> Premises, Operations		Property Damage	\$
	<input type="checkbox"/> Products, Completed Operations		Bodily Injury & Property Damage Combined	\$
	<input type="checkbox"/> Contractual		Personal Injury	\$
	<input type="checkbox"/> Other (specify below)			
	<input type="checkbox"/> Med. Pay. \$ Per Person \$ Per Accident	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C		
A U T O M O B I L E	<input type="checkbox"/> Liability	<input type="checkbox"/> Non-owned <input type="checkbox"/> Hired	Limits of Liability	
	<input type="checkbox"/> Comprehensive-Deductible \$		Bodily Injury (Each Person)	\$
	<input type="checkbox"/> Collision-Deductible \$		Bodily Injury (Each Accident)	\$
	<input type="checkbox"/> Medical Payments \$		Property Damage	\$
	<input type="checkbox"/> Uninsured Motorist \$		Bodily Injury & Property Damage Combined	\$
	<input type="checkbox"/> No Fault (specify):			
	<input type="checkbox"/> Other (specify):			

☐ WORKERS' COMPENSATION — Statutory Limits (specify states below) ☐ EMPLOYERS' LIABILITY — Limit \$

SPECIAL CONDITIONS/OTHER COVERAGES

As per application to Company

NAME AND ADDRESS OF ☐ MORTGAGEE ☐ LOSS PAYEE ☐ ADDL INSURED

LOAN NUMBER

*Don Z. Bradshaw*  
Signature of Authorized Person

7-14-8

## CONDITIONS

This Company binds the kind(s) of insurance set forth on the cover sheet. This insurance is subject to the terms, conditions and limitations of the policy and the contract between the Company and the Insured.

This binder may be cancelled by the Insured by surrender of this binder or by written notice to the Company stating when cancellation will be effective. This binder may be surrendered to the Company by notice to the Insured in accordance with the policy conditions. This binder is cancelled when replaced by a policy. If this binder is not replaced by a policy, the Company is entitled to charge a premium for the binder according to the Rules and Rates in use by the Company.

2970 20

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22 , No. 19 F 3041 BC,  
in favor of Home Savings & Loan

It is agreed that:

1. The attached bond is hereby amended by deleting Section 12, "Rights After Termination or Cancellation" and substituting in lieu thereof the following:

### "RIGHTS AFTER TERMINATION OR CANCELATION"

Section 12. At any time prior to the termination or cancellation of this bond as an entirety, whether by the Insured or the Underwriter, the Insured may give to the Underwriter notice that it desires under this bond an additional period of 12 months within which to discover loss sustained by the Insured prior to the effective date of such termination or cancellation and shall pay an additional premium therefor.

Upon receipt of such notice from the Insured, the Underwriter shall give its written consent thereto; provided, however, that such additional period of time shall terminate immediately

- (a) on the effective date of any other insurance obtained by the Insured, its successor in business or any other party, replacing in whole or in part the insurance afforded by this bond, whether or not such other insurance provides coverage for loss sustained prior to its effective date, or
- (b) upon takeover of the Insured's business by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed for this purpose

without the necessity of the Underwriter giving notice of such termination. In the event that such additional period of time is terminated, as provided above, the Underwriter shall refund any unearned premium.

The right to purchase such additional period for the discovery of loss may not be exercised by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed to takeover the Insured's business for the operation or for the liquidation thereof or for any other purpose."

2. The attached bond is further amended by inserting the following as the final paragraph of Section 4:

"Discovery occurs when the Insured becomes aware of facts which would cause a reasonable person to assume that a loss covered by the bond has been or will be incurred even though the exact amount or details of loss may not be then known. Notice to the insured of an actual or potential claim by a third party which alleges that the Insured is liable under circumstances, which, if true, would create a loss under this bond constitutes such discovery."

3. This rider shall become effective as of 12:01 a.m. on June 21, 1982 standard time  
as specified in the attached bond.

Accepted: Signature Waived

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 2, No. 19-304-1-1

In favor of Home Savings & Loan

It is agreed that:

1. The Underwriter shall not be liable under the attached bond for:

Loss resulting directly or indirectly from payments made or withdrawals from a depositor's account involving items of deposit which are not finally paid for any reason including but not limited to forgery or any other fraud, unless such payments or withdrawals are physically received by such depositor or representative of such depositor who is within the office of the insured at the time of such payment or withdrawal or except when covered under Insuring Agreement, Clause 1.

2. If this rider is attached to Standard Form No. 2, then the following language of Exclusion (a) is deleted:

or loss resulting from payments made or withdrawals from any depositor's account by reason of uncollected items of deposit having been credited by the insured to such account, unless such payments are made to, or withdrawn by, such depositor or representative of such depositor who is within the office of the insured at the time of such payment or withdrawal or unless such loss is covered under Insuring Agreement (A).

3. This rider shall become effective as of 12:01 A.M. on June 21, 1962, Standard Form No. 2, as specified in the attached bond.

Accepted: Signature Waived

### UNCOLLECTED FUNDS EXCLUSION

FOR USE WITH BLANKET BONDS, STANDARD FORM NO. 2, AND "DISCOVERY" OR "LOSS SUSTAINED" FORMS AND FORM NO. 23 TO EXCLUDE ANY LOSS RESULTING FROM THE SAFOUT OR WITHDRAWAL OF UNCOLLECTED ITEMS OF DEPOSIT.

REVISED TO DECEMBER, 1960

SR 6064a Printed in U.S.A.

**EFFECTIVE TIME RIDER**

210.56  
**ENDORSEMENT 203**  
(Edition of January, 1977)

To be attached to and form part of Policy or Bond No. 19 F 3041 BCA  
issued to or in favor of Home Savings & Loan

The time of inception and the time of expiration, termination or cancelation of this policy or bond and of any schedule, endorsement or rider attached or to be attached shall be 12:01 a.m. standard time.

To the extent that coverage in this policy or bond replaces coverage in other policies or bonds terminating at noon standard time on the inception date of this policy or bond, coverage under this policy or bond shall not become effective until such other coverage has terminated.

Effective as of June 21, 1982

FOR USE WITH ANY BOND AND THE COMPREHENSIVE 30 AND BLANKET  
CRIME POLICIES TO CHANGE THE TIME OF INCEPTION OR TERMINATION  
FROM NOON TO 12 01 A.M.  
ADOPTED JANUARY, 1977.

SR 0059 (1) Printed in U.S.A.

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22, No. 19 F 3041 BCA  
in favor of Home Savings & Loan

It is agreed that:

1. The attached bond is amended by the addition of General Agreement A.2 in the General Agreements section of the bond as follows:

### NOTICE OF CHANGE OF CONTROL

A.2 Upon the Insured's obtaining knowledge of a transfer of its outstanding voting stock or voting rights (including rights with respect to withdrawable accounts) which results in a change in control of the Insured, the Insured shall within thirty days of such knowledge give written notice to the Underwriter setting forth,

1. the names of the transferors and transferees (or the names of the beneficial owners if the shares or voting rights are registered in another name),
2. the total number of shares or voting rights owned by the transferors and the transferees (or the beneficial owners), both immediately before and after the transfer, and
3. the total number of outstanding shares of voting stock or voting rights.

As used in this General Agreement, control means the power to determine the management or policy of the Insured by virtue of voting stock or voting rights ownership. A change in ownership of voting stock or voting rights which results in direct or indirect ownership by a stockholder or an affiliated group of stockholders of ten per cent (10%) or more of the outstanding voting stock or voting rights of the Insured shall be presumed to result in a change of control for the purpose of the required notice.

Failure to give the required notice shall result in termination of coverage of this bond, effective upon the date of stock transfer or voting rights transfer for any loss in which any transferee is concerned or implicated.

2. This rider shall become effective as of noon on June 21, 1982 standard time  
as specified in the attached bond.

Accepted: Signature Waived

NOTICE OF CHANGE OF CONTROL RIDER  
FOR USE WITH BLANKET BOND, STANDARD FORM NO. 22, "DISCOVERY"  
OR "LOSS SUSTAINED" TO REQUIRE NOTICE TO THE UNDERWRITER OF A  
CHANGE OF CONTROL OF THE INSURED.  
ADOPTED JULY, 1976.

SR 6042 Printed in U.S.A.

2542

77



## RIDER

To be attached to and form part of Blanket Bond, Standard Form 22, No. 19 F 3041 BCA  
in favor of Home Savings & Loan

It is agreed that:

1. The attached bond is hereby amended by deleting the first paragraph of Insuring Agreement (A) and by substituting in lieu thereof the following:

"(A) Loss resulting directly from one or more dishonest or fraudulent acts of an Employee, committed anywhere and whether committed alone or in collusion with others, including loss of Property resulting from such acts of an Employee, which Property is held by the Insured for any purpose or in any capacity and whether so held gratuitously or not and whether or not the Insured is liable therefor.

Dishonest or fraudulent acts as used in this Insuring Agreement shall mean only dishonest or fraudulent acts committed by such Employee with the manifest intent:

- (a) to cause the Insured to sustain such loss; and
- (b) to obtain financial benefit for the Employee, or for any other person or organization intended by the Employee to receive such benefit, other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment."

2. In addition to the existing Exclusions in the attached bond, the Underwriter shall not be liable under any Insuring Agreement for:

- (i) Potential income, including but not limited to interest and dividends, not realized by the Insured because of a loss covered under this bond.
- (ii) All damages of any type for which the Insured is legally liable, except direct compensatory damages arising from a loss covered under this bond.
- (iii) Loss resulting from payments made or withdrawals from a depositor's account involving funds erroneously credited to such account, unless such payments are made to or withdrawn by such depositor or representative of such depositor who is within the office of the Insured at the time of such payment or withdrawal, or unless such loss is covered under Insuring Agreement (A).

3. This rider shall become effective as of noon on June 21, 1982 standard time  
as specified in the attached bond.

Accepted: Signature Waived

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22, No. 19 F 3041 BCA

in favor of Home Savings & Loan

It is agreed that:

1. The attached bond is amended by deleting the General Agreement captioned ADDITIONAL OFFICE OR EMPLOYEES—CONSOLIDATION OR MERGER and by substituting in the place thereof the following:

### ADDITIONAL OFFICES OR EMPLOYEES— CONSOLIDATION, MERGER OR PURCHASE OF ASSETS—NOTICE

If the Insured shall while this bond is in force, establish any additional office or offices, other than by consolidation or merger with, or purchase of assets of, another institution, such office or offices shall be automatically covered hereunder from the dates of their establishment, respectively, and without the requirement of notice to the Underwriter of an increase during an premium period in the number of offices or Employees at any of the offices covered hereunder or the payment of additional premium for the remainder of such premium period.

If the Insured shall, while this bond is in force, merge or consolidate with, or purchase the assets of, another institution, the Insured shall not have such coverage as is afforded under this bond for loss which:

- (a) has occurred or will occur in offices or premises,
- (b) has been caused or will be caused by an employee or employees, or
- (c) has arisen or will arise out of the assets

acquired by the Insured as a result of such merger, consolidation or purchase of assets; unless the Insured shall:

- (i) cause to be delivered to the Underwriter written notice of the proposed merger, consolidation or purchase of assets at least 60 days prior to the proposed effective date of the merger, consolidation or purchase of assets,
- (ii) obtain the written consent of the Underwriter to extend the coverage provided by this bond to such additional offices, Employees and other exposures, and
- (iii) pay to the Underwriter an additional premium computed pro rata from the date of such consolidation, merger or purchase of assets to the end of the current premium period,

2. The attached bond is further amended by inserting after the phrase:

" any officer or employee of any predecessor of the Insured whose principal assets are acquired by the Insured by consolidation or merger with, or purchase of assets of, such predecessor"

in the definition of "Employee," the following words:

" if coverage is extended to such persons under the terms of this bond;"

3. The attached bond is further amended by inserting after the phrase "in which the Insured has an interest or" in the definition of "Property", the following words:

" , if coverage is extended under the terms of this bond,"

4. This rider shall become effective as of noon on June 21, 1982 as specified in the attached bond.

standard time

Accepted: Signature Waived

in 35

FOR USE WITH BLANKET BOND. STANDARD FORMS NOS. 5 AND 22. "DIS-  
COVERY" OR "LOSS SUSTAINED" FORM. TO REQUIRE NOTICE TO THE  
UNDERWRITER OF THE INSURED'S MERGER, CONSOLIDATION, OR PUR-  
CHASE OF ASSETS OF ANOTHER INSTITUTION.  
ADOPTED JANUARY, 1977.

SR 6037 Printed in U.S.A.

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22, No. 19 F 3041 BCA  
in favor of Home Savings & Loan

It is agreed that:

1. Subsection (I) of Section 2 of the attached bond is deleted.
  2. The Underwriter shall not be liable under the attached bond on account of loss involving automated mechanical devices which, on behalf of the Insured, disburse money, accept deposits, cash checks, drafts or similar written instruments or make credit card loans unless:
    - (a) such automated mechanical devices are situated within an office of the Insured which is permanently staffed by an Employee whose duties are those usually assigned to an association teller whether or not public access to such devices is from outside the confines of such office, or
    - (b) such automated mechanical devices are not situated within an office covered under (a) above, but are situated on premises at a location listed in the Schedule in paragraph numbered 3 below, but in no event shall the Underwriter be liable under the attached bond for loss (including loss of Property):
      - (i) as a result of damage to such automated mechanical devices situated within any office referred to in (a) above resulting from vandalism or malicious mischief perpetrated from outside such office, or
      - (ii) as a result of damage to such automated mechanical devices situated on any premises referred to in (b) above resulting from vandalism or malicious mischief, or
      - (iii) as a result of damage to the interior of that portion of a building on any premises referred to in (b) above to which the public has access resulting from vandalism or malicious mischief, or
      - (iv) as a result of mechanical breakdown or failure of such automated mechanical devices to function properly, or
      - (v) through misplacement or mysterious unexplainable disappearance while such Property is (or is supposed to be) located within any such automated mechanical devices, or
      - (vi) to any customer of the Insured or to any representative of such customer while such person is on any premises referred to in (b) above, or
      - (vii) as a result of the use of credit, charge, access, convenience, identification or other cards in gaining access to such automated mechanical devices whether such cards were issued or purport to have been issued, by the Insured or by anyone other than the Insured,
- except when such loss is covered under Insuring Agreement (A).

### 3. Schedule of Device Locations:

DEVICE LOCATION	LIMIT OF LIABILITY AT EACH DEVICE LOCATION	DEDUCTIBLE AMOUNT AT EACH DEVICE LOCATION
Nil	Nil	Nil

4. The liability of the Underwriter under the Schedule set forth in paragraph numbered 3 is limited to the sum set forth opposite each device location, after the application of the deductible amount, if any, it being understood, however, that such liability shall be a part of and not in addition to the Limit of Liability stated in Item 3 of the Declarations of the attached bond.

5. This rider shall become effective as of noon on June 21 1962

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Accepted: Signature Waived

**AUTOMATED TELLER MACHINE  
EXCLUSION; LIMITED "ON PREMISES" COVERAGE; SCHEDULE OF  
COVERED LOCATIONS OF UNATTENDED DEVICES**

FOR USE WITH SAVINGS AND LOAN BLANKET BOND, STANDARD FORM NO. 22, "DISCOVERY" OR "LOSS SUSTAINED" FORM, TO PROVIDE AN EXCLUSION; LIMITED "ON PREMISES" COVERAGE; AND A SCHEDULE OF COVERED LOCATIONS OF UNATTENDED DEVICES — IN CONNECTION WITH AUTOMATED MECHANICAL DEVICES USED FOR DISBURSING MONEY, ACCEPTING DEPOSITS, CASHING CHECKS, DRAFTS OR OTHER SIMILAR WRITTEN INSTRUMENTS OR MAKING CREDIT CARD LOANS.

ADOPTED JANUARY, 1975.

SR 5973 Printed in U.S.A.

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22, No. 19 F 3041 BCA  
in favor of Home Savings & Loan

It is agreed that:

1. The attached bond is amended by deleting subsection (i) of Section 2 and by substituting in lieu thereof the following:

"(i) loss resulting from:

the use of credit, debit, charge, access, convenience, identification or other cards

(a) in obtaining credit; or

(b) in gaining access to automated mechanical devices which, on behalf of the Insured, disburse money, accept deposits, cash checks, drafts or similar written instruments or make credit card loans; or

(c) in gaining access to Point of Sale Terminals, Customer-Bank Communication Terminals, or similar electronic terminals of Electronic Funds Transfer Systems,

whether such cards were issued, or purport to have been issued, by the Insured or by anyone other than the Insured, except when such loss is covered by Insuring Agreement (A)".

2. This rider shall become effective as of 12:01 a.m. on June 21, 1982 standard time  
as specified in the attached bond.

Accepted: Signature Waived

### CREDIT, DEBIT, CHARGE, ACCESS, CONVENIENCE, IDENTIFICATION OR OTHER CARD EXCLUSION

FOR USE WITH BLANKET BONDS, STANDARD FORMS NOS. 5 AND 22,  
"DISCOVERY" OR "LOSS SUSTAINED" FORM, TO EXCLUDE LOSS RESULT-  
ING FROM THE USE OF CREDIT, DEBIT, CHARGE, ACCESS, CONVENIENCE,  
IDENTIFICATION OR OTHER CARDS IN OBTAINING CREDIT OR IN GAINING  
ACCESS TO AUTOMATED MECHANICAL DEVICES OR ELECTRONIC TERMI-  
NALS OF ELECTRONIC FUNDS TRANSFER SYSTEMS.

REVISED TO APRIL, 1977.

SR 5972a Printed in U.S.A.

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22 , No. 19 F 3041 BCA

in favor of Home Savings & Loan

It is agreed that:

1. The Underwriter shall not be liable under any of the Insuring Agreements of the attached bond on account of loss as specified, respectively, in subdivisions (a), (b), (c) and (d) of the Provided clause of Section 7 of the attached bond, unless the amount of such loss, after deducting the net amount of all reimbursement and/or recovery obtained or made by the Insured, other than from any bond or policy of insurance issued by a surety or insurance company and covering such loss, or by the Underwriter on account thereof prior to payment by the Underwriter of such loss, shall exceed the sum of Five Thousand and no/100--

----- Dollars (\$5,000.00

(herein called Deductible Amount), and then for such excess only, but in no event for more than the Limit of Liability stated in Item 3 of the Declarations of the attached bond or amendment thereof or the amount of the applicable coverage of such bond if such amount be smaller.

2. The Insured shall, in the time and in the manner prescribed in the attached bond, give the Underwriter notice of any loss of the kind covered by the terms of the attached bond, whether or not the Underwriter is liable therefor, and upon the request of the Underwriter shall file with it a brief statement giving the particulars concerning such loss.

3. This rider applies to loss sustained at any time but discovered after noon on June 21, 1982 standard time as specified in the attached bond.

Accepted: Signature Waived

EXCESS OR AGGREGATE DEDUCTIBLE — DISCOVERY FORM  
FOR USE WITH BLANKET BONDS STANDARD FORMS NOS. 5, 14, 22 AND  
24 "DISCOVERY" FORMS WHEN ISSUED AS EXCESS OVER AN UNDER-  
LYING AMOUNT OR TO PROVIDE A DEDUCTIBLE AMOUNT UNDER ALL  
INSURING AGREEMENTS WITH THE DEDUCTIBLE APPLYING ON  
AN AGGREGATE BASIS  
REVISED TO JANUARY, 1975.  
SR 5824c Printed in U.S.A.

## RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22      No. 19 F 3041 BCA  
in favor of    Home Savings & Loan

It is agreed that:

1. The attached bond is amended:

(a) by deleting the second paragraph of subsection (a) of Section 1;

(b) by deleting the exclusion from Section 2 which reads as follows:

"any person, who is a partner, officer or employee of any Processor covered under this bond, from and after the time that the Insured or any partner or officer thereof not in collusion with such person shall have knowledge or information that such person has committed any fraudulent or dishonest act in the service of the Insured or otherwise, whether such act be committed before or after the time this bond is effective";

(c) by deleting Section 3.

2. This rider shall become effective as of noon on    June 21, 1982      standard time  
as specified in the attached bond.

Accepted: Signature Waived

DELETE ELECTRONIC DATA PROCESSING COVERAGE  
FOR USE WITH BLANKET BONDS, STANDARD FORMS NOS. 14, 22 AND  
24, "DISCOVERY" OR "LOSS SUSTAINED" FORMS, AND STANDARD FORM  
NO. 15, TO DELETE ELECTRONIC DATA PROCESSING COVERAGE.  
REVISED TO JUNE, 1974.

SR 5876b Printed in U.S.A.



ATTACHED TO AND FORM PART OF POLICY OR POLICIES NO. 12 F 0041 AOA  
POLICY OR IS ISSUED TO HOME SAVINGS BANK

IT IS AGREED THAT:

1. THE UNDERWRITER OR COMPANY HEREBY CHANGES THE POLICY NO. 12 F 0041 AOA

TO 12 F 0041 AOA

IN 01/1/85 10515-207 AOA


NOTWITHSTANDING THAT THE LIABILITY OF THE UNDERWRITER OR COMPANY UNDER THE  
POLICY IS NOW AS CHANGED BY THIS RIDER OR ENDORSEMENT SHALL NOT BE CORRELATIVE.

2. THIS RIDER OR ENDORSEMENT IS EFFECTIVE AS OF 12:01 A.M.

8/20/85.

IN WITNESS WHEREOF, SIGNED AND DATED 08/20/85

THE AETNA CASUALTY AND SURETY COMPANY

  
\_\_\_\_\_  
Nora O. Garza, Attorney-in-fact



10015,207 10A

DATE 12/1/75

TOTAL PREMIUM  
\$2,017.00

INSURED NAME  
JIM SAVING & LOAN  
10 SOUTH MAIN STREET  
ALT LAKE CITY UT  
PRODUCER OR COMPANY REINSURED  
AMERICAN INS & INV  
ALT LAKE CITY UT

PRODUCER CODE  
01001

FF	PREM	TRANS	TRANS	TAX
ATE	EXPIRY	LATE	TYPE	STATE
1/20/75	03/20/75	03/20/75	1	43

## LIABILITY COVERAGE

AMOUNT	LIABILITY	CO
100,000.00	100,000.00	100
100,000.00	100,000.00	100

\*\*\*\*\* POLICY NUMBER \*\*\*\*\*  
Y L A N S \*\*\*\*\*  
11,000.00  
11,000.00

DEFINED PREMIUM FOR ALL COVERAGES

\$2,017.00

JAN 22 - FEB 22 &amp; 1A D

1526A EXECUTED - COPY ATTACHED.

AC

BASED FOR TRANSACTION  
1 RENEW BOND FOR ONE YEAR TERM  
1-10791 02

PERMITS NO.  
19-3041 10A

PRINTED IN U.S.A.

AMERICAN INS.  
& INVESTMENT

ALL 2 1947

11/20/75  
11/20/75  
11/20/75

2947

210.44

RIDER

To be attached to and form part of Blanket Bond, Standard Form No. 22 , No. 19 F 10016926  
in favor of Home Savings & Loan

It is agreed that:

1. In accordance with and subject to the provisions of the Section of the attached bond entitled "Rights After Termination or Cancellation", the Underwriter hereby grants to the Insured a period of twelve months from 12:01 a.m. of the 20th day of August , 1985 to 12:01 a.m. of the 20th day of August , 1986 , within which to discover loss sustained by the Insured prior to the date and hour first mentioned.

2. Such additional period of time shall terminate immediately  
(a) on the effective date of any other insurance obtained by the Insured, its successor in business or any other party, replacing in whole or in part the insurance afforded by this bond, whether or not such other insurance provides coverage for loss sustained prior to its effective date, or

(b) upon takeover of the Insured's business by any State or Federal official or agency, or by any receiver or liquidator, acting or appointed for this purpose

without the necessity of the Underwriter giving notice of such termination.

Signed, sealed and dated

8-22-85

HOME SAVINGS & LOAN

Accepted:

BY: James G. Smith

THE AETNA CASUALTY AND SURETY COMPANY

BY:

Kevin D. Kalish  
Kevin D. Kalish, Attorney-in-Fact

210.44