

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **2002-02-26**
SEC Accession No. **0000885694-02-000004**

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SUBJECT COMPANY

COVEST BANCSHARES INC

CIK: **885694** | IRS No.: **363820609** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **SC 13D** | Act: **34** | File No.: **005-43680** | Film No.: **02558311**
SIC: **6021** National commercial banks

Mailing Address
P.O. BOX 94242
PALATINE IL 60094-4242

Business Address
749 LEE STREET
DES PLAINES IL 60016-6471
8472946500

FILED BY

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. 1)*

CoVest Bancshares, Inc.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

223032103
(CUSIP Number)

Mr. Paul A. Larsen, 749 Lee Street, Des Plaines, Illinois 60016 (847) 294-6500
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

February 22, 2002
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Section 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box 0.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Section 240.13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 223032103

- 1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

Paul A. Larsen
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) 0
(b) 1
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS (See Instructions)
BK
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) OR 2(e)
0
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
United States of America

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER 13,894
	8 SHARED VOTING POWER 394,120
	9 SOLE DISPOSITIVE POWER 98,757
	10 SHARED DISPOSITIVE POWER 394,120

- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
491,877
- 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES
(See Instructions)
0
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
13.9%
- 14 TYPE OF REPORTING PERSON (See Instructions)
IN

CUSIP NO. 223032103

- 1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

James L. Roberts

- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) 0
(b) 1
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS (See Instructions)
BK
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) OR 2(e)
0
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
United States of America

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

7 SOLE VOTING POWER
11,980

8 SHARED VOTING POWER
394,120

9 SOLE DISPOSITIVE POWER
138,355

10 SHARED DISPOSITIVE POWER
394,120

- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
532,475
- 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES
(See Instructions)
0
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
15.1%
- 14 TYPE OF REPORTING PERSON (See Instructions)
IN

CUSIP NO. 223032103

- 1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

Barbara A. Buscemi

- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) 0

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)
BK

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) OR 2(e)
0

6 CITIZENSHIP OR PLACE OF ORGANIZATION
United States of America

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

7 SOLE VOTING POWER
3,192

8 SHARED VOTING POWER
394,120

9 SOLE DISPOSITIVE POWER
36,405

10 SHARED DISPOSITIVE POWER
394,120

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
430,525

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES
(See Instructions)
0

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.2%

14 TYPE OF REPORTING PERSON (See Instructions)
IN

CUSIP NO. 223032103

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

CoVest Bancshares, Inc. Employee Stock Ownership Plan Trust

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) 0
(b) 1

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)
BK

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) OR 2(e)
0

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Employee Stock Ownership Plan Trust organized under the laws of the United
States of America

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

7 SOLE VOTING POWER
0

8 SHARED VOTING POWER
394,120

9 SOLE DISPOSITIVE POWER
81,477

10 SHARED DISPOSITIVE POWER
312,643

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
394,120

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES
(See Instructions)
0

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
11.2%

14 TYPE OF REPORTING PERSON (See Instructions)
EP

ITEM 1. Security and Issuer.

Common Stock
CoVest Bancshares, Inc.
749 Lee Street
Des Plaines, Illinois 60016

ITEM 2. Identity and Background.

(a) This Schedule is being filed by Paul A. Larsen, James L. Roberts, Barbara
A. Buscemi and the CoVest Bancshares, Inc. Employee Stock Ownership Plan Trust.

(b) 749 Lee Street
Des Plaines, Illinois 60016

(c) Paul A. Larsen is Executive Vice President, Treasurer, Chief Financial Officer and Corporate Secretary of the Issuer. James L. Roberts is a Director, President and Chief Executive Officer of the Issuer. Barbara A. Buscemi is Executive Vice President of the Issuer.

(d) During the last five years, none of the Reporting Persons have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of the Reporting Persons were a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding were or are subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Each of the individual Reporting Persons is a United States citizen.

ITEM 3. Source and Amount of Funds or Other Consideration.

With respect to shares of the Issuer's Common Stock purchased by the Reporting Persons, personal funds have been used, none of which has been borrowed. With respect to shares held by the Issuer's Employee Stock Ownership Plan (the "ESOP"), which controls an aggregate of 394,120 shares (11.2%) of the Issuer's Common Stock and for which the individual Reporting Persons serve as co-trustees, the funds used by the ESOP were contributed by or borrowed from the Issuer. On February 22, 2002, the ESOP purchased 81,477 shares of the Issuer's Common Stock for an aggregate purchase price of \$1,500,000.

ITEM 4. Purpose of Transaction.

All securities of the Issuer beneficially owned by the Reporting Persons are for investment purposes. The Reporting Persons currently have no plan or proposal which relates to or would result in:

(a) The acquisition by any person of additional securities of the Issuer, or the disposition of securities of the Issuer;

(b) An extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Issuer or any of its subsidiaries;

(c) A sale or transfer of a material amount of assets of the Issuer or any of its subsidiaries;

(d) Any change in the present board of directors or management of the Issuer, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board;

(e) Any material change in the present capitalization or dividend policy

of the Issuer;

(f) Any other material change in the Issuer's business or corporate structure;

(g) Changes in the Issuer's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Issuer by any person;

(h) Causing a class of securities of the Issuer to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association;

(i) A class of equity securities of the Issuer becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934; or

(j) Any action similar to any of those enumerated above.

ITEM 5. Interest in Securities of the Issuer.

(a) The Reporting Persons hold 394,120 shares (11.3%) of the Issuer's Common Stock as co-trustees of the Issuer's ESOP, with respect to which 312,643 shares are allocated to specific employees' accounts and 81,477 shares are unallocated.

(b) Paul A. Larsen has sole power to vote or to direct the vote with respect to 13,894 shares. James L. Roberts has sole power to vote or to direct the vote with respect to 11,980 shares. Barbara A. Buscemi has sole power to vote or to direct the vote with respect to 3,192 shares. As co-trustees, the Reporting Persons have shared voting and investment power over shares held by the ESOP.

(c) On February 22, 2002, the ESOP purchased 81,477 shares of the Issuer's Common Stock, held its treasury, for an aggregate purchase price of \$1,500,000, or \$18.41 per share.

(d) Other than the lender in the case of a default by the ESOP under the terms of the loan agreement attached as Exhibit 99.1, and the participants in the ESOP, no other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, these shares of the Issuer's Common Stock.

(e) N/A

ITEM 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

None

ITEM 7. Material to be Filed as Exhibits.

99.1 Loan agreement for the purchase of 81,477 shares.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

FEBRUARY 22, 2002

Date

/s/ PAUL A. LARSEN

Signature

Paul A. Larsen, individually
and as Trustee of the ESOP
Name and Title

FEBRUARY 22, 2002

Date

/s/ JAMES L. ROBERTS

Signature

James L. Roberts, individually
and as Trustee of the ESOP
Name and Title

FEBRUARY 22, 2002

Date

/s/ BARBARA A. BUSCEMI

Signature

Barbara A. Buscemi, individually
and as Trustee of the ESOP
Name and Title

February 22, 2002

\$1,500,000

Des Plaines, Illinois

FOR VALUE RECEIVED, the CoVest Bancshares, Inc. Employee Stock Ownership Plan Trust ("Borrower") hereby unconditionally promises to pay to the order of CoVest Banc National Association, ("Lender"), at its office at Des Plaines, Illinois, or at any other place that the holder of this Note may designate from time to time in writing, the sum of One Million Five Hundred Thousand Dollars (\$1,500,000). Borrower shall pay to Lender interest on the principal balance remaining unpaid each June 30th and December 31st at the Lender's prime rate as of the preceding anniversary date of the Note for each year, computed on the basis of a 360 day year for the actual number of days elapsed, until this Note is paid in full. The principal on this Note shall be payable in 30 semi-annual installments of Fifty Thousand Dollars (\$50,000), plus accrued interest, beginning on June 30, 2002 and continuing on each June 30th and December 31st thereafter, with a final payment due on December 31, 2016. Borrower's final payment will be for all principal and all accrued interest not yet paid. If any payment due under this Note becomes payable on a Saturday, Sunday, or legal holiday under the laws of the State of Illinois or of the United States, the due date shall be extended to the next succeeding business day, and interest shall be payable during the extension at the rate specified above.

This Note evidences a loan made pursuant to a Loan Agreement between Lender and Borrower dated February 22, 2002 (the "Loan Agreement"). Reference is made to the Loan Agreement for a statement of the terms and conditions under which the loan evidenced by this Note is made.

Borrower may prepay this Note, in part or in full, at any time and from time to time, without penalty or premium. Except as otherwise agreed in the Loan Agreement, payments received by Lender from Borrower on this Note shall be applied first to the payment of interest which is due and payable and only thereafter to the outstanding principal balance.

This Note evidences the obligation of Borrower to repay a loan that it has taken out for the purpose of purchasing stock of CoVest Bancshares, Inc. ("Company") for the benefit of the participants in Company's employee stock ownership plan (the "Plan"). Notwithstanding anything to the contrary stated above, the payments made pursuant to this Note during any fiscal year of the Plan shall not exceed an amount equal to (a) the sum of the contributions made by Company to the Plan during that year and during all prior years to enable Borrower to meet its obligations under this Note, plus the earnings attributable to the investment of those contributions and the earnings attributable to the shares of stock of Company purchased with the proceeds of the loan evidenced by this Note, less (b) all payments made by Borrower under this Note in prior years.

This Note is secured by shares of Company's stock pursuant to a Stock Pledge Agreement, dated the date of this Note, and is without recourse against either Borrower or the Plan.

Whenever in this Note there is reference made to Lender or Borrower, that reference shall be deemed to include, as applicable, a reference to the respective successors and assigns of Lender and Borrower. The provisions of this Note shall be binding upon and shall inure to the benefit of the successors and assigns of Lender and Borrower.

This Note has been signed, delivered, and accepted at Des Plaines, Illinois

and shall be interpreted in accordance with the laws of the State of Illinois.

CoVest Bancshares, Inc. Employee Stock Ownership Plan Trust

/s/ JAMES L. ROBERTS
James L. Roberts, Trustee

/s/ PAUL A. LARSEN
Paul A. Larsen, Trustee

/s/ BARBARA A. BUSCEMI
Barbara A. Buscemi, Trustee

ESOP LOAN AGREEMENT

This ESOP Loan Agreement, dated February 22, 2002, is by and between James L. Roberts, Paul A. Larsen and Barbara A. Buscemi (the "Trustee"), as trustees of the CoVest Bancshares, Inc. Employee Stock Ownership Plan Trust and CoVest Banc National Association (the "Bank").

RECITALS

CoVest Bancshares, Inc. (the "Company") has established an employee stock ownership plan for the benefit of its employees, known as the "CoVest Bancshares, Inc. Employee Stock Ownership Plan" (the "Plan"). The Company also has established a trust as the funding vehicle for the Plan, known as the "CoVest Bancshares, Inc. Employee Stock Ownership Plan Trust" (the "Trust"). The Company has appointed James L. Roberts, Paul A. Larsen and Barbara A. Buscemi to serve as the trustees of the Trust. The Plan is designed to invest primarily in stock of the Company, and the Trustee is authorized to borrow funds to finance the purchase of Company stock.

The Trustee has determined that it is in the best interests of the participants in and beneficiaries of the Plan to purchase Eighty-One Thousand Four Hundred and Seventy-Seven (81,477) shares of the Company's common stock. The Bank has agreed to lend One Million Five Hundred Thousand Dollars (\$1,500,000) to the Trustee for the purpose of providing the funds to purchase the shares. The loan is intended to be an "exempt loan", as described in Section 4975(d)(3) of the Internal Revenue Code of 1986, Section 54.4975-7(b) of the Treasury Department Regulations, Section 408(b)(3) of the Employee Retirement Income Security Act of 1974, and section 2550.408b-3 of the Department of Labor Regulations.

Therefore, in consideration of the terms and conditions contained in this Agreement the parties hereby agree as follows:

ARTICLE I DEFINITIONS

For purposes of this Agreement, the following words and phrases shall have the following meanings:

- 1.1 "Bank" shall mean CoVest Banc National Association.
- 1.2 "Code" shall mean the Internal Revenue Code of 1986, as amended.
- 1.3 "Company" shall mean CoVest Bancshares, Inc., a Delaware corporation.
- 1.4 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.
- 1.5 "ESOP Loan" shall mean the loan made by the Bank to the Trustee pursuant to this Agreement.
- 1.6 "ESOP Loan Documents" shall mean this ESOP Loan Agreement, the ESOP Notes, and the Stock Pledge Agreement.
- 1.7 "ESOP Notes" shall mean the promissory notes signed by the Trustee and delivered to the Company to evidence the ESOP Loan.
- 1.8 "Exempt Loan Rules" shall mean the rules set forth in Section 4975(d)(3) of the Code, Section 54.4975-7(b) of the Treasury Department Regulations, Section

408(b)(3) of ERISA, and Section 2550.408b-3 of the Department of Labor Regulations.

1.9 "Plan" shall mean the CoVest Bancshares, Inc. Employee Stock Ownership Plan.

1.10 "Shares" shall mean the Eighty-One Thousand Four Hundred and Seventy-Seven (81,477) shares of common stock of the Company purchased by the Trustee with the proceeds of the ESOP Loan.

1.11 "Stock Pledge Agreement" shall mean the agreement between the Trustee and the Company, dated February 22, 2002 pursuant to which the Trustee has agreed to pledge the Shares to the Bank to secure the obligations of the Trust under this Agreement.

1.12 "Trust" shall mean the CoVest Bancshares, Inc. Employee Stock Ownership Plan Trust which has been established by the Company to implement the Plan.

1.13 "Trustee" shall mean James L. Roberts, Paul A. Larsen and Barbara A. Buscemi, and any other person who shall be duly appointed to serve with or to succeed any of them as trustee of the Trust.

ARTICLE II

LOAN

2.1 Amount of Loan. The Bank agrees to lend to the Trust the sum of \$1,500,000.00 (the "ESOP Loan").

2.2 Use of Loan Proceeds. The Trustee shall use the proceeds of the ESOP Loan solely for the purpose of purchasing shares of the Company's common stock.

2.3 ESOP Notes. Upon receipt of the proceeds of the ESOP Loan, the Trustee will sign the respective ESOP Notes and deliver them to the Bank.

2.4 Payment of ESOP Notes. The ESOP Loan is intended to be an "exempt loan" within the meaning of the Exempt Loan Rules. Accordingly, repayment by the Trust of the principal amount of the ESOP Loan, and payment by the Trust of interest on the ESOP Loan, shall be made only from the following sources: (a) contributions made by the Company to the Trust to enable the Trustee to repay the ESOP Loan; (b) earnings attributable to the investment of those contributions; (c) any dividends, earnings, or distributions on the Shares held in the Trust; and (d) proceeds from the sale of any Shares held by the Bank pursuant to the Stock Pledge Agreement. The Bank shall have no recourse to any other assets of the Trust for repayment of the ESOP Loan.

2.5 Prepayment. The Trustee may prepay all or any portion of the ESOP Loan at any time without penalty or premium. The obligation of the Trustee to prepay any portion of the ESOP Notes shall be subject to the condition that the Trustee shall have sufficient cash on hand to make the payment.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE TRUSTEE

On behalf of the Trust, the Trustee hereby represents and warrants to the Bank as follows:

3.1 Authority. The Trustee has full power and authority under the Plan to sign and deliver this Agreement, the ESOP Notes, and the Stock Pledge Agreement (the "ESOP Loan Documents") and to consummate the transactions contemplated by the ESOP Loan Documents. The ESOP Loan Documents have been duly authorized, signed, and delivered by the Trustee on behalf of the Trust. The ESOP Loan Documents constitute legal, valid, and binding obligations of the Trust enforceable

against the Trust in accordance with their terms, except as they may be limited by ERISA and by bankruptcy, insolvency, reorganization, or other laws affecting the enforcement of creditors' rights generally.

3.2 No Conflicts. The signing, delivery, and performance of the ESOP Loan Documents by the Trustee on behalf of the Trust and the consummation of the transactions contemplated by the ESOP Loan Documents, do not and will not: (a) require the consent or approval of, or the filing of any documents with, any person or governmental authority;

(b) constitute or result in the breach of any provision of, or constitute a default under, the Plan or any agreement known to the Trustee or to which the Trust is a party or by which it or its assets may be bound; or (c) violate any law, regulation, judgment or order binding upon the Trust or give rise to any liability to the Trust under Title I of ERISA or Section 4975 of the Code.

3.3 Organization of Plan. The Plan has been properly established in accordance with all applicable laws, regulations, and rulings; and the Plan is an "employee stock ownership plan" within the meaning of Section 4975(e)(7) of the Code.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE BANK

The Bank hereby represents and warrants to the Trustee and to the Trust as follows:

4.1 Terms of Loan. The terms, conditions, and interest rate of the ESOP Loan are at least as favorable to the Plan as the terms of a comparable loan resulting from arm's-length negotiations between independent parties.

4.2 Authority. The Bank has all required power and authority to enter into, deliver, and perform its obligations under this Agreement. The signing, delivery, and performance of this Agreement have been duly authorized by all necessary action on the part of the Bank. This Agreement has been duly signed and delivered by the Bank, and the obligations of the Bank under this Agreement are valid, legally binding, and enforceable against the Bank in accordance with the terms of this Agreement except as they may be limited by bankruptcy, insolvency, reorganization, or other laws affecting the enforcement of creditors' rights generally.

4.3 No Conflicts. The signing, delivery, and performance of this Agreement and of the Stock Pledge Agreement by the Bank does not and will not: (a) require the consent or approval of, or the filing of any documents with, any person or governmental authority; (b) conflict with or result in any violation of, or a default under, any provision of the articles of incorporation or by-laws of the Bank or of any agreement to which the Bank is a party or by which it or any of its properties are bound; or (c) violate any law, regulation, judgment, or order applicable to the Bank.

ARTICLE V COVENANTS OF THE COMPANY

The Company hereby covenants and agrees with the Trustee and the Trust as follows:

5.1 Maintenance of Company and Workforce. The Company will maintain its existence and, unless severely adverse business conditions develop, will not

materially decrease the size of its workforce in a manner that would inhibit the allocation of the Shares to the participants in the Plan.

5.2 Maintenance of Plan. Subject to the right of the Company to amend or terminate the Plan in accordance with the terms of the Plan, the Company will take all actions within its power to preserve the existence of the Plan and Trust and maintain their tax-qualified status under Sections 401(a) and 501(a), respectively, of the Code. The Company shall administer the Plan in compliance with (a) the Code and ERISA, as applicable to the Plan and this Agreement and (b) all other laws and regulations applicable to the Plan and the Trust.

5.3 Contributions to the Plan. For as long as the ESOP Note is outstanding, the Company will make contributions to the Plan in amounts which are sufficient to enable the Trustee to pay all interest and principal due on the ESOP Note when due.

5.4 Tax-Ruling. The Company has filed with the Internal Revenue Service an application for a favorable letter of determination regarding the status of the Plan as a qualified plan under Section 401(a) of the Code and regarding the status of the Trust as a tax-exempt trust under Section 501(a) of the Code. The Company hereby agrees that it will adopt any amendments to the Plan that are required by the Service in order to obtain a favorable letter of determination with respect to the Plan within the time prescribed by law for obtaining an effective date for the amendments retroactive to the date of adoption of the Plan.

ARTICLE VI DEFAULT

6.1 Event of Default. The failure of the Trustee to pay when due any principal, interest, or other amounts due and payable under the ESOP Note or under this ESOP Loan Agreement shall be an "Event of Default".

6.2 Remedies. Upon the occurrence of an Event of Default the Bank shall be entitled to exercise all rights and remedies available to a creditor to recover from the Trust dividends paid to it by the Company and held by the Trustee and cash contributions made by the Company to the Trust to enable the Trust to meet its obligations under this Agreement and under the ESOP Note (provided that the dividends and contributions have not been so applied by the Trust). In no event shall there be an acceleration of payments not yet due and payable under this Agreement or under the ESOP Note, and the Bank shall not be entitled to recover, as a result of an Event of Default, assets with a value in excess of the amount in default. Assets of the Trust shall be transferred to the Bank after an Event of Default only to the extent of the failure of the Trust to meet the payment schedule set forth in the ESOP Note. For purposes of this Section 6.2, the dollar amount of a default shall be equal to the difference between (a) the aggregate amount of principal and accrued interest which was due and payable on the ESOP Note as of the date of the Event of Default and (b) the aggregate amount paid to the Bank by the Trust at the time of the Event of Default.

ARTICLE VII MISCELLANEOUS

7.1 Notices. All notices that are required under this Agreement shall be in

writing and shall be delivered personally, by confirmed electronic mail or facsimile, by private express mail, or by registered or certified U.S. mail, postage or other fees prepaid, addressed as follows:

If to the Company: CoVest Bancshares, Inc.
749 Lee Street
Des Plaines, Illinois 60016-6417
Attention: President
Phone (847) 294-6500
Fax (847) 824-4402

If to the Bank: CoVest Banc National Association
749 Lee Street
Des Plaines, Illinois 60016-6417
Attention: President
Phone (847) 294-6500
Fax (847) 824-4402

If to the Trustee: James L. Roberts, Paul A. Larsen and Barbara A. Buscemi
749 Lee Street
Des Plaines, Illinois 60016-6417
Phone (847) 294-6500
Fax (847) 824-4402

7.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. The Bank shall not assign any of its rights or obligations under this Agreement without the prior written consent of the Trustee. The Trustee shall have the right to assign their rights and obligations under this Agreement to any successor trustee of the Trust with the prior written consent of the Bank.

7.3 Survival of Representations and Warranties. All of the representations and warranties made by the parties in this Agreement shall survive the disbursement and closing of the ESOP Loan.

7.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties, and it may not be changed or terminated orally. No attempted change, termination, or waiver of any of the provisions of this Agreement shall be binding unless in writing and signed by the party against whom the change, termination, or waiver is sought to be enforced.

7.5 Governing Law. This Agreement shall be construed, interpreted, and enforced in accordance with, and governed by, the laws of the State of Illinois.

7.6 Action Taken as Trustee. The Bank hereby expressly acknowledges and agrees that this Agreement and the ESOP Note are being signed by the Trustee not in their individual capacities, but solely as Trustee of and on behalf of the Trust, and that the obligations of the Trustee under this Agreement and under the ESOP Note are without personal recourse against the Trustee.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the day and year first written above.

CoVest Banc National Association

CoVest Bancshares, Inc.

By: /s/ JAMES L. ROBERTS
Its President

By: /s/ JAMES L. ROBERTS
Its President

CoVest Bancshares, Inc. Employee
Stock Ownership Plan Trust

/s/ JAMES L. ROBERTS
James L. Roberts, Trustee

/s/ PAUL A. LARSEN
Paul A. Larsen, Trustee

/s/ BARBARA A. BUSCEMI
Barbara A. Buscemi, Trustee