

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of:)
)
First National Bank in Fairfield)
Fairfield, Iowa)
)

AA-WE-2019-64

CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) has supervisory authority over First National Bank in Fairfield, Fairfield, Iowa (“Bank”);

WHEREAS, the OCC intends to initiate cease and desist proceedings against the Bank pursuant to 12 U.S.C. § 1818(b), through the issuance of a Notice of Charges, for engaging in unsafe or unsound practices, including those relating to risk management practices and management and board compliance.

WHEREAS, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, by and through its duly elected and acting Board of Directors (“Board”), consents to the issuance of this Consent Order (“Order”), by the OCC through the duly authorized representative of the Comptroller of the Currency (“Comptroller”); and

NOW, THEREFORE, pursuant to the authority vested in the OCC by Section 8(b) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), the OCC hereby orders that:

ARTICLE I

JURISDICTION

- (1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).
- (2) The Bank is a national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*
- (3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q) and is therefore authorized to initiate and maintain this cease and desist action against the Bank pursuant to 12 U.S.C. § 1818(b).

ARTICLE II

COMPTROLLER’S FINDINGS

The Comptroller finds, and the Bank neither admits nor denies, the following:

- (1) The Bank’s Board and management have repeatedly failed to fully address regulatory concerns and to restore the Bank to a safe and sound condition.
- (2) The Bank has failed to accurately assess credit risk and to properly manage the Bank’s loan portfolio, resulting in unidentified risks and a significant increase in classified assets and past-due loans. The Bank’s weak credit administration and credit risk management practices are unsafe or unsound practices.
- (3) The Bank has failed to maintain adequate staffing levels, commensurate with the risk presented by the level of classified assets in the Bank’s loan portfolio and the number of agricultural loans necessitating inspection, resulting in significant supervisory concern.
- (4) The Bank has failed to implement problem asset plans that effectively monitor the

current status of problem borrowers and reduce classified assets.

- (5) The Bank continues to operate with high numbers of policy and documentation exceptions for loans without sufficient, adequate, or timely tracking and monitoring.

ARTICLE III

COMPLIANCE COMMITTEE

(1) The Board shall maintain a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be employees or controlling shareholders of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. The Board shall remain responsible for the Bank’s adherence to the provisions of this Order. In the event of a change of the membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller.

(2) The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Order and shall meet at least monthly.

(3) By no later than the end of every calendar quarter plus one month (i.e., April 30th, July 31st, October 31st, and January 31st), the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Order;
- (b) actions taken to comply with each Article of this Order; and
- (c) the results and status of those actions.

(4) The Board shall provide a summary report of the progress reached in attaining compliance with each Article of this Order to the Assistant Deputy Comptroller within thirty (30)

days of the end of each calendar quarter.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies, procedures and programs required by this Order.

ARTICLE IV

STRATEGIC PLAN

(1) By March 1, 2020, the Board shall review and revise its written strategic plan for the Bank covering at least the next three (3) years (hereafter the “Strategic Plan”), complete with specific timeframes that incorporate the strategic and other requirements of this Article.

(2) The Bank’s Strategic Plan shall establish objectives and projections for the Bank’s overall risk profile, earnings performance, growth expectations, balance sheet mix, off-balance sheet activities, liability structure, capital and liquidity adequacy, product line development and market segments that the Bank intends to promote or develop, together with specific strategies to achieve those objectives, that are specific, measurable, verifiable, and, at a minimum, address or include:

- (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (b) the development of strategic goals and objectives to be accomplished over the short and long term;
- (c) an assessment of the Bank’s present and future operating environment and financial condition, as well as any planned changes to products, services, or business lines;
- (d) an identification of the Bank’s present and future product lines (assets and

- liabilities) that will be utilized to accomplish the strategic goals and objectives established in (2)(b) of this Article and the identification of appropriate risk management systems to identify, measure, monitor, and control risks within the product lines;
- (e) an evaluation of all major strategic goals, initiatives, and opportunities, to determine if they address the Bank's financial condition and performance trends, ensure compliance with this Order, and enable the Board and management to operate the Bank in a safe and sound manner;
 - (f) a management employment and succession program to promote the retention and continuity of capable management (refer to 12 C.F.R. § 359 to ensure the program complies with applicable law);
 - (g) portfolio stress testing and sensitivity analysis to quantify the potential impact of adverse market conditions on asset quality, earnings, and capital;
 - (h) a detailed budgeting process;
 - (i) systems to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives;
 - (j) specific plans to establish the responsibilities and accountability for the strategic planning process, new products, growth goals, or proposed changes in the Bank's operating environment; and
 - (k) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the Strategic Plan.

(3) If the Strategic Plan under Paragraph (1) of this Article includes a proposed sale or merger of the Bank, including a transaction pursuant to 12 U.S.C. § 215a-3, the Strategic Plan shall, at a minimum, address the steps that shall be taken and the associated timeline to effect the implementation of that alternative.

(4) Until the Strategic Plan, required under this Article, has been submitted by the Bank for the Assistant Deputy Comptroller's review, has received a written determination of no supervisory objection from the Assistant Deputy Comptroller, and is being implemented by the Bank, the Bank shall not significantly deviate from the products, services, asset composition and size, funding sources, structure, operations, policies, procedures, and markets of the Bank that existed before this Order without first obtaining the Assistant Deputy Comptroller's written determination of no supervisory objection to such a significant deviation.

(5) Upon adoption, a copy of the Strategic Plan, and any subsequent amendments or revisions, shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall ensure that the Bank implements and thereafter adheres to the Strategic Plan, including all requirements and timeframes.

(6) The Bank may not initiate any action which deviates significantly from the Board-approved Strategic Plan without a written determination of no supervisory objection from the Assistant Deputy Comptroller. The Board must give the Assistant Deputy Comptroller at least thirty (30) calendar days advance, written notice of its intent to deviate significantly from the Strategic Plan, along with an assessment of the impact of such change on the Bank's condition, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational

structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the change in the Strategic Plan.

(7) For the purposes of this Article, changes that may constitute a significant deviation from the Strategic Plan include a change in the Bank's marketing strategies, marketing partners, underwriting practices and standards, credit administration, account management, collection strategies or operations, fee structure or pricing, accounting processes and practices, or funding strategy, any of which, alone or in aggregate, may have a material impact on the Bank's operations or financial performance; or any other changes in personnel, operations, or external factors. For purposes of this paragraph, personnel shall include the president, chief executive officer, chief operating officer, chief financial officer, chief credit officer, chief compliance officer, risk manager, auditor, member of the Bank's Board, or any other position subsequently identified in writing by the Assistant Deputy Comptroller. Refer to Charters, Appendix F: Significant Deviations After Opening (September 2016) of the Comptroller's Licensing Manual for guidance.

(8) The Board shall review and update the Bank's Strategic Plan at least annually or more frequently, if necessary, or if requested by the Assistant Deputy Comptroller. Annual updates shall be forwarded to the Assistant Deputy Comptroller within fifteen (15) calendar days of completion, for review and written determination of no supervisory objection.

(9) At least quarterly, the Board shall review financial reports and earnings analyses prepared by the Bank that evaluate the Bank's performance against the goals and objectives established in the Strategic Plan, as well as the Bank's written explanation of significant differences between actual and projected balance sheets, income statements, and expense

accounts.

ARTICLE V

INDEPENDENT LOAN REVIEW

(1) Effective immediately, the Board shall establish, implement, and thereafter, ensure Bank adherence to an effective, independent, and on-going loan review program to evaluate, at least semi-annually, the Bank's loan portfolio to assure the timely and accurate risk rating of credits and the identification of credit information, collateral documentation, and policy exceptions consistent with Articles VI and VIII of this Order. (Please also refer to the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook*). The Bank's program shall provide for a written report to be filed with the Board after each review. Such reports shall include, at a minimum, conclusions regarding:

- (a) the identification, type, rating, and amount of problem loans;
- (b) the accrual status and amount of impairment reserves, if necessary;
- (c) credit information and collateral documentation exceptions;
- (d) the identification and status of credit related violations of law, rule or regulation;
- (e) loans to executive officers, directors, principal shareholders (and their related interests) of the Bank; and
- (f) loans not in conformance with the Bank's lending policies or constituting exceptions to the Bank's lending policies.

(2) Within thirty (30) calendar days of receipt, the Board shall evaluate the loan review reports and shall ensure that prompt, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report.

(3) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to address concerns pursuant to this Article, shall be maintained at the Bank and national bank examiners shall have access to them.

ARTICLE VI

RISK RATING ACCURACY

(1) Effective immediately, the Board shall adhere to its written program to ensure that the risk associated with the Bank's loans and other assets is properly reflected and accounted for on the Bank's books and records. At a minimum, the Bank's written program shall:

- (a) adhere to the existing risk grading system and be consistent with safe and sound banking practices. Refer to the "Rating Credit Risk" booklet of the Comptroller's Handbook for guidance;
- (b) ensure that the Bank's loans and other assets are appropriately and timely risk rated and charged off by management using a safe and sound loan grading system that is based upon current facts, and existing repayment terms. Refer to the "Rating Credit Risk" booklet of the Comptroller's Handbook for guidance;
- (c) provide for credit risk ratings to be reviewed and updated whenever relevant new information is received, but no less than annually, and include procedures for timely risk rating downgrades when conditions warrant without compromise or delays based on unfounded reliance on guarantors, payment history, borrower character, or potential future events;
- (d) adopt annual training for loan officers on risk rating definitions and the

- importance of accurate and timely risk ratings;
- (e) ensure accountability of loan officers and management for failing to appropriately and timely risk rate and/or place loans on nonaccrual;
 - (f) require that appropriate analysis and documentation is maintained in the credit files to support the current and previous risk rating and accrual determination for each credit relationship; and
 - (g) incorporate management information systems that periodically provide feedback to the Board about the effectiveness of the program from senior management and individual lending officers.

(2) Upon any subsequent amendments or changes, a copy of the written program developed pursuant to this Article shall be promptly forwarded to the Assistant Deputy Comptroller for a written determination of no supervisory objection. Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately adopt, implement, and thereafter, ensure adherence to the written program.

ARTICLE VII

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Effective immediately, the Board shall adopt, implement, and thereafter, ensure adherence to safe and sound written policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses (“ALLL”), including adequate loan classification. The Board shall ensure the policies and procedures establish loss reserves in accordance with the Federal Accounting Standards Advisory Board’s (“FASB”) generally accepted accounting principles (“GAAP”). Refer to the Federal Financial Institutions Examination Council’s (FFIEC) “Interagency Policy Statement on the Allowance for Loan and Lease Losses” dated December

13, 2006 (OCC Bulletin 2006-47) (“Interagency Statement”); “Policy Statement on Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Institutions” dated July 20, 2001 (OCC Bulletin 2001-37) (“Policy Statement”); and the “Allowance for Loan and Lease Losses,” booklet of the Comptroller’s Handbook for guidance. The policies and procedures shall at a minimum include the following:

- (a) a determination of whether a loan is impaired and measuring the amount of impairment, consistent with Accounting Standards Codification (“ASC”) 310-10 (Receivables - Overall - Subsequent Measurement – Impairment);
- (b) a segmentation of the loan portfolio and estimating losses on groups of loans that are consistent with ASC 450-20 (Loss Contingencies);
- (c) a validation of the ALLL methodology;
- (d) support for each of the qualitative factor adjustments and impairment analysis calculations included in the written analysis;
- (e) a description of the individuals responsible and methodology used to determine the ALLL;
- (f) a process for ensuring that the estimation of credit losses considers the relevant qualitative and environmental factors, with particular focus on the following:
 - i. trends in the Bank’s internal risk ratings as well as in delinquent and nonaccrual loans;
 - ii. results of the Bank’s independent loan review;
 - iii. concentrations of credit in the Bank;

- iv. present and prospective economic conditions; and
 - v. applicable experience of the Bank's lending staff;
- (g) a review of ALLL on at least a quarterly basis, to determine the adequacy of the ALLL. The Board shall maintain written documentation indicating the factors considered and conclusions reached in its determination of the adequacy of the ALLL; and
- (h) a summary with supporting documentation for the Board's prior review and approval and the amount to be reported in the Consolidated Reports of Condition and Income ("Call Reports") for the ALLL.

(2) The Board shall ensure adherence to written policies and procedures to ensure that all official and regulatory reports filed by the Bank accurately reflect an adequate ALLL balance as of the date that such reports are submitted. Any difference between the ALLL balance as determined by the analysis required by this Article and the Bank's actual ALLL balance shall be remedied through appropriate account adjustments in the quarter it is discovered, prior to the filing of the Call Reports.

(3) Upon any subsequent amendments or changes to the policies or procedures, the Board shall submit a copy of the them to the Assistant Deputy Comptroller for a determination of no supervisory objection.

(4) Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall implement and thereafter, ensure adherence to the policies and procedures.

ARTICLE VIII

EXCEPTION TRACKING

(1) Effective immediately, the Board shall develop, implement, and thereafter, ensure adherence to an exception tracking and monitoring system that establishes that financial, collateral, underwriting, documentation, credit administration, and policy exceptions are tracked and reported to the Board in a timely manner. The exceptions tracking and monitoring system, at a minimum, shall include:

- (a) board established limits for financial, collateral, and policy exceptions;
- (b) a requirement that the Bank maintains, on an ongoing basis, a detailed listing of all loans not in conformance with the Bank's lending 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 subparagraphs (a) and (b) of Paragraph (1) of this Article;
- (d) a requirement for quarterly reports to the Board that, at a minimum, include:
 - i. the current listings described in subparagraph (b) of Paragraph (1) of this Article;
 - ii. the number of exceptions compared to total loans; and
 - iii. the aggregate exception levels compared to Board established limits;
- (e) a structure for measuring exceptions against the Board approved limits,

quarterly Board monitoring of exception reports, and accountability by the lending staff for such exceptions.

(2) Upon any subsequent amendments or changes, a copy of the exception tracking and monitoring system shall be immediately submitted to the Assistant Deputy Comptroller.

ARTICLE IX

AGRICULTURAL INSPECTIONS

(1) The Board shall maintain and adhere to loan policies and procedures that ensure that periodic (no less than annual) inspections of livestock and crops pledged as collateral are performed, which shall, at a minimum, include an inspection report to be used on agricultural and/or farm visits that accounts for the current value of the borrower's agricultural assets. The Bank's lending policy shall continue to provide for:

- (a) on-site inspections with written reports detailing the condition of farm assets and farm operations. The frequency of such inspections and valuations shall depend on the structure and purpose of the loan and the current level of credit risk;
- (b) inspection processes that are performed by a qualified person other than, or in addition to, the assigned loan officer; and
- (c) a requirement for a review of the Bank's adherence to the revised lending policy on at least an annual basis.

(2) Upon any subsequent amendments or changes to the policies or procedures, the Board shall submit a copy of the them to the Assistant Deputy Comptroller for a determination of no supervisory objection.

ARTICLE X

PROBLEM ASSET PROGRAM

(1) Effective immediately, the Board shall take immediate and continuing action to protect its interest in those assets criticized in the Report of Examination, in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) Within sixty (60) days of this Order, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a written plan designed to reduce the Bank's criticized assets (the "Problem Assets Program"), including all assets classified as special mention, substandard, doubtful or loss. The Problem Assets Program shall include the following matters:

- (a) aggregate reporting of criticized asset levels by credit classification to the Board or a designated committee thereof every month;
- (b) specific plans for the reduction of criticized assets by credit classification with target reductions by month; and
- (c) a documented quarterly review by the Board, or a designated committee thereof, of the effectiveness of the responsible loan officer's efforts to execute the actions in each of the Problem Asset Plans designed to eliminate the criticism for all criticized asset relationships or Other Real Estate ("ORE") totaling one hundred thousand dollars (\$100,000) or more (including participations to affiliates).

(3) The Board's compliance with Paragraph (2) of this Article shall include policies and procedures to ensure that Problem Asset Plans are completed at least on a quarterly basis and

contain the following:

- (a) an identification and explanation of the problems and causes that led to the asset's criticized status;
- (b) a decision of whether to rehabilitate or to exit the credit relationship;
- (c) an identification of the expected sources of repayment and an analysis of their adequacy;
- (d) the current value of supporting collateral, as determined by an appraisal or an evaluation, and the position of the Bank's lien on such collateral where applicable, as well as other necessary documentation to support the collateral valuation;
- (e) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;
- (f) the accrual designation and justification for the designation;
- (g) the proposed action, by the Bank or the borrower, to eliminate the basis of criticism and the time frame for its accomplishment; and
- (h) trigger dates for upgrading or downgrading the credit relationship.

(4) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the program required by this Article.

(5) The Bank shall not extend credit, directly or indirectly, including, but not limited to, renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized by the OCC in a Report of Examination or otherwise, or in any internal or external loan review, and whose aggregate loans or other extensions of credit, are one

hundred thousand dollars (\$100,000) or more, unless the Board or a designated committee thereof certifies in writing within the credit presentation that:

- (a) the Board's formal plan to collect or strengthen the criticized asset will not be compromised; and
- (b) the extension or renewal is necessary to promote the best interests of the Bank, with documentation for the reasons thereof and that include consideration of subparagraphs (a) through (h) under Paragraph 3 of this Article.

ARTICLE XI

GENERAL BOARD RESPONSIBILITIES

(1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Order, and shall verify that the Bank adheres to the corrective actions and they are effective in addressing the Bank's deficiencies that resulted in this Order.

(2) In each instance in which this Order imposes responsibilities upon the Board, it is intended to mean that the Board shall:

- (a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Order;
- (b) ensure the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Order;

- (c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Order;
- (d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Order;
- (e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Order; and
- (f) address any noncompliance with corrective actions in a timely and appropriate manner.

ARTICLE XII

WAIVERS

- (1) The Bank, by executing and consenting to this Order, waives:
 - (a) any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818;
 - (b) any and all procedural rights available in connection with the issuance of this Order;
 - (c) any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 and 12 C.F.R. Part 19;
 - (d) any and all rights to seek any type of administrative or judicial review of this Order;
 - (e) any and all claims for fees, costs, or expenses against the OCC, or any of its officers, employees, or agents related in any way to this enforcement

matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412;

- (f) any and all rights to assert this proceeding, the consent to and/or the issuance of this Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity; and
- (g) any and all rights to challenge or contest the validity of this Order.

ARTICLE XIII

OTHER PROVISIONS

(1) As a result of this Order, the Bank is in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(7)(ii), unless otherwise informed in writing by the OCC. In addition, as a result of this Order, the Bank is not an “eligible bank” for purposes of 12 C.F.R. § 5.3(g) and 12 C.F.R. § 24.2(e), unless otherwise informed in writing by the OCC.

(2) This Order supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3(g)(5), 5.51(c)(7)(ii), and 24.2(e)(4).

ARTICLE XIV

CLOSING

(1) This Order is a settlement of the cease and desist proceeding against the Bank contemplated by the OCC, based on the unsafe or unsound practices described in the Comptroller’s Findings set forth in Article II of this Order. The OCC releases and discharges the Bank from all potential liability for a cease and desist order that has been or might have been asserted by the OCC based on the practices and violations described in Article II of this Order, to

the extent known to the OCC as of the effective date of this Order. Nothing in this Order, however, shall prevent the OCC from:

- (a) instituting enforcement actions other than a cease and desist order against the Bank based on the Comptroller's Findings set forth in Article II of this Order;
- (b) instituting enforcement actions against the Bank based on any other findings;
- (c) instituting enforcement actions against institution-affiliated parties (as defined by 12 U.S.C. § 1813(u)) based on the Comptroller's Findings set forth in Article II of this Order, or any other findings; or
- (d) utilizing the Comptroller's Findings set forth in Article II of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

(2) Nothing in this Order is a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

(3) This Order is:

- (a) a "cease-and-desist order issued upon consent" within the meaning of 12 U.S.C. § 1818(b);
- (b) a "cease-and-desist order which has become final" within the meaning of 12 U.S.C. § 1818(e);

- (c) an “order issued with the consent of the depository institution” within the meaning of 12 U.S.C. § 1818(h)(2);
- (d) an “effective and outstanding . . . order” within the meaning of 12 U.S.C. § 1818(i)(1); and
- (e) a “final order” within the meaning of 12 U.S.C. § 1818(i)(2) and (u).

(4) This Order is effective upon its issuance by the OCC, through the Comptroller’s duly authorized representative. Except as otherwise expressly provided herein, all references to “days” in this Order shall mean calendar days and the computation of any period of time imposed by this Order shall not include the date of the act or event that commences the period of time. The provisions of this Order shall remain effective except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller’s duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Order, or within any plan or program submitted pursuant to this Order, the Board or a Board-designee shall submit a written request to the Assistant Deputy Comptroller asking for relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the relevant provision(s) of the Order or plan or program submitted pursuant to this Order, and shall be accompanied by relevant supporting documentation. The OCC’s decision concerning a request submitted pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.

(5) The Bank will not be deemed to be in compliance with this Order until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this

Order; the corrective actions are effective in addressing the Bank's deficiencies; and the OCC has verified and validated the corrective actions. An assessment of the effectiveness of the corrective actions requires sufficient passage of time for the Bank to demonstrate the sustained effectiveness of the corrective actions.

(6) This Order is not a contract binding on the United States, the United States Treasury Department, the OCC, or any officer, employee, or agent of the OCC and neither the Bank nor the OCC intends this Order to be a contract.

(7) Each citation, guidance, or issuance referenced in this Order includes any subsequent citation, guidance, or issuance that replaces, supersedes, amends, or revises the referenced cited citation, guidance, or issuance.

(8) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to consent to the issuance of this Order.

(9) All reports, plans, or programs submitted to the OCC pursuant to this Order shall be forwarded, by overnight mail or via email, to the following:

Assistant Deputy Comptroller
Omaha Field Office
13710 FNB Parkway, Suite 110
Omaha, Nebraska 68154

(10) The terms of this Order, 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 her hand on behalf of the Comptroller.

//s// Digitally Signed, Date: 2019.10.21

Jolene Schack
Assistant Deputy Comptroller
Omaha 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.

/s/	10/22/19
Melanie Carlson	Date
/s/	10/22/19
James Flinspach	Date
/s/	10/22/19
Craig R. Foss	Date
/s/	10/22/2019
Thomas S. Gamrath	Date
/s/	11-1-19
John Hammes	Date
/s/	10/22/2019
Darrin VanBibber	Date
/s/	10/22/19
Stephan Juskewycz	Date
/s/	10/22/19
James Horras	Date
/s/	11/4/19
Jodi Kerr	Date