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AGREEMENT

This Agreement ("Agreement") is made and is effective this 1st day of October 1991, by and between First Federal Savings and Loan Association of Moline (OTS No. 01581), Moline, Illinois ("Institution") for itself and any controlled subsidiary, and the Office of Thrift Supervision ("OTS"). This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8(b)(1) and (i)(2) of the Federal Deposit Insurance Act, at 12 U.S.C. Sections 1818(b)(1) and (i)(2).

WHEREAS, the OTS is of the opinion that the Institution has not complied with certain of the regulations to which the Institution is subject in conducting the business of the Institution, as recited in the Report of Examination as of May 28, 1991 ("Report"), specifically 12 C.F.R. Sections 563.93, 563.43 (b)(1), 563.170, and 563.234; 12 U.S.C. Sections 371c, 371c-1 and 375b ("Violations"); and that grounds exist for the initiation of proceedings against the Institution by the OTS pursuant to 12 U.S.C. §1818(b); and

WHEREAS, the Institution, by its Board of Directors ("Board") neither admit nor deny the Violations; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of proceedings pursuant to 12 U.S.C. §1818(b) on the matters covered by this Agreement, as long as the Institution is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution, by its Board, without admitting that grounds for proceedings pursuant to 12 U.S.C. §1818(b) exist, is willing to enter into this Agreement to avoid the initiation of such proceedings;

NOW THEREFORE, in consideration of the above-stated forbearance by the OTS from the initiation of cease and desist proceedings against the Institution, it is agreed between the parties hereto as follows:

COMPLIANCE WITH REGULATIONS

1. The Institution and its controlled subsidiaries shall correct existing violations cited in this section and the Report and shall not initiate action which would result in any violation of, or the aiding and abetting of any violation of:

12 C.F.R. §563.93;
12 C.F.R. §563.43 (b)(1);
12 C.F.R. §563.170;
12 C.F.R. §563.234;
12 U.S.C. §371c;
12 U.S.C. §371c-1; and
12 U.S.C. §375b

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Affiliated Transactions

2. Within thirty (30) calendar days from the Effective Date of this Agreement, the Board shall establish written policies and procedures which ensures the Institution's compliance with 12 C.F.R. Section 563.43 and 12 U.S.C. Sections 371c, 371c-1 and 375b.

3. Within forty-five (45) calendar days from the Effective Date of this Agreement, the Board shall submit the written policies and procedures, required in paragraph 2, to the OTS Manager for review and approval. Upon receiving written approval from the OTS Manager, the Institution shall adhere to the written policies and procedures in all respects.

Lending

4. Within forty-five (45) calendar days from the Effective Date of this Agreement, the Board shall adopt, implement and submit to the OTS Manager the required loan policy enhancements and procedural improvements identified on pages 9 and 10 of the Report.

5. Within forty-five (45) calendar days from the Effective Date of this Agreement, the Institution shall establish controls and implement monitoring and internal reporting requirements to ensure ongoing compliance with the Institution's lending policies and procedures.

6. Within forty-five (45) calendar days from the Effective Date of this Agreement, the Board shall submit to the OTS Manager a report on the status of the loan documentation deficiencies disclosed on pages 9 and 10 of the Report.

7. Within forty-five (45) calendar days from the Effective Date of this Agreement, the Board shall adopt, implement and submit to the OTS Manager a policy and procedures that will ensure future compliance with 12 C.F.R. Section 563.93.

8. Within forty-five (45) calendar days from the Effective Date of this Agreement, the Board shall adopt and submit to the OTS Manager, for review and approval, written policies and procedures that identify and appropriately account for troubled debt restructuring consistent with 12 C.F.R. Sections 563.234 and 571.18 and FASB No. 5 and FASB No. 15.

Criticized Assets

9. As of the Effective Date of this Agreement, the Institution shall take immediate and continuing action to protect its interest with regard to those assets criticized in the Report or any subsequent Reports. This action(s) may include, but not be limited to, obtaining additional collateral and/or guarantees for such criticized assets.

10. Within forty-five (45) calendar days from the Effective Date of this Agreement, the Board shall submit to the OTS Manager for review and approval, written work-out programs designed to eliminate the basis of criticism of each asset identified in the Report, as "doubtful," "substandard," and/or "special mention." These programs shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the appraised value of the supporting collateral, the date of the appraisal and the position of the Institution's lien on such collateral where applicable;
- (c) an analysis of the borrower's current credit information, including a cash flow analysis for loans that are to be paid through operations;
- (d) the proposed action to eliminate the basis of criticism or to recover on the asset; and
- (e) the time frame for the Board to successfully accomplish the elements of the work-out program.

11. Upon receipt of the OTS Manager's written approval, the work-out programs required in Paragraph 10 of this Agreement, shall be implemented and monitored in all respects.

12. The Board, or a delegated committee thereof, shall conduct a review of the approved work-out programs for loans \$50,000 or greater required in Paragraph 10, on at least a quarterly basis, to determine:

- (a) the status of the criticized assets compared to the work-out program's goals;
 - (b) management's adherence to the Board approved work-out program;
 - (c) the status and effectiveness of the work-out program;
- and

(d) the need to revise the work-out program or take alternative action.

13. A copy of each review, required in Paragraph 12, shall be properly documented in the minutes of the Board's meetings and forwarded to the OTS Manager within forty (40) calendar days following the Board's review date, in a format similar to Appendix A (attached hereto).

14. As of the Effective Date of this Agreement, the Institution shall not extend credit, directly or indirectly, including renewals, to any borrower whose loans or other extensions of credit are criticized in the Report, or any subsequent Reports.

15. The immediately preceding paragraph shall not apply if:

(a) the Institution's failure to extend further credit to a criticized borrower would be substantially detrimental to the best interests of the Institution;

(b) a comparison to the written work-out program, adopted pursuant to Paragraph 11, shows that the Institution's formal program to collect or strengthen said criticized asset is not compromised;

(c) prior to renewing, extending, or capitalizing any additional credit, a majority of the full Board approves the credit extension and certifies, in writing, the specific reasons why failure to so act would be substantially detrimental to the best interests of the Institution. A copy of the Board certification shall be maintained in the credit file of the affected borrower(s); and

(d) the Institution receives the prior written approval of the OTS Manager for amounts greater than \$50,000.

General Valuation Allowances

16. Within thirty (30) calendar days from the Effective Date of this Agreement, the Board shall submit to the OTS Manager for approval its methodology and rationale for determining adequate general valuation allowances.

17. Within thirty (30) calendar days after receiving approval from the OTS Manager of the information submitted pursuant to paragraph 16, the Board shall establish and maintain general valuation allowances as calculated by the Board's methodology.

18. Within thirty (30) calendar days from the last day of each calendar quarter, beginning with the September 30, 1991 quarter, the Board shall review its methodology for calculating general valuation allowances for appropriateness and this review shall be documented in the Board meeting minutes. The review shall, at a minimum, include a general valuation allowance representing 50% of the net outstanding balance of the "Francis Kent" loan. Any changes to the Board's methodology shall be submitted to the OTS Manager for approval prior to implementation.

Trading Activity

19. As of the Effective Date of this Agreement, the Institution, under the direction of the Board, shall not engage in trading activity unless prior approval for a trade is obtained from the OTS Manager. In addition, the Institution's investment policy shall be modified to include periodic monitoring of the bond portfolio.

Profit Plan

20. Within ninety (90) calendar days from the Effective Date of this Agreement, the Board shall submit to the OTS Manager a Board approved Profit Plan for the Institution which provides for the attainment of tangible capital levels of 5% of tangible assets within two years from the date of this Agreement. This requirement may be superseded at any time by subsequent capital regulations as promulgated by the OTS. The Profit Plan shall include, at a minimum, the following elements:

(a) identification of the major areas in and means by which the Board will seek to improve the Institution's operating performance;

(b) realistic and comprehensive budgets, including projected balance sheets and year-end income statements;

(c) a budget review process to monitor the income and expenses of the Institution to compare actual figures with budgetary projections; and

(d) a description of the operating assumptions that form the basis for the major projected income and expense components.

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21. The budgets and related documents required in paragraph 20(b) above shall be submitted to the OTS Manager for each year this Agreement remains in effect. The budgets shall be submitted on or before December 31 of the year preceeding the year for which the budget is established.

22. The Board shall forward quarterly variance reports of the Institution's balance sheet and profit and loss statement to the budget projections to the OTS Manager, beginning with the September 30, 1991 quarter.

Monitoring

23. As of the Effective Date of this Agreement, the Board shall monitor compliance with this Order. A report detailing the Institution's compliance with this Order shall be forwarded to the OTS Manager on a quarterly basis no later than the end of the month that the review by the Board occurs.

CLOSINGS

24. (a) Although the Board of Directors is by this Agreement required to submit certain proposed actions and programs for the review or approval of the OTS, the Board has the ultimate responsibility for proper and sound management of the Institution. In exercising and fulfilling its fiduciary duties, the Board may consider the reports of management, counsel, and other agents and consultants of the Board. Nothing contained herein shall require the Board or any member or agent thereof to take any action or omit to take any action inconsistent with his or her fiduciary duties.

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

(c) Any time limitations imposed by this Agreement shall begin to run from the Effective Date of this Agreement. Such time limitations may be extended by the OTS for good cause upon written application by the Board.

(d) All technical words or terms used in this Agreement, for which meanings are not specified herein shall, insofar as applicable, have such meaning as defined in Chapter V of Title 12 Code of Federal Regulations. Additionally, any technical words or terms used in this Agreement and undefined in said Code of Federal Regulations shall have such meaning that accord with the established custom and usage in the savings and loan industry.

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(e) 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. Directors' potential liability exist for all actions initiated while serving as an institution affiliated party as that term is used in 12 U.S.C. §1813(u).

(f) This Agreement shall remain in effect until terminated, modified, or suspended by the OTS, acting through the Regional Director of the Central Regional Office. The Regional Director, may suspend, in his sole discretion, any or all provisions of this Agreement at any time.

(g) It is understood that the execution of this Agreement shall not be construed as an approval of any application or notices that are contemplated by the Institution.

(h) Any report or other document required by this Agreement to be submitted to the OTS shall be filed with the Office of Thrift Supervision, 111 East Wacker Dr., Suite 800, Chicago, Illinois 60601, Attn: Renaldo A. Salonis. All reports and other documents shall be deemed filed when received by the OTS.

(i) In the event any provision of this Agreement shall be declared invalid, illegal, or unenforceable; the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(j) The section headings used in this Agreement are for convenience of reference only and are not to affect the construction of or be taken into consideration in the interpretation of this Agreement.

IN WITNESS WHEREOF, the OTS acting through its Regional Director, and the Institution by its board of directors, have executed this Agreement on the date first above written.

THE OFFICE OF THRIFT SUPERVISION
Chicago, Illinois

By: 151

Stuart M. Brafman
Regional Director
Central Regional Office

Date: 9/9/91

FIRST FEDERAL SAVINGS AND LOAN
ASSOCIATION OF MOLINE
Moline, Illinois

BY: 151

Director Krumbholz

BY: 151

Director Christiansen

BY: 151

Director Conrad

BY: 151

Director Crippen

BY: 151

Director Hoffmann

BY: 151

Director Medhus

BY: 151

Director Steffenson

Approved by the aforesaid
Directors at a regular meeting
of First Federal Savings and
Loan Association of Moline held
September 9, 1991

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Appendix A

Criticized Asset Report
as of _____

Loan Number: _____

Borrower(s)/Project: _____

Gross Loan Balance: _____

Less Specific Reserves and Charge-Offs: _____
(show each separately and the effective date)

Net Loan Balance: *

OTS Classification: _____

\$ Amount Classified: _____

Future Potential Charge-Off: _____

Present Status: _____

(Includes past due status,
nonaccrual, significant pro-
gress/deterioration, etc.)

Financial/Collateral Support: _____

(Include brief summary of the
most current financial informa-
tion, appraised value of
collateral and/or estimated
value and date thereof, thrift's
lien position and amount of
equity (if any), guarantor(s)
info, etc.)

Proposed Plan of Action to
Eliminate Asset Criticism(s) and
Timeframe for Accomplishment:

Identified Source of Repayment
and Defined Repayment Program:

Use this form, or a similar one, for reporting each criticized asset
(per the Examination Report, dated May 28, 1991, and retain the
original in the loan file for review by the examiners. Submit your
reports until notified otherwise in writing, by the OTS.

* Any increase in the loan(s) should be fully explained in the
PRESENT STATUS section.