

AGREEMENT BY AND BETWEEN  
Home Federal Savings & Loan Association  
Collinsville, Illinois  
and  
The Comptroller of the Currency

Home Federal Savings & Loan Association, Collinsville, Illinois (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules, and regulations.

The Comptroller has found unsafe and unsound banking practices relating to capital planning, credit administration, and real estate valuation at the Bank.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 163.555. See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) This Agreement shall cause the Bank to be designated as in “troubled condition,” as set forth in 12 C.F.R. § 163.555, unless otherwise informed in writing by the Comptroller. In addition, this Agreement shall cause the Bank not to be designated as an “eligible bank” for purposes of 12 C.F.R. § 116.5, unless otherwise informed in writing by the Comptroller.

(6) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to:

Mary Beth Farrell  
Assistant Deputy Comptroller  
St. Louis Field Office  
2350 Market Street, Suite 100  
St. Louis, Missouri 63103

## ARTICLE II

### CAPITAL PLAN

(1) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a three (3) year capital program. The program shall include:

- (a) specific plans for the maintenance of adequate capital;
- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the sources and timing of additional capital to meet the Bank's current and future needs;

- (d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs; and
- (e) contingency plans that identify alternative methods should the primary source(s) under (d) above not be available.

(2) The Bank's capital program shall be submitted to the Assistant Deputy Comptroller for prior determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the capital program. The Board shall review and update the Bank's capital program on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.

### ARTICLE III

#### CRITICIZED ASSETS

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to eliminate the basis of criticism of assets criticized<sup>1</sup> in the Report of Examination dated April 30, 2012 (“ROE”), in any subsequent Report of Examination, or by any internal or external loan review, or in any list provided to management by the Office of the Comptroller of the Currency (“OCC”) during any examination as "doubtful," "substandard," or "special mention." This program shall include, at a minimum:

- (a) an identification of the expected sources of repayment;

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<sup>1</sup> The term “criticized” as used in this Article refers to assets rated the equivalent of “doubtful,” “substandard,” or “special mention” as defined in the “Rating Credit Risk” booklet, A-RCR, of the Comptroller’s Handbook.

- (b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(2) Upon adoption, a copy of the program for all criticized assets equal to or exceeding one hundred thousand dollars (\$100,000) shall be forwarded to the Assistant Deputy Comptroller.

(3) The Board, or a designated committee, shall conduct a review, on at least a quarterly basis, to determine:

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds one hundred thousand dollars (\$100,000);
- (b) management's adherence to the program adopted pursuant to this Article;
- (c) the status and effectiveness of the written program; and
- (d) the need to revise the program or take alternative action.

(4) A copy of each review shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis in a format similar to Appendix A, attached hereto.

(5) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the OCC during any examination and whose

aggregate loans or other extensions exceed fifty thousand dollars (\$50,000) only if each of the following conditions is met:

- (a) the Board or designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board (or designated committee) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and
  - (b) a comparison to the written program adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.
- (6) A copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

#### ARTICLE IV

##### CREDIT ADMINISTRATION

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designated to ensure the Bank obtains and analyzes updated credit and collateral information as necessary to monitor the Bank's credit risk, properly account for loans, and assign accurate risk-ratings in a timely manner. At a minimum the program shall require the Bank to obtain and analyze current and satisfactory credit information, maintain proper collateral documentation, and, where necessary, substantiate the current value of collateral, on an ongoing basis as needed to effectuate the purposes of the program described

above. The Board shall provide a copy of the written program adopted pursuant to this Article to the Assistant Deputy Comptroller upon adoption.

(2) If despite prudent efforts, the Board and management are unable to obtain the credit information or collateral documentation require by Paragraph (1) of this Article, the Bank shall not be in violation of this Article as long as the Bank's ongoing efforts to obtain the information are documented and recorded in the respective credit file.

(3) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan, lease, or other extension of credit only after:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the expected source of repayment in writing;
- (c) structuring the repayment terms to coincide with the expected source of repayment for the extension of credit;
- (d) obtaining and analyzing current and satisfactory credit information to appropriately assess the borrower's cash flow and financial position, and where repayment is dependent in whole or in part on one or more guarantors, performing an appropriate analysis of the guarantors' current financial position; and
- (e) documenting the current value of collateral with adequate supporting material, in compliance with 12 C.F.R. Part 164 where applicable, and documenting that the Bank's security interest has been properly attached and recorded.

(4) Within sixty (60) days, the Board shall obtain a current appraisal or evaluation, as applicable, of the real estate securing each of the loans listed in the ROE as lacking an appropriate appraisal or evaluation.

## ARTICLE V

### EXCEPTIONS TRACKING

(1) Within ninety (90) days, the Board must establish an exception tracking and monitoring system to ensure that financial, collateral, and policy exceptions are tracked and reported to the Board in a timely manner. The exceptions tracking and monitoring system, at a minimum, must include:

- (a) maintenance of a detailed listing of all credit and collateral documentation exceptions;
- (b) maintenance of a detailed list of loans and leases not in conformance with the Bank's lending and leasing policies, with a notation as to whether the exceptions were properly granted in accordance with the Bank's policy;
- (c) identification of the loan officer who originated each loan or other extension of credit reported in accordance with Paragraphs (a) and (b) of this Article; and
- (d) requirements for monthly reporting to the Board that identifies the number of exceptions compared to total loans and comparing aggregate exceptions levels to Board established limits.

## ARTICLE VI

### REAL ESTATE VALUATION

(1) Within sixty (60) days, the Board shall review and revise the Bank's written policies and procedures governing valuation of real estate collateral to ensure the safety and soundness of the Bank's real estate lending activities. The Bank's policies and procedures shall be consistent with the Interagency Appraisal and Evaluation Guidelines, dated December 10, 2010, and at a minimum must include:

- (a) a requirement that the Bank obtain an appraisal or perform an appropriate evaluation, as applicable, for all real estate-related financial transactions consistent with 12 C.F.R. Part 164;
- (b) a requirement that the Bank obtain an appraisal or perform an appropriate evaluation, as applicable, for all real estate-related financial transactions that are one hundred and eighty (180) days past due;
- (c) standards for when the Bank will reevaluate or reappraise real estate collateral to support timely problem loan identification, work-out strategies, identification of impairment, and impact to the allowance for loans and lease losses, with requirements distinguishing when an appraisal, as opposed to an evaluation, will be required under certain circumstances;
- (d) an effective appraisal and evaluation review process, consistent with Section XV of the Interagency Appraisal and Evaluation Guidelines; and
- (e) criteria for obtaining appraisals or performing evaluations for transactions that are not otherwise covered by regulatory requirements.

(2) Upon adoption, the Board shall submit a copy of the policies and procedures required by this Article, or any subsequent amendments or changes to those policies and procedures, to the Assistant Deputy Comptroller for determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall promptly implement and thereafter ensure adherence to the policies and procedures.

## ARTICLE VII

### LOAN ADVANCES FOR PAYMENT OF REAL ESTATE TAXES

(1) Within forty-five (45) days, the Board shall develop, implement, and thereafter ensure Bank adherence to written policies and procedures for advances of funds for past due real estate taxes. The Bank's policies and procedures, at a minimum, must include:

- (a) conditions under which advances for past due real estate taxes will be extended;
- (b) procedures addressing whether such advances will be capitalized or expensed;
- (c) requirements for property appraisals or evaluations, as appropriate, to be performed when advanced funds are added to principal under the note;
- (d) procedures for ensuring compliance with all applicable laws and regulations; and
- (e) loan risk rating changes.

(2) The Bank's tax advance policies and procedures shall be submitted to the Assistant Deputy Comptroller for prior determination of no supervisory objection. Upon

receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the tax advance policies and procedures.

(3) Within sixty (60) days, the Board shall ensure that Bank management reviews all loan files to determine for which loans the Bank advanced funds for past due real estate taxes and charged the borrower a service fee for advancing such funds and/or interest thereon, beginning with the date of the preceding report of examination (June 13, 2011).

(4) Within ninety (90) days, the Board shall ensure that an audit is conducted to determine whether any funds advanced by the Bank for past due real estate taxes complied with all applicable laws, rules and regulations cited in the ROE. The Board shall ensure that the audit is independent and conducted by a qualified third party. A written report of any violations of laws, rules or regulations identified as a result of the audit shall be prepared and filed with the Board.

(5) Upon completion of the file review and audit under Paragraphs (3) and (4) of this Article, the Board shall provide the Assistant Deputy Comptroller with a list of all loans identified in accordance with Paragraph (3) of this Article and a copy of the audit report completed in accordance with Paragraph (4). The Board shall also develop and submit to the Assistant Deputy Comptroller for a determination of no supervisory objection, a written plan to reimburse borrowers for service fees and interest charges identified under Paragraph (3) of this Article and any amounts identified as reimbursable to borrowers under Paragraph (4) of this Article. The plan shall include a date by which the Bank will issue such reimbursements and a method of reimburse for each borrower. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall promptly implement and thereafter ensure adherence to the plan.

## ARTICLE VII

### CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under

the terms of this Agreement, including ensuring that the Bank has adequate processes, personnel, and control systems in place;

- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of his supervisory responsibilities. The terms of this Agreement, including this Paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/  
Mary Beth Farrell  
Assistant Deputy Comptroller  
St. Louis Field Office

12/19/12  
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/  
\_\_\_\_\_  
James Collier

12-19-12  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
LaMont Docter

12/19/12  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Robert D. Field

12/19/2012  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Michael J. Keefe

12-19-12  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Nancy J. Lochmann

12-19-12  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Richard B. Wallace

12-19-12  
\_\_\_\_\_  
Date