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Amended 6/19/09

SUPERVISORY AGREEMENT

This Supervisory Agreement (Supervisory Agreement or Agreement) is entered into and made effective this 1st day of October, 2008 (Effective Date), by and between **Aurora Service Corporation (Holding Company or Aurora), Maple Grove, Minnesota** (OTS No. H-2176), a registered savings and loan holding company that owns and controls **Inter Savings Bank, Maple Grove, Minnesota (Association or Inter Savings) (OTS Docket No. 07071),** a federally chartered stock savings association, and the Office of Thrift Supervision (OTS), a bureau of the United States Department of the Treasury, acting through its Midwest Regional Director or his designee (Regional Director).

WHEREAS, OTS, pursuant to 12 USC § 1818, has the statutory authority to enter into and enforce supervisory agreements to ensure the establishment and the maintenance of the appropriate safeguards in the operation of entities that it regulates, specifically, the Holding Company; and

WHEREAS, OTS is of the opinion that the Holding Company has engaged in inadequate risk management practices and failed to establish and implement sound financial policies as needed, and OTS is of the opinion that it has grounds to initiate an administrative proceeding against the Holding Company pursuant to 12 USC §1818(b); and

WHEREAS the Board of Directors (Board) of the Holding Company desire to cooperate with OTS and to demonstrate its commitment to the continued development and implementation of appropriate financial policies; and

WHEREAS, OTS is of the view that it is appropriate to ensure that the Holding Company will engage in the implementation of sound financial policies; and

WHEREAS, the Holding Company enters into this Supervisory Agreement, without admitting or denying that such grounds exist to initiate an administrative proceeding, except as to OTS's jurisdiction to bring such action; and

NOW THEREFORE, in consideration of the above premises and the mutual undertakings set forth herein, the parties hereto agree as follows:

1. Plan for Enhancing Capital and Servicing Debt

A. By September 30, 2008, the Board of the Holding Company shall approve and submit to OTS for review and non-objection a written three-year comprehensive detailed plan for enhancing the capital of the holding company enterprise and for the service of the debt and other obligations of the Holding Company (Capital Financial Plan). The Capital Financial Plan shall, at a minimum, address the following components:

1) Capital infusions into the Association, if necessary, for the Association (a) to maintain well capitalized status at all times, (b) to obtain a 7.25% core capital ratio and an 11.00% risk-based capital ratio by March 31, 2009, and (c) to maintain at least such capital ratios thereafter;

2) Comprehensive parent company only pro forma capital projections, setting forth the Association's and Holding Company's present and future capital needs, taking into account current and projected earnings performance and risk profiles and providing pro forma capital level targets for the holding company enterprise;

3) Comprehensive parent company only pro forma cash flow projections, detailing all anticipated sources and uses of funds, including any scheduled payment obligations or payment plans of the Holding Company related to its outstanding debt, obligations, and equity issuances;

4) How the Holding Company will decrease the ratio of debt-to-consolidated equity capital while the trust preferred securities remain outstanding;

5) The intentions of the Holding Company's shareholders to continue to support the Holding Company's and the Association's capital levels and cash flow needs;

6) Detailed description of all assumptions and support for such assumptions that were used in formulating the Capital Financial Plan and the above-referenced projections; and

7) An alternative strategy to be implemented immediately if the Holding Company or Association's initial attempts to raise additional capital are unsuccessful.

Upon receipt of OTS's notice of written non-objection, the Holding Company shall immediately the acceptable Capital Plan.

B. Until OTS has issued a written notice of non-objection of the Holding Company's Capital Financial Plan and provided that the transaction is fully consistent with the acceptable Capital Financial Plan, the Holding Company shall not undertake the following transactions without the prior written notice of non-objection of OTS:

1) Make any principal payments to any Insider with respect to any Holding Company indebtedness. For purposes of this subsection, the term "Insider" means: (a) any person who is a director, officer, or shareholder of the Holding Company or the Association; (b) any member of such person's "immediate family" within the meaning of 12 CFR § 215.2(g); and/or (c) any "related interests" of such persons within the meaning of 12 CFR § 215.2(n);

2) Shall not enter into any new line of business or operations;

3) May not issue or commit to issue any preferred stock;

4) Shall not declare or pay dividends on common stock; and

5) Shall not directly or indirectly, purchase, redeem, or commit to purchase or redeem, any of its shares.

C. Beginning September 30, 2008 and monthly thereafter, the Holding Company's management shall submit status reports to OTS regarding its capital raising activities including, but not limited to (1) contacts with investment bankers; (2) parties performing due diligence; (3) offers to engage in an acquisition or merger; (4) the execution of letters of intent or investment agreements; or (5) the termination of negotiations with parties considering a merger of the Association, the acquisition of the Holding Company or the Association, or the acquisition of five percent or more of a stock offering or a subordinated debt offering.

D. The Board of the Holding Company shall monitor, on at least a monthly basis, the Holding Company's compliance with the acceptable Capital Financial Plan and document its review in the minutes of the Board meeting. By no later than five (5) days after an event that would cause the Holding Company not to comply with the Capital Financial Plan, the Board shall submit a notification to OTS. Beginning November 15, 2008 and by 45 calendar days after the end of each calendar quarter, the Board shall submit a variance report to OTS noting any material variances from the Capital Financial Plan. For the purposes of this Section, a material variance may include, but not be limited to the failure to meet a targeted projection in the Capital Financial Plan by more than 10 percent.

E. If the Board determines that an amendment or a revision to the Capital Financial Plan is appropriate, the Board shall adopt and submit the revised Capital Financial Plan to OTS for review and non-objection prior to its implementation.

2. <u>Restrictions on Debt</u>

A. The Holding Company shall not, directly or indirectly, incur, renew, roll over, or increase any debt or commit to do so; allow any of its non-bank subsidiary to incur, renew, roll over, or increase any debt or commit to do so without the prior written notice of non-objection of OTS. All requests of the Holding Company for OTS's non-objection to such debt shall contain, but not be limited to, a statement: (1) describing the purpose of the proposed debt; (2) describing and analyzing the terms of the proposed debt and covenants; (3) describing the anticipated source(s) of repayment of the proposed debt; and (4) analyzing the Holding Company's cash flow resources available to satisfy such debt repayment. For purposes of this Section 2, "debt" includes, but is not limited to loans, bonds, cumulative preferred stock, hybrid capital instruments such as subordinated debt or trust preferred securities, and guarantees of debt. For purposes of this Section 2, "debt" does not include liabilities incurred in the ordinary course of business to acquire goods and services and that are normally recorded as accounts payable.

B. The Board shall submit to OTS (1) a report addressing compliance with debt covenants, and (2) a detailed cash flow report that sets forth cash inflows and outflows for the previous quarter and for the succeeding 12-month period. The initial report is due to OTS by August 31, 2008. All subsequent reports are due by 30 calendar days after the end of each calendar quarter.

3. **Notice of Change of Director or Senior Executive Officer**

The Holding Company shall fully comply with the requirements and limitations set forth in 12 CFR §§ 563.550 through 563.590 and obtain a written notification from OTS of its intention not to disapprove the proposed appointment of any individual to its Board, the employment of any individual as a senior executive officer, or the changing of responsibilities of any senior executive officer before such addition, employment, or change becomes effective in accordance with 12 CFR § 563.585 and 12 USC § 1831i.

4. **Restrictions on Golden Parachute Payments**

The Holding Company shall not make or agree to make any "golden parachute payment", as such term is used in 12 USC § 1828(k) and 12 CFR Part 359 (and including, but not limited to any severance payments and agreements relating thereto), except as permitted under 12 USC § 1828(k) and 12 CFR Part 359.

5. **Compliance with Supervisory Agreement**

A. The Board and officers of the Holding Company shall take immediate and ongoing action to cause the Holding Company to comply with the terms of this Supervisory Agreement.

B. By 30 calendar days after the end of each calendar quarter, the Board of the Holding Company, on a quarterly basis, beginning with the quarter ending September 30, 2008, shall adopt and submit to OTS a board resolution (Compliance Resolution), formally resolving that, following a diligent inquiry of relevant information (including reports of management), to the best of its knowledge and belief, during the immediately preceding quarter, the Holding Company complied with each provision of this Supervisory Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall specify in detail how, if at all, full compliance was found not to exist and identify all written notices of exemption or non-objection issued by OTS that were outstanding as of the date of its adoption. The Holding Company shall provide to OTS a certified true copy of each Compliance Resolution as adopted by its Board of Directors within fifteen (15) calendar days of the meeting of its Board at which the Compliance Resolution was adopted.

C. The minutes of the meetings of the Board of the Holding Company shall set forth the following information with respect to the adoption of the Compliance Resolution: (i) the identity of each director voting in favor of its adoption; and (ii) the identity of each director voting in opposition to its adoption or abstaining from voting thereon, setting forth each director's reasoning for opposing or abstaining. The Board, by virtue of the submission of a certified true copy of each such Compliance Resolution by that Board to OTS, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except as noted therein.

D. All policies, procedures, corrective actions, plans, programs, and reviews required by this Agreement (collectively referred to as Plans and Policies) shall conform to all applicable statutes, regulations, and written policy and guidance that has been published by OTS or distributed by OTS to OTS-regulated institutions and holding companies. The Board shall revise such Plans and Policies as required by OTS. The Holding Company shall comply with all Plans and Policies required by this Agreement, including any revisions or amendments required by OTS or to which OTS provided a written notice of non-objection. The Holding Company's failure to comply with a Plan or Policy required by this Agreement is considered a violation of this Agreement.

MISCELLANEOUS

6. Definitions

For purposes of this Supervisory Agreement, nothing shall be deemed "acceptable" to OTS or the Regional Director unless the Regional Director, the Regional Deputy Director, or assigned Assistant Director has stated in writing that it is acceptable or has stated in writing that there is no objection to it.

7. Notices

Except as otherwise provided herein, all submissions, requests, communications, consents, or other documents relating to this Supervisory Agreement shall be in writing and sent by first class U.S. Mail (or by reputable overnight carrier, electronic facsimile transmission, or hand delivery by messenger) addressed as follows:

A. To OTS:
Assigned Assistant Director
Office of Thrift Supervision
Department of the Treasury
225 East John Carpenter Freeway, Suite 500
Irving, Texas 75062-2327
Facsimile No: (972) 277-9501

B. To the Holding Company:
Chief Executive Officer
13601 80th Circle North, Suite 100
Maple Grove, MN 55369-0000
Facsimile No: (952) 920-7308

8. Time Limits

Time limitations for compliance with the terms of this Supervisory Agreement run from the Effective Date, unless otherwise noted. Upon written request by the Association that includes the reasons in support for any such extension, the Regional Director, the Regional Deputy Director, or the assigned Assistant Director may extend any time limits set forth in this Agreement by specifically granting that extension in writing.

9. OTS Review of Actions Required

The OTS, through the Regional Director, the Regional Deputy Director, or the assigned Assistant Director, may provide a written notice of non-objection or request additional information with respect to any submission to OTS required by this Supervisory Agreement.

10. Other Miscellaneous Provisions

A. The section and paragraph headings herein are for convenience only and shall not affect construction hereof.

B. The laws of the United States of America shall govern the construction and validity of this Supervisory Agreement.

C. In case any provision in this Supervisory Agreement is ruled to be invalid, illegal, or unenforceable by the decision of any court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director, in his/her sole discretion, determines otherwise.

D. The terms and provisions of this Supervisory Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Supervisory Agreement, express or implied, shall give to any person or entity, other than the parties hereto, the Federal Deposit Insurance Corporation, and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Supervisory Agreement.

E. This Supervisory Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

11. No Violations Authorized; OTS Not Restricted

Nothing in this Supervisory Agreement shall be construed as: (a) allowing the Holding Company to violate any law, rule, or regulation to which it is subject, or (b) restricting or estopping OTS from taking any action(s), including without limitation any actions that it believes are appropriate in fulfilling the responsibilities placed upon it by law.

12. Duration, Termination or Suspension of Supervisory Agreement

A. This Supervisory Agreement shall (1) become effective upon its execution by the OTS, through its authorized representative whose signature appears below (Effective Date); and (2) remain in effect until terminated, modified, or suspended in writing by OTS, acting through its Director or the Regional Director (including any authorized designee thereof).

B. The Regional Director, in his sole discretion, may, by written notice, suspend any or all provisions of this Supervisory Agreement.

13. <u>Integration Clause</u>

This Supervisory Agreement represents the final written agreement of the parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter. Upon the execution of this Supervisory Agreement by OTS, OTS's March 27, 2003 directive to the Holding Company is hereby terminated.

14. <u>Signature of Directors</u>

Each Director of the Holding Company signing this Supervisory Agreement attests, by such act, that she or he voted in favor of a board resolution authorizing the execution of this Supervisory Agreement by the Holding Company to evidence the agreement of the Holding Company with every provision of the Supervisory Agreement. A copy of the resolution of the Board authorizing the execution of the Supervisory Agreement shall be delivered to OTS along with the executed original of the Supervisory Agreement.

15. <u>Enforceability of Agreement</u>

The Holding Company represents and warrants that this Supervisory Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Holding Company. The Holding Company acknowledges that this Agreement, is a "written agreement" entered into with OTS for the purposes of 12 USC § 1818.

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director, and the Holding Company, in accordance with a duly adopted resolution of its respective Board, hereby execute this Supervisory Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

By:

/S/

C. K. Lee
Regional Director
Midwest Region

Effective Date: 10/1/08

AURORA SERVICE CORPORATION, MAPLE GROVE, MINNESOTA

By: /S/

Ronald R. Fletcher, Director, Chairman of the Board, and President

/S/

Fred B. Stelter, Director

/S/

John R. Fletcher, Director

Date: 9/25/08