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SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made and is effective this 8th day of December, 2000 (the Effective Date), by and between **Farm Bureau Bank, FSB** (the Association), a stock chartered bank, having its main office located at **2165 Green Vista Drive, Suite 204, Sparks, Nevada 89431 (OTS Docket No. 15205)** (the Association), and the Office of Thrift Supervision (OTS), an office within the United States Department of the Treasury, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C. 20552, and acting through its Midwest Regional Director or his/her designee (Regional Director).

WHEREAS, the OTS is the primary federal regulator of the Association; and

WHEREAS, based on the Report of Examination for the examination dated July 10, 2000 (ROE), the OTS is of the opinion that the Association has engaged in acts and practices that: (i) have resulted in violations of certain laws or regulations to which the Association is subject and/or (ii) are considered to be unsafe and unsound; and

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of administrative proceedings against the Association; and

WHEREAS, the OTS is of the view that it is appropriate to take measures intended to ensure that the Association will: (i) comply with all applicable laws and regulations; and (ii) engage in safe and sound practices; and

WHEREAS, the Association, acting through its Board of Directors (the Board), without admitting or denying any violations of laws or regulations and/or unsafe and unsound practices, wishes to cooperate with the OTS and to evidence the intent to: (i) comply with all applicable laws and regulations; and (ii) engage in safe and sound practices.

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

COMPLIANCE WITH LAWS, REGULATIONS AND SAFE AND SOUND PRACTICES

1. Compliance with Regulations

The Association shall take all necessary and appropriate actions to achieve compliance with the following:

- A. Section 563.170(c) of the OTS Regulations, 12 C.F.R. § 563.170(c) (establishment and maintenance of records); and
- B. Section 563.161 of the OTS Regulations, 12 C.F.R. § 563.161 (regarding management and financial policies).

CORRECTIVE PROVISIONS

2. Operations Plan

By November 30, 2000, the Board shall prepare, adopt, and submit to the **Regional Director** for review a written alternate operations plan for the Association designed to apply in the case that the Association continues beyond that date to fail to meet its growth projections. The Board shall amend that alternate operations plan as directed by the **Regional Director** and shall implement that plan (as so amended, if so amended) if current growth projections are not met by November 30, 2000.

3. Audit Action Plan

- A. By November 30, 2000, the Board shall prepare, adopt, and submit to the **Regional Director** for review a written audit action plan providing an implementation timeline.
- B. The audit action plan required by subsection A hereof shall be designed to correct deficiencies in the Association's audit function, including, but not limited to, the deficiencies noted in the ROE pertaining to management responses to OTS and external auditor recommendations.
- C. The audit action plan required by subsection A hereof shall further provide for an independent third-party review of the internal audit function at the Association.
- D. The Board shall amend the audit action plan required by subsection A hereof as directed by the **Regional Director**. The Board shall implement the audit action plan, as so amended, if so amended.

4. Asset Review and Reporting Plan

By November 30, 2000, the Board shall prepare, adopt, and submit to the **Regional Director** for review new written policies and procedures that address the asset review and reporting functions of the Association. The Board shall amend such written policies and procedures as directed by the **Regional Director** and shall implement such policies and procedures (as so amended, if so amended).

5. TFR Plan

By November 30, 2000, the Board shall prepare, adopt, and submit to the Regional Director for review a written plan to address deficiencies pertaining to Thrift Financial Report (TFR) preparation, including but not limited to, a program to improve TFR training of members of the Association's staff who engage in the TFR reporting function. The Board shall amend this written plan as directed by the Regional Director and shall implement the plan (as so amended, if so amended).

6. General Plan

By November 30, 2000, the Board shall prepare, adopt, and submit to the Regional Director for review a written plan designed to correct deficiencies referenced in the ROE and not otherwise addressed by this Agreement. This plan shall provide an implementation timeline. The Board shall amend this plan as directed by the Regional Director and shall implement such plan (as so amended, if so amended).

7. Compliance with Plans

On November 30, 2000, and thereafter, except as otherwise authorized in writing by the Regional Director, the Association shall comply with the plans required by Sections 2, 3, 4, 5, and 6 hereof (as amended in accordance with the direction of the Regional Director, if so amended).

8. Director and Management Responsibility

Notwithstanding the requirements of this Agreement that the Board submit various matters to the Regional Director, such regulatory oversight does not derogate or supplant each individual Board member's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of the Association at all times, including compliance with the determinations of the Regional Director as required by this Agreement.

9. Compliance With Agreement

- A. The Board and officers of the Association shall take immediate action to cause the Association to comply with the terms of this Agreement. On an ongoing basis, the Board and officers of the Association shall take all actions necessary or appropriate thereafter to cause the Association to continue to carry out the provisions of this Agreement.
- B. The Board, on a monthly basis, shall adopt a Board 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 calendar month, the Association has complied with each provision of this Agreement currently in effect, except as otherwise stated. Such Board resolution shall address monthly status reports submitted to the Board by the Association's management and either approve such status

reports or note exception thereto. Each monthly resolution shall: (i) specify in detail how, if at all, full compliance was found not to exist; and (ii) identify all notices of exemption or non-objection issued by the Regional Director that were outstanding as of the date of its adoption.

- C. The minutes of the meeting of the Board shall set forth the following information with respect to the adoption of the resolution required by subsection B hereof for that month: (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 such director's reasoning for opposing or abstaining.
- D. No later than the 25th Calendar Day of the month following the end of each calendar quarter, beginning with the calendar quarter that includes the Effective Date, the Association shall, unless otherwise directed in writing, provide to the Regional Director a certified true copy of the resolution required by subsection B hereof for each month of that quarter. The Board, by virtue of the Association's submission of a certified true copy of each such resolution to the Regional Director, shall be deemed to have certified to the accuracy of the statements set forth in such resolution, except as provided below. In the event that one or more directors do not agree with the representations set forth in a resolution, such disagreement shall be noted in the minutes of the Association.

10. Definitions

- A. All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of this Agreement shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, Home Owners' Loan Act (HOLA), Federal Deposit Insurance Act (FDIA), or OTS Memoranda. Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.
- B. For purposes of Sections 2, 3, 4, 5, and 6 hereof, OTS Assistant Directors of the Midwest Region are deemed individually to be designees of the Regional Director such that the actions of any such Assistant Director shall be deemed to constitute the actions of the Regional Director. However, nothing herein shall be construed to prevent the Regional Director from making other designations for purposes of the above-referenced sections of this Agreement or otherwise.

11. Successor Statutes, Regulations, Guidance and Amendments

Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

12. Duration, Termination or Suspension of Agreement

- A. This Agreement shall become effective upon its execution by the OTS, through its authorized representative whose signature appears below. The Agreement shall remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director or the Regional Director.
- B. The Regional Director, in his or her sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

13. Miscellaneous

- A. The Section headings herein are for convenience only and shall not affect the construction hereof.
- B. In case any provision in this 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.
- C. Nothing in this Agreement shall be construed as: (i) allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject; or (ii) restricting the OTS from taking such action(s) that are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory enforcement or resolution action that the OTS determines to be appropriate.

14. Successors In Interest/Benefit

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

15. Signature of Directors

Each Director signing this Agreement attests, by such act, that she or he, as the case may be, voted in favor of the resolution, in the form attached to this Agreement, authorizing the execution of this Agreement by the Association.

16. Integration Clause

This 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.

17. Enforceability of Agreement

The Association represents and warrants that this Agreement has been duly authorized, executed, and delivered and constitutes, in accordance with its terms, a valid and binding obligation of the Association. The Association acknowledges that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. § 1818.

IN WITNESS WHEREOF, THE OTS, acting by and through the Regional Director, and the Association, in accordance with a duly adopted resolution of its Board (copy attached hereto), hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

**FARM BUREAU BANK, FSB
SPARKS, NEVADA**

By 15/
FREDERICK R. CASTEEL
Regional Director
Midwest Region

By 15/
LARRY J. LANIE
President, COB, and CEO

DIRECTORS OF THE ASSOCIATION

15/
Barbara Curti, Director

15/
Joseph A. Martin, Director

15/
Roderick A. Moore, Director

15/
Michael Perich, Director

15/
Larry J. Lanie, Director

WHEREAS, the Directors of the Association have read and considered the proposed Supervisory Agreement (Agreement) which shall be attached to the minutes of this meeting; and

WHEREAS, after due consideration, the Directors of the Association have determined to cause the Association to enter into the proposed Agreement which is in the best interest of the Association;

NOW THEREFORE, BE IT RESOLVED, that the Association be and it hereby is authorized to enter into the Agreement in the form attached to the minutes of the meeting,

FURTHER RESOLVED, that the execution and delivery of, and performance of all of the provisions of the Agreement be, and they hereby are, authorized and approved,

FURTHER RESOLVED, that the Directors and Officers of the Association be, and they hereby are, authorized and directed to execute and deliver the Agreement and to take all steps necessary or appropriate to implement the terms of the Agreement and to cause the Association to comply in all respects with the terms of the Agreement.

4. All members of the Board of Directors were present and voted at the meeting (except _____) and all members of the Board of Directors (except _____) voted in favor of the resolution;

IN WITNESS WHEREOF, I have hereby subscribed my name and affixed the seal of the Association on this 21st day of NOVEMBER, 2000.

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Name: PETER M BARNETT
Secretary, Farm Bureau Bank, FSB
Sparks, Nevada

(Seal)