

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 12th day of October, 1992, by and between Liberty Savings Bank, FSB, Johnston, Iowa, Docket No. 4104 (hereinafter referred to as "Liberty" or the "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 and the OTS. 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 OTS is of the opinion that Institution has engaged in certain acts and practices in conducting the business of the institution, which would provide 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, Institution is willing to enter into this Agreement to avoid the initiation of cease and desist proceedings, and

WHEREAS, the OTS is willing to forbear from the initiation of cease and desist proceedings on the subjects covered by this Agreement for so long as Institution is in compliance with the provisions of the Agreement that pertain to such subjects,

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

1. Regulatory Compliance

Within forty-five (45) days of the date of this Agreement, the Institution shall complete the following actions to promote compliance with applicable laws and regulations:

- a. Appoint a Regulatory Compliance Officer to implement a program for compliance with laws and regulations. This person, who must be an employee of the institution, will meet at least monthly with the Chairman of the Board and the Managing Officer of the institution to discuss the Institution's efforts to comply with relevant laws and regulations as well as with the Agreement; detailed minutes of these meetings shall be maintained by the Regulatory Compliance Officer;
- b. Obtain a service that provides and maintains current versions of relevant laws and regulations; and
- c. Provide individual certifications for each Director of the Institution that they have read and understood section 914 of FIRREA (12 U.S.C. 1831i) as well as the following OTS regulations and bulletins:

12 C.F.R. 545.1, 545.36, 545.46, 552.6, 552.6-1, 563.37, 563.43, 563.170, 563.180, 563.190, 563.233, 566.2, 571.19, 571.21, TB-13, TB-45, and TB-52.
- d. Provide a report detailing the corrective action taken to remedy all violations cited in the Report of Examination.

2. Thrift Financial Reports

The board and management of the Institution must implement

procedures and controls necessary to assure future Thrift Financial Reports ("TFRs") are completed in accordance with the OTS's instructions and can be readily reconciled to records maintained by the Institution. A detailed plan for eliminating future TFR errors must be submitted to the OTS before October 20, 1992. In addition, the Institution's Chairman, President, and the TFR preparer are directed to submit a statement to the OTS within ten (10) business days of the filing of all future TFRs that each such report is prepared in accordance with OTS instructions and is, to the best of their knowledge, accurate.

3. Approval of Directors and Senior Executive Officers

The Institution shall not appoint any director or hire or promote any senior executive officer within the meaning of 12 U.S.C. § 1831i, or any regulations promulgated pursuant to that statute, without giving the prescribed advance notice. The Institution shall not compensate any such individual for such a position until OTS approval has been obtained. The Institution shall comply in all respects with regulations promulgated pursuant thereto.

4. Severability .

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 or

Regional Deputy Director, in his or her sole discretion, determines otherwise.

5. Controlling Laws or Regulations

To the extent that any provision of the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102-242, 105 Stat. 2236 (December 19, 1991) ("FDICIA") or any regulation(s) promulgated thereunder imposes more restrictive requirements than any provision contained in this Agreement (either expressly or through OTS interpretive Bulletins or policy statements), such provision(s) of the FDICIA or such regulation(s) shall be controlling.

6. Definitions

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires: (a) the terms used in this Agreement have the meanings assigned to them in this Paragraph 6; (b) all accounting terms not otherwise defined have the meanings assigned to them in accordance with generally accepted accounting principles, except that if such terms are defined in the Rules and Regulations of the OTS, such regulatory definitions shall control; (c) all terms not otherwise defined herein that are defined in the HOLA, the FDIA, and FIRREA, the Rules and Regulations of the OTS (including, without limitation, 12 C.F.R. §§ 500.1 et seq., 541.1, et seq., and 561.1, et seq. (1991)) or its publicly available Bulletins and Advisory Memoranda shall have the meanings assigned to them in such

statutes, rules and regulations, Bulletins, and Advisory Memoranda; and (d) all technical words or terms not subject to a definition in this Agreement shall have the meanings that accord with the best custom and usage in the thrift and banking industries. As used in this Agreement:

- a. "make" means to enter into a binding obligation to provide loan funds.
- b. "affiliated person" shall be as defined in 12 C.F.R. § 561.5.
- c. "HOLA" means the Home Owners' Loan Act, as amended, 12 U.S.C. § 1464, et seq. (Supp. I 1989).
- d. "FDIA" means the Federal Deposit Insurance Act, as amended.
- e. "FIRREA" means the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183.
- f. "Bulletins" refers to, inter alia, Regulatory Bulletins (RB), Thrift Bulletins (TB), and PA Bulletins, issued by the staff (or agents) of the OTS (or its predecessors in interest).

7. Termination

The provisions of this Agreement are effective upon its issuance by the OTS, through its authorized representative. This Agreement shall remain in effect until terminated, modified or suspended in writing by the Director of OTS, the Regional Director, or the Regional Deputy Director.

8. Effect of Agreement

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.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officer or designated agent. A certified copy of the Resolution of the Board of Directors of Institution authorizing the execution of this Agreement is attached hereto and made part hereof.

LIBERTY SAVINGS BANK, FSB
JOHNSTON, IOWA

By: 15/

OFFICE OF THRIFT SUPERVISION

By: 15/

Regional Deputy Director I

CERTIFIED COPY OF
RESOLUTION OF
BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of Liberty Savings Bank, FSB, Johnston, Iowa ("Institution"), 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 October 12, 1992, 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 officers and directors of Institution have been advised that OTS representatives believe Institution to have engaged in certain acts and practices in conducting the business of the institution, which would provide grounds for the initiation of cease and desist proceedings against Institution by the OTS, and

WHEREAS, said officers and directors have been informed that the OTS will forbear from the initiation of cease and desist proceedings on the subjects covered by the attached Supervisory Agreement if it is executed by the Institution and its terms are thereafter carried out by the Institution, and

WHEREAS, the directors of Institution have read and considered the proposed Supervisory Agreement ("Agreement") attached to the minutes of the meeting of the board of directors held on October 12, 1992, and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter into the proposed 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 Institution. The President of the Institution is authorized to sign and execute this Agreement on behalf of the Institution. The officers and employees of 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 Institution this 12th day of October, 1992.

15/
Secretary

DIRECTORS' STATEMENT

We, the undersigned directors of Liberty Savings Bank, FSB,
5721 Merle Hay Road, Johnston, Iowa, do hereby certify that each of us has
read the entire report of examination dated July 13, 1992, and the
supervisory letter dated September 2, 1992, and that we are fully advised
of the contents thereof.

<u>NAME</u>	<u>DATE</u>
<u>15/1</u>	<u>10/12/92</u>
<u>15/1</u>	<u>10-12-92</u>
<u>15/1</u>	<u>10-12-92</u>
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