OTS DOCKET # 5760 [redacted]

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SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 22nd day of December, 1992, by and between Home Federal Savings and Loan Association of Nebraska, Lexington, Nebraska (OTS No. 05760) ("Institution"), 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. §§ 1818(b)(1) and (i)(2)).

WHEREAS, the OTS, the primary federal regulator of the Institution, 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, specifically including 12 C.F.R. §§ 563.170 (c)(3)(i) and (iii) (1992), and has engaged in unsafe or unsound practices in conducting the business of the Institution, thereby providing grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease and desist proceedings against the Institution for its failure to comply with 12 C.F.R. §§ 563.170 (c)(3)(i) and (iii) (1992), and its unsafe or unsound practices as set forth in the Institution's examination report for the OTS examination dated July 27, 1992, so 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 is willing to enter into this Agreement to avoid the initiation of such cease and desist 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:

I. Operating Restrictions

1. The Institution shall immediately establish the appropriate specific valuation allowances, general valuation allowances and asset classifications as detailed in the July 27, 1992 Report of Examination. By December 11, 1992, the Institution shall acknowledge in writing to the Regional Deputy Director, that the valuation allowances and asset classifications have been established.

2. By December 11, 1992, the Board of Directors shall submit to the Regional Deputy Director for review, a revised interest-rate-risk policy which complies with 12 C.F.R. §§563.176 and 571.3 and Thrift Bulletins 13, 13-1 and 13-2.

3. The Institution shall immediately discontinue all investment security trading activity, provided however, that the Institution may continue to invest

in assets to be held to maturity in its portfolio and assets which qualify as liquidity under 12 C.F.R. §566.1 (1992). Within 15 days from the effective date of this Agreement, the Institution shall acknowledge in writing to the Regional Deputy Director, that all investment security trading activity has ceased.

4. The Institution shall immediately discontinue the payment of all fees to the Hastings, Nebraska, and Superior, Nebraska, advisory directors. By December 11, 1992, the Institution shall acknowledge in writing to the Regional Deputy Director, that all payments to the advisory directors has ceased.

5. By December 31, 1992, the Institution shall submit to the Regional Deputy Director, an analysis of the Institution's deposit pricing practices. This analysis shall include comparisons with the Institution's peers, a branch analysis, and the Institution's plans to bring its costs of funds into line with its peers.

6. By December 11, 1992, the Board of Directors shall submit to the Regional Deputy Director, a report which analyzes the problems arising from the purchase of loans from the Citizen National Mortgage Company, Spokane, Washington, and outlines steps to be taken by management and the Board of Directors to prevent such problems in the future.

7. The Board of Directors shall insure that management complies with the Institution's internal policies and procedures. Any exceptions to these internal policies and procedures shall be specifically approved by the Board of Directors. The reasons for approving such exceptions shall be completely documented in the Board of Director's minutes.

8. The directors shall immediately familiarize themselves with the guidelines of the OTS pamphlet, Director Information Guidelines, and shall act, as appropriate, in a manner consistent with such guidelines. The Institution shall make such information available to the Regional Deputy Director upon request.

9. The Institution shall comply in all respects with the requirements of Section 563.170 of the OTS Regulations, 12 C.F.R. §563.170 (1992).

II. Provisions Regarding Officers, Directors, and Employees

1. Pursuant to Section 32 of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1831i, and OTS Thrift Bulletin 45, the Board of Directors shall notify the Regional Deputy Director by written notice of the proposed addition or employment of any director or senior executive officer or transfer of any senior executive officer before such addition, employment, or transfer becomes effective. The Board of Directors may not add or employ any director or

senior executive officer or transfer laterally any senior executive officer if the Regional Deputy Director issues a notice of disapproval no later than 30 days after the notice was deemed complete.

2. The Institution shall not make any "golden parachute payment", as that term is defined in Section 18(k) of the FDIA, 12 U.S.C. § 1828(k) ("Section 18(k)"), and as it may be further defined in regulations adopted by the Federal Deposit Insurance Corporation ("FDIC") under that authority, or any indemnification payment unless it does so in compliance with Section 18(k) and all regulations (if any) promulgated thereunder.

III. General Provisions

1. The Board of Directors shall, at each regular meeting, formally resolve that, to the best of its knowledge and belief, and based on a prudent review of management reports, during the previous calendar month the Institution and its subsidiaries complied with each condition of this Agreement except as otherwise stated. The resolution shall specify in detail how, if at all, full compliance was found not to exist. The resolution further shall set forth any exceptions to any conditions of this Agreement approved by the Regional Deputy Director. Within 15 days of each regular Board of Directors' meeting, the Institution shall submit to the Regional Deputy Director a copy of the minutes of each Board of

Directors meeting, the minutes of any subsidiary board of directors' meeting, the minutes of Board of Directors' committee(s) meetings, the aforementioned resolution, and the management report(s) of the Institution. Each director shall at such time either provide the Regional Deputy Director with certification that, to the best of his or her knowledge and belief, and based upon a prudent review, the above-referenced resolution is accurate or provide the Regional Deputy Director with a written statement providing in detail the reason(s) for disagreement with the resolution.

2. Each director signing this Agreement attests, by such act, that she or he voted in favor of the resolution, in the form attached to this Agreement, authorizing the execution of this Agreement by the Institution.

3. Notwithstanding the requirements of this Agreement that the Board of Directors submit various matters to the Regional Director or Regional Deputy Director for the purpose of receiving his approval, non-objection or notice of acceptability, such regulatory oversight does not derogate or supplant each individual member's continuing fiduciary duty. The Board of Directors shall have the ultimate responsibility for overseeing the safe and sound operation of the Institution at all times, including compliance with

the determinations of the Regional Director and Regional Deputy Director as required by this Agreement.

4. 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.

5. 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 sole discretion, determines otherwise.

6. Nothing in this Agreement shall be construed as: (i) allowing the Institution to violate any law, rule, regulation, or policy statement to which it is subject or (ii) restricting, in any way, the OTS from taking any action(s) that it believes are appropriate in fulfilling the responsibilities placed upon it by law.

7. 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.

IV. Definitions

1. As used in this Agreement, the Regional Deputy Director and the Regional Director are each the "senior supervisory official" within the meaning of Section 723(d) of the FIRREA, § 723(d), 103 Stat. 183 (1989).

2. As used in this Agreement, the term "subsidiary" or "subsidiaries" shall be as defined in 12 C.F.R. § 567.1(dd).

3. As used in this Agreement, the term "savings association" shall have the meaning as set forth in Section 2(4) of the HOLA, as amended by Section 301 of the FIRREA, § 301, 103 Stat. 183 (1989).

4. As used in this Agreement, the term "affiliate" shall be as defined in 12 U.S.C. § 371c(b).

5. 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 of this Agreement pursuant to Section 401(h) of

the FIRREA, § 401(h), 103 Stat. 183 (1989), and references to successor provisions as they become applicable.

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, HOLA, and Federal Deposit Insurance Act, as amended ("FDIA"). 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.

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 OTS, acting through the Regional Deputy Director, and the Institution, by its duly elected directors, have executed this Agreement on the date first above written.

By: /s/
Chief Executive Officer and Director

/s/
Director

/s/
Director

/s/
Director

/s/
Director

Director

Director

Director

Director

OFFICE OF THRIFT SUPERVISION

By:
Regional Deputy Director

CERTIFIED COPY OF RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of Home Federal Savings and Loan Association of Nebraska, Lexington, Nebraska, (OTS No. 05760) ("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 December 22, 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 directors of the Institution have been advised that the Office of Thrift Supervision ("OTS") is of the opinion that the Institution violated regulations to which the Institution is subject and has engaged in unsafe and unsound practices and that such violations and practices provide grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

WHEREAS the said directors have been informed that the OTS will forbear from the initiation of such proceedings as a result of the Institution's failure to comply with 12 C.F.R. §§ 563.170 (c)(3)(i) and (iii) (1992) to which the Institution is subject, and the Institution's unsafe or unsound practices as set forth in an examination report for the OTS examination of the Institution dated July 27, 1992 if the attached Supervisory Agreement ("Agreement") is executed by the Institution and if its terms are thereafter carried out by the Institution; and

WHEREAS the directors of the Institution have read and considered the proposed Agreement attached to the minutes of the meeting of the board of directors held on December 22, 1992; and

WHEREAS after due consideration, the directors of the Institution have determined to enter into the proposed Agreement in the interest of regulatory compliance and cooperation: Now, therefore, be it

RESOLVED, that the proposed Agreement, a copy of which is attached hereto and the provisions of which are incorporated herein by reference, be and is hereby approved by the board of directors 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 and to comply with such Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Home Federal Savings & Loan Assn. of Nebraska, Lexington, Nebraska this 22nd day of December, 1992.

/S/

Secretary

Home Federal Savings And Loan Association
CORPORATE
SEAL
INCORPORATED
1953
of Nebraska