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SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 21st day of November, 1989, by and between First State Savings Association, Sedalia, Missouri, OTS No. 3702 ("Institution"), 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. § 1818(b) and (i), as amended.

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 interest, 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 September 30, 1989, the Institution's capital position constitutes an unsafe and unsound practice thereby providing 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 as the result of the safety and soundness of the Institution's capital position as long as the Institution is in compliance with this Agreement, and, in the sole opinion of a Supervisory Agent for the Office of Thrift Supervision of the Eighth District ("Agent"), the Institution is making satisfactory progress towards an unassisted acquisition of the Institution.

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

Operating Restrictions

1. For the purposes of this paragraph 1, the following definitions shall apply: a "set" is a group of loans, participations, investments, securities, or other assets related by being sold or pledged to, purchased from, or exchanged with single persons, entities, or institutions acting together in a single transaction; "invest in" means to make, purchase,

acquire, guarantee, refinance, modify, or to commit to do any of these; "transfer" means to sell, pledge, exchange, or to commit to do any of these; "real estate investment" means the book value of real estate purchased, acquired, or owned in any manner, inclusive of any expenditures incurred in connection with holding or improving such real estate, where gross book value equals book value before adjustment for any loss reserves or allowances; a "home" is a single family dwelling unit(s) for four (4) or fewer families in the aggregate.

Except for existing legally binding commitments and investments that qualify as liquid assets under Section 6 of the Home Owners' Loan Act ("HOLA") as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA") without prior written approval of the Agent, the Institution shall not, and shall not allow any subsidiary that is wholly owned or majority owned or controlled by the Institution to:

a. engage in forward commitments, futures transactions, or financial options transactions as defined in 12 C.F.R. §§ 563.17-3, 563.17-4, 563.17-5 (1989);

b. invest in any loans or contracts secured by real estate or participations therein (including any acquisition, construction and development loans) or any set of such loans or participations, except loans made at current market interest rates and terms and secured by property located within the state of Missouri, which are:

   (1) to finance the bona fide purchase or custom construction of homes secured by first liens on such homes and that do not exceed two hundred fifty thousand dollars ($250,000), or

   (2) to refinance loans on existing homes secured by first liens on such homes and that do not exceed two hundred fifty thousand dollars ($250,000), or

   (3) secured by second liens on existing homes and that do not exceed fifty thousand dollars ($50,000), or

   (4) to finance residential real estate other than a home if such loan does not exceed either one hundred thousand dollars ($100,000) or the limitations contained in § 5(u) of the HOLA as amended by the FIRREA, whichever is less, or

   (5) to finance nonresidential real estate if such loan does not exceed either one hundred thousand dollars ($100,000) or the limitations contained in § 5(u) of the HOLA as amended by the FIRREA, whichever is less.

c. purchase any loan;

d. invest in any real estate investment or set of such investments unless such investment or set of investments is made in compliance with

12 C.F.R. § 563.9-8 (1989). This provision does not apply to acquiring title to real estate by foreclosure;

e. transfer any real estate investment or set of such investments unless such transfer would not exceed two hundred fifty thousand dollars ($250,000);

f. make or incur any capital improvement expenditures in connection with holding or improving any real estate investment unless such expenditure is in compliance with 12 C.F.R. § 563.9-8 (1989). The Institution acknowledges that expenditures for capital improvements to real estate owned are "investments in real estate" pursuant to 12 C.F.R. § 563.9-8 (1989). The term "capital improvement expenditures" as used in this subparagraph does not include ordinary repairs and maintenance or accrued interest expense;

g. invest in or transfer any security or set of securities except mortgage-backed securities issued by the Federal Home Loan Mortgage Corporation, Government National Mortgage Association, or the Federal National Mortgage Association;

h. transfer any loan secured by real estate or participation therein or any set of such loans or participations, unless the book value of any such loan or participation does not exceed two hundred fifty thousand dollars ($250,000);

i. invest in or transfer commercial loans (excluding commercial real estate loans) or letters of credit, whether secured or unsecured;

j. invest in the savings accounts of any financial institution unless such accounts are fully insured by an agency of the federal government <u>and</u> have a term to maturity of less than one (1) year;

k. invest in or transfer any consumer, education, or home improvement loans or set of such loans except for loans made to borrowers residing within the state of Missouri and which do not exceed fifty thousand dollars ($50,000);

l. borrow any money other than from a Federal Home Loan Bank;

m. enter into any contract for the purchase of real estate or any interest therein except in the usual and ordinary course of business;

n. enter into any joint venture agreements;

o. except for individual merit increases in accordance with its standard personnel policy adopted prior to the effective date of this Agreement and normal periodic employee salary and wage increases scheduled prior to the effective date of this Agreement and that comply with 12 C.F.R. § 563.17 (1989), and OTS Memorandum R-42, make any increase in the rate of compensation to any of its directors, officers, employees, agents, or other representatives, or agree to do so. Notwithstanding any other provision of this subparagraph, the Institution may increase the compensation of non-officer employees if the compensation of such employee before any increase does not exceed thirty thousand dollars ($30,000) and the aggregate increase or increases for any employee do not exceed five percent (5%) of the total annual compensation paid to such person during any calendar year;

p. employ or appoint any person to serve as an officer, director, or senior manager who is not so employed or appointed as of the effective date of this Agreement; employ any person at a rate of compensation which, on an annualized basis, exceeds thirty thousand dollars ($30,000) per year; employ any person pursuant to an agreement that is not terminable at the will of the employer and that otherwise does not comply with 12 C.F.R. § 563.39 (1989); or enter into or amend or renew any collective bargaining agreements, pension or profit sharing, bonus, severance pay, retirement, fringe benefit, or other employee benefit plans, or other employment contracts with any employee, director, or officer;

q. enter into, renew or revise any contractual arrangement with any officer, director, controlling person, affiliate, subsidiary, affiliated person, or agent for or of the institution or any of its subsidiaries;

r. invest in any service corporation or any subsidiary thereof or finance subsidiary. For the purposes of this subparagraph, "invest in" shall include, but is not limited to, the making of investments in securities issued by such entities, and the extensions of credit to, or the guaranteeing of the debt of, such entities;

s. enter into any purchase or repurchase agreement obligation arising from a transfer of government securities except as may otherwise be permitted by this Agreement;

t. reduce the amount of any specific or general reserve established pursuant to the provisions of 12 C.F.R. § 561.16c (1989); and

u. declare or pay cash or stock dividends on common or preferred stock, if in the stock form of organization.

Growth

2. Except with the specific written approval of the Agent, the Institution shall not increase its liabilities during any calendar quarter in an amount exceeding the amount of interest expensed on savings accounts during such quarter (or, in the case of share accounts, earnings credited) plus the amount necessary to fund during the quarter any loans-in-process obligations or legally binding commitments existing as of October 31, 1989.

Within thirty (30) days after the execution of this Agreement, the Institution shall provide to the Agent a list of all loans-in-process obligations and legally binding commitments that exist as of October 31, 1989, and provide a schedule of the monthly estimated disbursements for outstanding commitments and loans-in-process obligations.

The list of commitments shall include:

a. the type of commitment;
b. the date of commitment;
c. the total amount;
d. the identity of the borrower;
e. the identity of the seller, if applicable;
f. the effective date;
g. the date of anticipated funding.

The Institution shall submit with this list a written opinion from independent legal counsel that he/she has reviewed the terms of each commitment in excess of two hundred fifty thousand dollars ($250,000) and that addresses whether such commitment constitutes a legally binding obligation of the Institution that could be enforced in a court of law by the party to whom the commitment is made.

Specific Reserves

3. The Institution and any service corporation or subsidiary thereof shall make adjustments to the book value of any asset in the amount and at such time as directed by the Agent. Such adjustment, unless otherwise directed by the Agent, shall be made by establishing and maintaining a specific reserve.

Data Processing

4. The Agent shall have the authority to waive any notice that is required by contract to be given to the Institution by any provider of data processing services in connection with a request for information contained in the computer files made by either an Agent or any other representative of the Federal Deposit Insurance Corporation ("FDIC") or OTS.

Arbitration

5. The Institution or its subsidiaries shall not initiate any litigation against any institution insured by Savings Association Insurance Fund ("SAIF") for which the OTS or FDIC has been appointed receiver or conservator, or that is operating under the Management Consignment Program, or that is subject to the terms of a consent agreement, supervisory agreement, or other similar supervisory controls. In the event of a dispute between the Institution and an institution for which the OTS or FDIC has been appointed receiver, the Institution shall present its claim to the receiver through the administrative claims procedure pursuant to 12 C.F.R. Part 575. If dissatisfied with the decision of the receiver, the Institution may appeal the matter to the OTS, whose decision the Institution shall accept.

In the event of a dispute between the Institution and any other institution(s) in the above-described categories, the business decision makers of each institution are to first pursue good faith efforts toward a negotiated settlement of the dispute. If the institutions are unable to reach a negotiated settlement, the Institution hereby agrees to submit the dispute for binding arbitration pursuant to the Rules of the OTS

Arbitration Program and to sign an agreement to arbitrate in the form attached as Exhibit A. The Institution further agrees that it will accept the arbitration award as a final resolution of the dispute, that it will not challenge or contest the award, and that it will consent to the jurisdiction of any court in which judgment on the arbitration award is entered.

The Institution further agrees to notify the Agent within ten (10) days of the date it becomes involved in any of the above described suits.

Mortgage Derivatives

6. The Institution is prohibited from investing in high risk mortgage derivative products and mortgage swaps. For the purposes of this subparagraph, the term "high risk mortgage derivative products and mortgage swaps" shall have the meaning as set out in OTS Thrift Bulletin 12 and its Appendices or any successor bulletin.

Fiduciary Responsibility

7. Within thirty (30) days of the effective date of this Agreement, each member of the board of directors of the Institution shall review OTS Memorandum R-62 and submit to the Agent his/her statement that he/she has performed such review.

Business and Capital Plan

8. The Institution shall prepare, adopt, and submit no later than sixty (60) days after publication of the final regulations on the minimum capital requirements under FIRREA for review and approval by the Agent, a written business plan that specifically includes a capital plan to bring the Institution into compliance with Section 5(t) of HOLA as amended by FIRREA. Specifically, the capital plan must at a minimum:

   a. Address the need for increased capital;

   b. Describe the manner in which the Institution will increase capital to be in compliance with Section 5(t);

   c. Specify the types and levels of activities in which the association will engage;

   d. Require that any increase in assets must be accompanied by an increase in tangible capital of at least the percentage required under the leverage ratio then in effect; and

   e. Require that any increase in assets must be accompanied by an increase in capital of at least the percentage required under the risk-based capital standard then in effect.

The business plan should contain thirty-six (36) months' financial projections (longer if necessary to show compliance) and a budget with respect to the overall operations of the Institution and shall comply in all respects with the requirements of Sections 5(s) and (t) of the HOLA as amended by FIRREA and any regulations promulgated pursuant thereto. The Institution hereby agrees to make all revisions to the business plan that are required by the Agent and to comply with the business plan, including all revisions thereto.

Monitoring Business Plan

9. The board of directors of the Institution shall adopt a resolution appointing a senior officer or officers and a board member, who is not an officer of the Institution, to be responsible for monitoring on a monthly basis the Institution's regulatory capital and its compliance with the business plan prepared, adopted, and approved pursuant to paragraph 8. A copy of the board of directors' resolution shall be submitted to and received by the Agent no later than December 31, 1989. Further, the Institution shall prepare a detailed report on its compliance with said business plan and its progress in meeting its regulatory capital requirement. This report shall be reviewed and approved by a majority of the directors and a copy shall be submitted by the Institution to, and received by, the Agent no later than thirty days after the end of each month. Preparation, approval, and submission of this report shall continue until this Agreement is terminated.

Uninsured Deposits

10. The Institution shall use its best efforts to discourage the acceptance or renewal of any uninsured deposit.

Attendance at Conventions, Conferences, Meetings, or Seminars

11. Officers and Directors of the Institution shall not attend conventions, conferences, meetings, or seminars outside of the states of Missouri or Iowa, or at an aggregate cost of more than One Thousand Dollars ($1,000.00) per month, at the expense of the Institution without the prior written approval of the Agent.

Undefined Words or Terms

12. 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, any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations shall have meanings that accord with the best custom and usage in the savings and loan industry.

Legal Effects

13. 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.

Termination

14. This Agreement shall remain in effect until terminated by the OTS, acting through its Agent. The Agent will consider written requests for termination of the Agreement, if, in his/her opinion, the Institution has complied with the terms of this Agreement for two (2) years and is in compliance with regulatory capital requirements.

IN WITNESS WHEREOF, the parties have executed this Agreement individually or by their duly designated agent.

OFFICE OF THRIFT SUPERVISION

By: /S/

Its: Supervisory Agent
Eighth District

FIRST STATE SAVINGS ASSOCIATION
SEDALIA, MISSOURI

/S/

/S/

/S/

/S/

/S/

/S/

EXHIBIT A

AGREEMENT TO ARBITRATE

We, the undersigned parties, hereby agree to submit to arbitration under the Rules of the Arbitration Program the following controversy: (cite briefly). We further agree that the above controversy be submitted to Arbitrator(s) selected from the National Panel of Arbitrators for use in savings and loan disputes. We further agree that we will faithfully observe this agreement and the Rules; that we will, without delay, comply with any and all Orders and decisions of the Arbitrator(s); that we will abide by and perform any award rendered by the Arbitrator(s); that we will accept the award as a final resolution of the controversy; that we will not challenge or contest the award; and, that a judgment of a Court having jurisdiction may be immediately entered upon the award and executed.