

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made, entered into and effective this 6th day of November, 1989, (the "Effective Date") by and between The Pioneer Savings and Loan Association, Prairie Village, Kansas, Docket No. 00256 ("the Institution" or "the Association") for itself and any wholly-owned or partly-owned 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 12 U.S.C. Sections 1818(b)(1) and (i)(2), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"),

WHEREAS, the board of directors of the Institution has reviewed the operations and financial condition of the Institution and finds that the present condition of the Institution justifies and requires extraordinary action by the directors of the Institution for the benefit of the Institution and its depositors, other creditors, and borrowers; and

WHEREAS, the Institution's board of directors acknowledges the the supervisory rights, powers, and authority of the OTS, with respect to the Institution under the statutes and regulations that govern the operations of the Institution; and

WHEREAS, the OTS is of the opinion that as of October 17, 1989, the Institution has violated certain laws or regulations to which the Institution is subject, and/or has engaged in certain unsafe and unsound practices in conducting the business of the Association, and that such violations and/or practices provide the grounds for the initiation of cease-and-desist proceedings against the Institution by the OTS; and

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution is willing to enter into this Agreement to avoid the initiation of such cease-and-desist proceedings; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease-and-desist proceedings stemming from the Institution's violations of laws or regulations to which the Institution is subject, and/or its unsafe and unsound practices in conducting the business of the Association, as long as the Institution is in compliance with this Agreement;

NOW, THEREFORE, in consideration of the OTS's above-stated forbearance, it is agreed between the parties hereto as follows:

1. Except for existing legally binding commitments and investments that qualify as liquid assets under 12 C.F.R. Section 523.10 (1989), without prior written approval of the Principal Supervisory Agent for the Tenth District or his designee ("the PSA" or "the Supervisory Agent"), the Institution shall not, and shall not allow any wholly-owned or partly-owned subsidiary or affiliate of the Institution to:

a. enter into, or commit to enter into any business relationships with, purchase any property from the following business entities or their affiliates, or purchase property from a third party's bankruptcy, foreclosure or similar proceeding when one of creditors of the third party is one of the following business entities or any of their affiliates:

- 1) Country Hill Bancshares,
- 2) Country Hill Bank,
- 3) TIC, Inc.,
- 4) Tower State Bank,
- 5) Midland Bancor, Inc.,
- 6) Midland Bank,
- 7) Concord Bancshares, Inc.,
- 8) College Boulevard National Bank; or,
- 9) Tri-State Motor Transit of Delaware.

Provided, however, the limitations described in this subparagraph 2(a) shall not include transactions amongst and between the above-described entities (i.e., 2(a)(1-9)); provided further, that neither Pioneer Financial Corporation ("PFC") nor the Institution (including any wholly-owned or partly-owned subsidiary of PFC or Institution) are a party to said transaction; and

b. hold marketable equity securities in other than governmental corporations. Such securities

currently held promptly shall be disposed of according to a plan approved by the Supervisory Agent. Such plan shall be submitted by the Institution within thirty (30) days of the execution of this Agreement and shall provide for the prompt and orderly disposition of such securities.

2. The Association shall, within thirty (30) days after the Effective Date of this Agreement, provide a listing of unfunded loan commitments which were outstanding as of October 17, 1989. Without limitation, such listing shall include:

- a. the legal identity of the party to whom the commitment was made,
- b. the identity and title of the Association's representative who made the commitment,
- c. the date of the commitment,
- d. the amount of the commitment,
- e. the purpose for which the party to whom the commitment was made sought the loan; and
- f. an opinion of counsel acceptable in form and substance to the Supervisory Agent which states whether a legally binding commitment does exist for those commitments in excess of \$500,000.

3. The board of directors immediately shall institute proper policies and procedures acceptable to the Supervisory Agent to create a thorough, timely, and permanent record of the deliberations of any body of the Association at which the Association's substantive business is discussed or acted upon.

Without limitation, such bodies shall include the board of directors and loan committee(s), however denominated and whether or not in formal session. The records of such bodies shall, at a minimum, memorialize:

- a. the substance of the discussions concerning the substantive business;
- b. the rationale for each alternative proposal suggested (whether or not formally introduced for consideration);
- c. the past, present, or contemplated future business (or other) ties between the members of the body (and their affiliates) and the potential creditor (and its affiliates);
- d. the voting of each member of the body, which listing shall be segregated by name; and,
- e. any abstentions by members of the body, fully citing the basis for the abstention.

Such policies and procedures shall, at all times, be adhered to.

4. Within thirty (30) days after the Effective Date of this Agreement, the Institution shall provide to the Supervisory Agent a list of all loans to affiliates, controlling persons, affiliated persons, immediate family members thereof, or holding company affiliates (as those terms are defined at 12 C.F.R. §§ 561.25, 561.28, 561.29, 561.30, and 561.34 (1989)) outstanding as of the Effective Date of this Agreement.

The information for each loan shall include:

- a. the obligor and guarantor, if any;
- b. the date of the loan;
- c. the total amount disbursed;
- d. the loan amount remaining to be disbursed;
- e. the terms of the loan;
- f. the publicly available terms for similar loans;
- g. the collateral for the loan;
- h. prospects for repayment; and
- i. payment history since the loan's inception.

5. The Association shall adhere to the policy statement guidelines set forth in 12 C.F.R. Sections 571.7 and 571.9 (1989) concerning conflicts of interest and usurpation of corporate opportunity. Within thirty (30) days after the Effective Date of this Agreement, the Institution shall submit a written policy, acceptable to the Supervisory Agent, concerning avoidance of conflicts of interest and usurpation of corporate opportunity. At a minimum, such policy shall fully comply with Sections 23A, 23B and 22(h) of the Federal Reserve Act and will:

- a. specify, by name, any director, officer, employee, agent, or attorney whose occupation or business interests may create possible conflicts of interests or corporate opportunity abuses with the Association;
- b. identify specific areas in which such abuses could occur;

- c. describe specific policies and actions that the Association will adopt to avoid potential conflicts of interests and corporate opportunity abuses;
- d. establish specific procedures for dealing with directors and management officials who violate the Association's policies in these areas; and
- e. set forth the steps to be taken to eliminate any current or prevent future conflicts of interest (except for transactions specifically approved by the OTS), or the appearance of any conflicts of interest, or corporate opportunity abuses, or the appearance thereof.

To the extent deviations from the policy are authorized by the Institution's board of directors (or otherwise), the Supervisory Agent shall be notified of the reasons therefor and provided by a list of the directors' votes authorizing and opposing such deviations.

6. The Institution shall formulate a capital plan which will explain in detail the proposed strategies for raising capital and for accomplishing the overall objectives of the Institution. The capital plan shall include an analysis of the available strategies and a written summary as to why selected strategies are chosen. The capital plan should contain, at a minimum, the following:

- a. financial projections on a quarterly basis which, at a minimum, extend through the quarter in which it is anticipated that compliance with all applicable capital standards will be achieved;

- b. facts which demonstrate that the Institution can meet applicable capital standards by December 31, 1994, and maintain compliance with those standards on an ongoing basis;
- c. detailed information on the completed and planned steps to raise capital, including the scheduling, as early as practicable, of any steps other than the retention of earnings;
- d. a description of attainable goals which should include, among other things, progressive capital level targets throughout the term of the plan, and which targets should be reflected in pro forma financial statements;
- e. calculations for all of the Institution's capital requirements and indications as to any excess or shortfall at the end of each quarter under the plan;
- f. pro forma financial statements and accounting opinions regarding any contemplated transactions in accordance with generally accepted accounting principals (GAAP).
- g. pro forma consolidated and unconsolidated financial statements for the Institution and each service corporation and subsidiary;
- h. financial statements for the immediately preceding four quarters;
- i. documentation which demonstrates compliance with any restrictions regarding activities which exceed the

limitations set forth under FIRREA and any current rules, regulations, or policy statements, if applicable;

- j. internal policies, practices and procedures that the Institution will utilize in order to comply with existing regulations on interest rate risk including, but not limited to, strategies adopted to minimize such risk, an analysis of the Institution's sensitivity to interest rate changes, plans to utilize futures and options and/or other artificial methods of hedging, and plans to monitor and maintain adequate liquid assets;
- k. plans which address all weaknesses to date including, but not limited to, those identified by regulators and/or documented in the Institution's examinations and indicate past, present and future efforts to address such weaknesses;
- l. documentation which provides adequate justification for compensation and fees for consultants and investment bankers;
- m. documentation which demonstrates the expertise of existing management and the board of directors regarding, among other things, the selected strategies for raising capital.

The Institution hereby agrees to any conditions which may be imposed in connection with the acceptance by OTS, of its capital

plan. The capital plan shall be submitted for Supervisory Agent approval no later than February 7, 1990.

7. Within thirty (30) days after the effective date of this Agreement, the Institution shall submit to the Supervisory Agent for approval, specific loan and investment policies and procedures that shall govern all loans, other extensions of credit, and loan investments made or purchased by the Institution or its subsidiaries ("Underwriting Standards"). These Underwriting Standards, at a minimum, shall require that prior to making or purchasing (or committing to make or purchase) any loan, other extension of credit or loan investment, the Institution or its subsidiaries must have obtained, as appropriate, each of the items listed in subsections (a) through (p) of paragraph 8 and subsections (a) through (c) of paragraph 9 of this Agreement, and in 12 C.F.R. Section 563.17-1(c) (1989).

8. Until it has received approval of the Underwriting Standards from the Supervisory Agent, the Institution or any of its subsidiaries shall not make or purchase any loan (other than 1-4 family dwelling loans from FHLMC, FNMA, or GNMA supervised lenders and consumer loans acquired through secondary markets), other extension of credit or loan investment without having first obtained, as appropriate, each of the following:

- a. a written application signed by the borrowers and guarantors stating the purpose of the loan, extension of credit or investment, and the identity of the security property;

- b. signed financial statements of the borrowers and guarantors;
- c. a signed statement disclosing the purchase price paid by the borrowers;
- d. current credit reports for each borrower and guarantor together with a written report signed by an employee of the Institution responsible for analyzing the loan, extension of credit or loan investment ("Underwriter") explaining all outstanding derogatory items in the report and reflecting compliance with the Equal Credit Opportunity Act;
- e. a written report, signed by the Underwriter, evidencing that material items in the borrowers' and guarantors' financial statements have been verified and analyzed to ensure that the borrowers and guarantors have sufficient assets and cash flow to retire the loan under the terms of the note and/or guaranty;
- f. in the case of a loan or extension of credit upon real property or real property interests, an appraisal report which complies with 12 C.F.R. Sections 563.17-1 (c)(1)(iv) and 563.17-1a (1989) and conforms to generally-acceptable appraisal policy and practice guidelines;
- g. in the case of a loan secured by property other than real estate, an appropriate statement of value of

- the security property prepared by a qualified person, a verification of the lien status of the security property current through the date of the loan or commitment decision and, where appropriate, documents verifying the existence of the proposed security property and that it is owned by and/or title is held by the proposed borrower;
- h. written evidence, duly verified, that the borrower has invested cash or another form of equity, as appropriate, in the security property;
 - i. in the case of construction loans or multiple disbursement loans for improvements, written cost estimates and breakdowns prepared by a qualified engineer, architect, or other person qualified to prepare such an estimate;
 - j. written market feasibility studies prepared by a qualified professional for all acquisition, development, and construction loans;
 - k. a written approval form showing when and by whom the loan, other extension of credit or investment was approved and the terms and conditions of such approval;
 - l. title insurance commitment or acceptable attorney's opinion establishing the quality and validity of the Institution's lien on any real estate securing the extension of credit, and subsequent to closing of the loan, a title insurance policy or acceptable

attorney's opinion reflecting the required quality and validity of the Institution's lien, and as supported by a current, signed survey reflecting all physical improvements above and below ground, encroachments, flood plain status, easements, and boundary line descriptions;

- m. written documentation showing that the Institution, upon the closing of the loan, or other extension of credit, furnished the borrowers or guarantors a statement setting forth in detail all charges and fees paid and obligated to be paid, including, but not limited to, the loan settlement statement;
- n. a written record showing the status of taxes, assessments, insurance premiums, and other charges on the security of the loan, other extension of credit or investment;
- o. written documentation evidencing hazard insurance, in full force and effect, to protect the Institution from loss, as outlined in the policy statement at 12 C.F.R. Section 571.4 (1989); and
- p. the file for each loan or loan commitment granted or purchased by the Institution shall include a written certification by an officer or other employee of the Institution that upon actual review, knowledge, and belief the loan complies with all acceptable provisions of the OTS Regulations and this Agreement.

9. The Institution shall not disburse funds on existing participations, loans in process, investments or other extensions of credit (other than 1-4 family residential loans, consumer loans including those acquired through secondary markets, and investments eligible as assets qualifying for liquidity as defined in Section 523.10) without first having obtained, as appropriate, each of the items listed in subsections (a) through (p) of paragraph 9 of this Agreement. Furthermore, the Institution shall not disburse funds for any loan, participation, or other extension of credit unless it has obtained the following:

- a. written documentation showing the date, amount, purpose, and recipient of every disbursement;
- b. written documentation evidencing all modifications to the original contract, including appropriate approval of each modification; and
- c. written documentation supporting all releases of any portion of the collateral supporting the loan or other extension of credit.

Every disbursement of funds, except as excluded above, of Five Hundred Thousand Dollars (\$500,000) or more shall be approved in advance by a committee established by the Institution's board of directors, which committee shall consist of at least one outside director. The minutes of each meeting of such committee shall reflect such approval and shall adequately describe the nature and purpose of the disbursement.

10. The Institution shall not increase its liabilities during any calendar quarter in excess of the amount of interest credited

on savings accounts during the quarter (or, in the case of share accounts, earnings credited) and the amount necessary to fund during the quarter any loans in process obligations or legally binding commitments existing as of the effective date of this Agreement.

11. The Institution shall file all financial reports required by the OTS, the Supervisory Agent or the Savings Association Insurance Fund, including monthly and quarterly reports by the required due date and such other reports requested by the Supervisory Agent by the requested due date.

12. No later than the 25th day of each calendar month, the board of directors shall file with the Supervisory Agent a resolution, similar to the attached resolution, signed by each director, certifying that The Pioneer Savings and Loan Association has complied with all conditions of this Agreement.

13. 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, the Home Owners Loan Act of 1933 ("HOLA"), or the Federal Deposit Insurance Act ("FDIA"), and any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA or FDIA shall have meanings that accord with the best custom and usage in the savings and loan industry.

The statutory and regulatory citations herein shall be in the form as codified or promulgated as of the date of this Agreement, or as amended or renumbered thereafter.

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.

This Agreement shall remain in effect until terminated, modified or suspended by the OTS, acting through its Principal Supervisory Agent for the Tenth District. Such Principal Supervisory Agent may suspend, in his/her sole discretion, any or all provisions of this Agreement during the term of this Agreement. The Principal Supervisory Agent will entertain, in good faith, written requests for termination of the Agreement, if, in his/her opinion, the Institution has at all times materially complied with the terms of this Agreement and has maintained compliance with regulatory capital requirements for four (4) consecutive calendar quarters.

CERTIFIED COPY OF
RESOLUTION OF board of directors

I, the undersigned, being the duly qualified Secretary of The Pioneer Savings and Loan Association, Prairie Village, Kansas, ("Institution" or "Association"), hereby certify that the following is a true copy of a resolution duly adopted by its board of directors at a meeting duly called and held on _____, 1989, that at said meeting a quorum was present and voting throughout, and that said resolution has not been rescinded or modified and is now in full force and effect:

RESOLUTION

WHEREAS, the directors of the Institution have read and considered the Agreement attached to the minutes of the meeting of the board of directors held on _____, 1989 and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter into the Agreement:

NOW, THEREFORE, BE IT RESOLVED, that the proposed Agreement, a copy of which is attached hereto, be and is hereby approved by the board of directors of the Institution. The president of the Institution is authorized to sign and execute the Agreement on behalf of the Institution. The officers and employees of the Institution are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and
affixed the seal of _____ this _____ day of
_____, 1989.

Secretary