#2003-143

November 20, 2003
AGREEMENT BY AND BETWEEN
The First National Bank of Marquette
Marquette, Nebraska
and
The Office of the Comptroller of the Currency

The First National Bank of Marquette, Marquette, Nebraska ("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, through his National Bank Examiner, has examined the Bank, and his findings are contained in the Report of Examination for the examination that commenced on July 14, 2003 ("ROE").

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. § 5.51(c)(6)(ii). 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).

ARTICLE II

STRATEGIC STAFFING PLAN

(1) Within one hundred fifty (150) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written strategic staffing plan for the Bank covering at least a five (5) year period. The strategic staffing plan shall establish specific objectives for the retention and development of capable and competent management and directors, to ensure effective management of the Bank's present overall risk profile, and to ensure effective ongoing management consistent with the Bank's strategic direction. The strategic staffing plan shall include, at a minimum:

(a) the development of strategic goals and objectives to be accomplished over the short and long term;

(b) an assessment of the Bank's present and future operating environment, to include an evaluation of primary risks and challenges facing the Bank both presently, and those expected during the next five (5) years;

(c) identification of the staffing skills and expertise needed to accomplish both the short and long term goals and objectives developed under (1)(a) of this Article, in light of the risks identified under (1)(b) of this Article;

(d) identification of the skills and expertise of the bank's current staff;

(e) comparison of the current staff's skills and expertise identified in (1)(d) of this Article to the needed skills and expertise identified in (1)(c) of this Article;

(f) a staff training, development, and recruitment program to rectify any deficiencies in skills and expertise identified in (1)(e) of this Article;

(g) an assessment of the Board's strengths and weaknesses, along with a director training, retention and recruitment program to ensure effective Board oversight of staff efforts to accomplish the short and long term goals and objectives identified in (1)(a) of this Article; and

(h) systems to monitor the Bank's progress in meeting the plan's goals and objectives.

(2) Within thirty (30) days the Board shall forward a written outline of the methodology the Board will use for development and implementation of the plan to the Assistant Deputy Comptroller for review and prior determination of no supervisory objection. After the Assistant Deputy Comptroller has advised the Bank in writing that it does not take supervisory objection to the methodology outline, the Board shall proceed with development and adoption of the plan.

(3) Upon adoption, a copy of the plan shall be forwarded to the Assistant Deputy Comptroller for review and prior determination of no supervisory objection. After the Assistant Deputy Comptroller has advised the Bank in writing that it does not take supervisory objection to the strategic staffing plan, the Board shall immediately implement, and shall thereafter ensure adherence to, the terms of the plan.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of, and adherence to, all plans, policies and procedures developed pursuant to this Agreement.

ARTICLE III

CREDIT RISK AND LOAN DOCUMENTATION EXCEPTIONS

(1) The Board shall, within sixty (60) days, develop, implement, and thereafter ensure Bank adherence to a written program to reduce the Bank's high level of credit risk, and to improve the Bank's credit risk management. The program shall include, but not be limited to:

(a) procedures to strengthen credit underwriting, to ensure that proper consideration is given to borrower cash flow, liquidity and solvency, and to prevent over reliance upon character and collateral;

(b) procedures to ensure that extensions of credit are granted, by renewal or otherwise, to any borrower only after obtaining and analyzing current and satisfactory credit information. For all extensions or renewals of credit of fifty thousand dollars ($50,000) or more, the analysis should be documented in writing. The written analysis should document the specific purpose of the credit; identify the primary and secondary sources of repayment; describe repayment terms that coincide with the source of repayment; document analysis of cash flow, solvency and liquidity; and document the value of perfected collateral;

(c) procedures to ensure satisfactory and perfected collateral documentation;

(d) procedures to ensure conformance with loan policy requirements;

(e) procedures to ensure early problem loan identification and timely risk rating of loans and leases based on lending officer submissions;

(f) procedures to ensure development of timely written programs, that will be reviewed by the Board on a quarterly basis, to eliminate the basis of criticism for all assets equal to or exceeding fifty thousand dollars ($50,000), that are criticized in any ROE or by internal or external loan review as Special Mention, Substandard or Doubtful. This program shall include: identification of expected sources of repayment; appraised value of supporting collateral and the bank's lien position; analysis of current and satisfactory credit information; and the proposed actions to eliminate the basis of criticism and the time frame for their accomplishment

(g) procedures to ensure conformance with Call Report instructions;

(h) procedures to ensure the accuracy of internal management information systems; and

(i) procedures to ensure compliance with the Bank's lending policies and laws, rules, and regulations pertaining to the Bank's lending function.

(2) Upon completion, a copy of the program shall be forwarded to the Assistant Deputy Comptroller.

(3) At least quarterly, the Board shall prepare a written assessment of the Bank's credit risk, which shall evaluate the Bank's progress under the aforementioned program. The Board shall submit a copy of this assessment to the Assistant Deputy Comptroller.

(4) Within thirty (30) days the Board shall obtain current and satisfactory credit information on all loans lacking such information, including those listed in the ROE, in any

subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

(5) Within thirty (30) days the Board shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

ARTICLE IV

LOAN REVIEW CONSULTANT

(1) Within thirty (30) days, the Board shall employ a qualified and independent consultant to perform an asset quality review of the Bank on a least a semiannual basis. The consultant shall be utilized until such time as an ongoing internal asset quality review system is developed by the Board, implemented and demonstrated to be effective.

(2) Prior to the appointment or employment of any individual to this loan review consultant or entering into any contract with a consultant, the Board shall submit the name and qualifications of the proposed consultant, detailed scope of the review to be conducted, and the proposed terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) Before terminating the consultant's asset quality review services, the Board shall both certify the effectiveness of the internal asset quality review system, and receive prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(4) The requirement to submit information and the provisions for prior determination of no supervisory objection in this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his review and act on any such information or authority within ninety (90) days.

ARTICLE V

LENDING POLICY

(1) Within one hundred twenty (120) days, the Board shall review and revise the Bank's written loan policy. In revising this policy, the Board shall refer to the Loan Portfolio Management booklet, A-LPM, of the Comptroller's Handbook. This policy shall incorporate, but not necessarily be limited to, the following:

(a) a description of acceptable types of loans considering the skills and expertise of the Bank's staff;

(b) a provision that current and satisfactory credit information will be obtained on each borrower;

(c) a requirement that all loan advances or renewals equal to or exceeding fifty thousand dollars ($50,000) be supported by written analysis of the credit's:

(i) purpose and terms,

(ii) primary and secondary sources of repayment,

(iii) current and historic cash flow and/or debt service coverage,

(iv) current and historic solvency,

(v) current and historic liquidity,

(vi) collateral adequacy,

(vii) assigned risk rating with support for the rating,

(viii) pricing, and

(ix) compliance with applicable law and Bank policy;

(d) guidelines and limitations on desired current ratio, debt-to-equity ratio, and debt service coverage ratio for various types of credit;

(e) maturity scheduling related to the anticipated source of repayment, the purpose of the loan, and the useful life of the collateral;

(f) maximum ratio of loan value to appraised value or acquisition costs of collateral securing the loan;

(g) collection procedures, to include follow-up efforts, that are systematically and progressively stronger;

(h) a pricing policy that takes into consideration costs, general overhead, probable loan losses, and interest rate risk, while providing for a reasonable margin of profit;

(i) distribution of loans by category;

(j) guidelines and limitations regarding volume of classified assets as a percentage of Tier I Capital plus the Allowance for Loan and Lease Losses;

(k) guidelines designed to improve Board oversight of the loan approval process, specifically with regard to credits exhibiting significant risk. At a minimum, the policy shall:

(i) establish dollar limits on extensions of credit to any one borrower, above which the prior approval of the Board, or a committee thereof, would be required;

(ii) establish dollar limits on aggregate extensions of credit to any one borrower, above which any new extensions of credit to that borrower, regardless of amount, would require the prior approval of the Board, or a committee thereof; and

(iii) require that all credits which deviate from the Bank's normal course of business receive the prior approval of the Board, or a committee thereof.

(l) guidelines consistent with Banking Circular 255, setting forth the criteria under which renewals of extensions of credit may be approved. At a minimum the policy shall:

(i) ensure that renewals are not made for the sole purpose of reducing the volume of loan delinquencies; and

(ii) provide guidelines and limitations on the capitalization of interest;

(m) charge-off guidelines, by type of loan or other asset, including Other Real Estate Owned, addressing the circumstances under which a charge-off would be appropriate and ensuring the recognition of losses within the quarter of discovery; and

(n) guidelines for periodic review of the Bank's adherence to the revised lending policy.

(2) Upon adoption, the policy shall be implemented, the Board shall thereafter ensure Bank adherence to the policy, and a copy of the policy shall be forwarded to the Assistant Deputy Comptroller for review.

ARTICLE VI

VIOLATIONS OF LAW

(1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the ROE and in any subsequent Report of Examination. The quarterly progress reports required by Article VII of this Agreement shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE, and within one hundred twenty (120) days shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(3) Within thirty (30) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(4) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

ARTICLE VII

PROGRESS REPORTING

(1) The Board shall submit quarterly progress reports to the Assistant Deputy Comptroller, Omaha South Field Office, 1811 West 2nd Street, Suite 360, Grand Island, Nebraska 68803-5467. These reports shall set forth in detail:

(a) actions taken to comply with each Article of the Agreement;

(b) results of those actions; and

(c) a description of the actions needed to achieve full compliance with each Article of this Agreement.

(2) The progress reports should also include any actions initiated by the Board and the Bank pursuant to the criticisms and comments in the Report of Examination or in any future Report of Examination.

(3) The first progress report shall be submitted for the period ending January 31, 2004 and will be due within ten (10) days of that date. Thereafter, progress reports will be due within ten (10) days after the end of each subsequent three-month period running from January 31, 2004.

ARTICLE VIII

ADMINISTRATIVE APPEALS AND EXTENSIONS OF TIME

(1) If the Bank determines that an exception to any provision of this Agreement is in the best interests of the Bank, or requires an extension of any timeframe within this Agreement, the Board shall submit a written request to the Assistant Deputy Comptroller asking for relief.

(2) Any written requests submitted pursuant to this Article shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with any provision, that require the Assistant Deputy Comptroller to exempt the Bank from any provision, or that require an extension of any timeframe within this Agreement. All such requests shall be accompanied by relevant supporting documentation.

(3) The Assistant Deputy Comptroller's written decision in granting the request is final and not subject to further review.

ARTICLE IX

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior 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) 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 OCC or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its 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 OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no OCC officer or employee has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the OCC's exercise of its 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/ *William S. Glover*	*11-20-03*
William S. Glover Assistant Deputy Comptroller Omaha South Field Office	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.

Signed	11-20-03
John D. Ferguson	Date
Signed	11-20-03
Marlene K. Ferguson	Date
Signed	11-20-03
Doris M. Gustafson-Plummer	Date
Signed	11-20-03
Lisa M. Happold	Date
Signed	11-20-03
Arthur A. Jacobsen	Date
Signed	11-20-03
Larry R. Spencer	Date