

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: CN 09-33
)	
LIBERTY BANSHARES FLORIDA, INC.)	Effective Date: October 14, 2009
)	
West Des Moines, Iowa)	
OTS Docket No. H4229)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, Liberty Banshares Florida, Inc., West Des Moines, Iowa, OTS Docket No. H4229 (Holding Company), by and through its Board of Directors (Board) has executed a Stipulation and Consent to Issuance of Order to Cease and Desist (Stipulation); and

WHEREAS, the Holding Company, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Central Region (Regional Director), is authorized to issue consent Orders to Cease and Desist where a savings and loan holding company has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

1. The Holding Company and its directors, officers, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or the aiding and abetting all unsafe or unsound practices, including:

- (a) operating its wholly owned savings association subsidiary, Liberty Bank, Naples, Florida, OTS Docket No. 18005 (Association) with an inadequate level of capital protection for the volume, type, and quality of assets held by the Association;
- (b) operating the Association with an excessive level of adversely classified and delinquent loans relative to the Association's capital, earnings and allowance for loan and lease losses (ALLL) levels; and
- (c) operating the Holding Company with insufficient earnings as a result of increasing level of classified assets at the Association.

Capital Plan.

2. Within forty-five (45) days, the Board shall prepare and submit for Regional Director review and comment a written plan to preserve and enhance the capital of the Holding Company and the Association and ensure that the Association complies with the capital requirements imposed by the Order to Cease and Desist issued by the OTS against the Association on October 14, 2009 (Capital Augmentation Plan). At a minimum, the Capital Augmentation Plan shall:

- (a) address the requirements and restrictions imposed by this Order and the Order to Cease and Desist issued by the OTS against the Association on October 14, 2009;
- (b) detail the Holding Company's capital preservation and enhancement strategies with specific narrative goals;
- (c) identify the specific sources of additional capital and the timeframes and methods by which additional capital will be raised, including specific target dates and capital levels;
- (d) establish an alternative strategy, including but not limited to, seeking a merger or acquisition partner for the Holding Company and/or the Association, to be

implemented immediately if the Board's primary strategy is unsuccessful; and

(e) require the Senior Executive Officers (Management)¹ to prepare and submit for Board review at each regular monthly Board meeting, a written report on the Holding Company's compliance with the Capital Augmentation Plan and the Association's compliance with its Capital Plan (Capital Status Report).

3. Within five (5) days after receipt of any comments from the Regional Director, the Board will revise the Capital Augmentation Plan to incorporate any recommended changes by the Regional Director and adopt the Capital Augmentation Plan as revised. The Board shall ensure that the Holding Company implements and adheres to the Capital Augmentation Plan. A copy of the Capital Augmentation Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within ten (10) days after the Board meeting.

4. Within fifteen (15) days after (i) the Association fails to meet the capital requirements imposed by the Order to Cease and Desist issued by the OTS against the Association on October 14, 2009, (ii) the Holding Company fails to comply with the Capital Augmentation Plan prescribed in Paragraph 2, or (iii) any request from the Regional Director, the Board shall prepare and submit a written Contingency Plan that is acceptable to the Regional Director. The Contingency Plan shall detail the actions to be taken, with specific time frames, to achieve one of the following results by the later of the date of receipt of all required regulatory approvals or sixty (60) days after the implementation of the Contingency Plan: (a) merger of the Holding Company or Association with, or acquisition of the Holding Company or Association by another federally insured depository institution or holding company thereof; or (b) voluntary liquidation of the Association by filing an appropriate application with OTS in conformity with federal laws

¹ The term Senior Executive Officer is defined at 12 C.F.R. § 563.555.

and regulations.

5. Upon receipt of notification from the Regional Director, the Holding Company shall implement the Contingency Plan immediately. The Board shall provide the Regional Director with written status reports detailing the Holding Company's progress in implementing the Contingency Plan by no later than the 1st and 15th of each calendar month following implementation of the Contingency Plan.

Business Plan.

6. Within ninety (90) days, beginning with the quarter ending September 30, 2009, the Board shall prepare and submit a new comprehensive three-year business plan (Business Plan) that is acceptable to the Regional Director. The Business Plan shall, at a minimum:

- (a) address the requirements contained within this Order and the comments contained within the OTS Report of Examination of the Holding Company dated June 1, 2009 (2009 ROE);
- (b) include defined strategies for capital enhancement commensurate with the capital maintenance requirements referred to in Paragraph 2;
- (c) include a detailed narrative of the Board's plans and strategies to strengthen and improve the Holding Company's, as well as the consolidated enterprise's operations, earnings and profitability, including plans for reducing operating expenses;
- (d) include a detailed discussion of the Holding Company's current financial position and resources and the Board's strategies for preserving and enhancing the Holding Company's financial resources to meet the needs of the consolidated enterprise under the Business Plan, adequately support the Association's risk profile, maintain

compliance with applicable regulatory capital requirements and this Order, and satisfy the Association's liquidity needs;

- (e) require quarterly pro forma financial projections (balance sheet, income statement, and budget) for each quarter covered by the Business Plan; and
- (f) identify all relevant assumptions and projections, including documentation supporting such assumptions and projections.

7. Within five (5) days of receiving the Regional Director's comments, the Board shall incorporate the Regional Director's comments, if any, and adopt the Business Plan. The Board shall send a copy of the final Business Plan to the Regional Director within ten (10) days of the Board's adoption.

8. The Board shall ensure that the Holding Company implements and adheres to the Business Plan. Any material modifications² to the Business Plan must receive the prior written non-objection of the Regional Director. The Holding Company shall submit proposed modifications to the Regional Director at least forty-five (45) days prior to implementation.

9. Within thirty (30) days after the close of each calendar quarter, beginning with the calendar quarter ending December 31, 2009, the Board shall review quarterly variance reports on the Holding Company's compliance with the revised Business Plan (Quarterly Business Plan Variance Reports). The Quarterly Business Plan Variance Reports shall:

² A modification shall be considered material under this section of the Order if the Association plans to: (a) engage in any activity that is inconsistent with the revised Business Plan; or (b) exceed the level of any activity contemplated in the revised Business Plan or fail to meet target amounts established in the revised Business Plan by more than ten percent (10%), unless the activity involves assets risk-weighted fifty percent (50%) or less, in which case a modification of more than twenty-five percent (25%) shall be deemed to be a material modification.

- (a) identify material variances³ in the Holding Company's actual performance during the preceding quarter as compared to the projections set forth in the revised Business Plan;
- (b) contain an analysis and explanation of identified variances; and
- (c) discuss the specific measures taken or to be taken to address identified variances.

10. The Board's review of the Quarterly Business Plan Variance Reports, including any corrective actions adopted by the Board, shall be fully documented in the Board meeting minutes. A copy of the Quarterly Business Plan Variance Report and the Board meeting minutes detailing the Board's review shall be provided to the Regional Director within ten (10) days after the Board meeting.

Dividends.

11. Effective immediately, the Holding Company shall neither accept nor request that the Association make or pay any dividends or other capital distributions, as that term is defined in 12 C.F.R. § 563.141, or commit to make or pay dividends or any other capital distributions, without receiving the prior written approval of the Regional Director.

12. Effective immediately, the Holding Company shall not declare or pay any dividends or other capital distributions without the prior written approval of the Regional Director.

13. The Holding Company's written request for approval under Paragraphs 11 or 12 of this Order shall be submitted to the Regional Director at least forty-five (45) days prior to the anticipated date of the proposed dividend payment or distribution of capital.

³ A variance shall be considered material under this section of the Order if the Association plans to: (a) engage in any activity that is inconsistent with the revised Business Plan; or (b) exceed the level of any activity contemplated in the revised Business Plan or fail to meet target amounts established in the revised Business Plan by more than ten percent (10%), unless the activity involves assets risk-weighted fifty percent (50%) or less, in which case a variance of more than twenty-five percent (25%) shall be deemed to be a material variance.

Debt Restrictions.

14. Effective immediately, the Holding Company shall not incur, issue, renew, or rollover any debt or debt securities, increase any current lines of credit, guarantee the debt of any entity, or otherwise incur any additional debt without providing prior written notice to and receiving the prior written approval from the Regional Director. The Holding Company's written request for such approval shall be submitted to the Regional Director at least forty-five (45) days prior to the anticipated date of the proposed debt issuance, renewal, or rollover.

15. Effective immediately, the Holding Company shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Regional Director. The Holding Company's written request for such approval shall be submitted to the Regional Director at least forty-five (45) days prior to the anticipated date of the proposed stock purchase or redemption.

Severance and Indemnification Payments.

16. Effective immediately, the Association shall not make any golden parachute payment⁴ or prohibited indemnification payment⁵ unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R Part 359.

Management Changes.

17. Effective immediately, the Holding Company shall comply with the prior notification requirements for changes in directors and Senior Executive Officers set forth in 12 C.F.R Part 563, Subpart H.

⁴ The term "golden parachute payment" is defined at 12 CFR § 359.1(f).

⁵ The term "prohibited indemnification payment" is defined at 12 CFR § 359.1(l).

Employment Contracts and Compensation Arrangements.

18. Effective immediately, the Holding Company shall not enter into, renew, extend or revise any contractual arrangement related to compensation or benefits with any director or Senior Executive Officer of the Holding Company, unless it first provides OTS with not less than thirty (30) days prior written notice of the proposed transaction and receives a written notice of non-objection from the Regional Director. The notice to OTS shall include a copy of the proposed employment contract or compensation arrangement, or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement or arrangement submitted to OTS fully complies with the requirements of 12 C.F.R Part 359, 12 C.F.R §§ 563.39 and 563.161(b), and 12 C.F.R Part 570-Appendix A.

Effective Date, Incorporation of Stipulation.

19. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

20. This Order shall remain in effect until terminated, modified or suspended, by written notice of such action by OTS, acting by and through its authorized representatives.

Time Calculations.

21. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be calendar based, unless otherwise noted.

22. The Regional Director may extend any of the deadlines set forth in the provisions of this Order upon written request by the Holding Company that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

23. All submissions, including progress reports, to OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

24. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

(a) **To OTS:**

Regional Director
Office of Thrift Supervision
One South Wacker Drive, Suite 2000
Chicago, Illinois 60606
Facsimile: (312) 917-5002

(b) **To Holding Company:**

Chairman of the Board
Liberty Bancshares Florida, Inc.
6400 Westown Parkway
West Des Moines, Iowa 50266
Facsimile: (515) 457-6363

No Violations Authorized.

25. Nothing in this Order or the Stipulation shall be construed as allowing the Holding Company, its Board, officers or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____/s/
Daniel T. McKee
Regional Director, Central Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	Order No.: CN 09-33
)	
LIBERTY BANSHARES FLORIDA, INC.)	Effective Date: October 14, 2009
)	
West Des Moines, Iowa)	
OTS Docket No. H4229)	

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Central Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Liberty Banshares Florida, Inc., West Des Moines, Iowa, OTS Docket No. H4229 (Holding Company), that OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Holding Company pursuant to 12 U.S.C. § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings and loan holding company has consented to the issuance of an order; and

WHEREAS, the Holding Company desires to cooperate with OTS to avoid the time and expense of such administrative cease and desist proceedings by entering into this Stipulation and Consent to Issuance of Order to Cease and Desist (Stipulation) and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1-3 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Holding Company is a “savings and loan holding company” within the meaning of 12 U.S.C. § 1813(w)(3) and 12 U.S.C. § 1467a. Accordingly, the Holding Company is “a depository institution holding company” as that term is defined in 12 U.S.C. § 1813(w)(1);
2. Pursuant to 12 U.S.C. § 1818(b)(9), the “appropriate Federal banking agency” may initiate cease-and-desist proceedings against a savings and loan holding company in the same manner and to the same extent as a savings association for regulatory violations and unsafe or unsound acts or practices; and
3. Pursuant to 12 U.S.C. § 1813(q), the Director of OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings and loan holding company. Therefore, the Holding Company is subject to the authority of OTS to initiate and maintain an administrative cease-and-desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

4. Based on its June 1, 2009 Report of Examination of the Holding Company (2009 ROE), the OTS finds that the Holding Company has engaged in unsafe or unsound banking practices, including, but not limited to:
 - (a) operating its wholly owned savings association subsidiary, Liberty Bank, Naples, Florida, OTS Docket No. 18005 (Association) with an inadequate level of capital protection for the volume, type, and quality of assets held by the Association;
 - (b) operating the Association with an excessive level of adversely classified and delinquent loans relative to the Association’s capital, earnings and allowance for loan and lease losses levels; and

- (c) operating the Holding Company with insufficient earnings as a result of increasing level of classified assets at the Association.

Consent.

5. The Holding Company consents to the issuance by OTS of the accompanying Order to Cease and Desist (Order). The Holding Company further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

Finality.

6. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective, and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

Waivers.

7. The Holding Company waives the following:
- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
 - (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
 - (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and

(d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

OTS Authority Not Affected.

8. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Holding Company if, at any time, the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

9. The Holding Company acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 8 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Holding Company that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

10. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

11. If any provision of this Stipulation and/or the Order 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 in his or her sole discretion determines otherwise.

12. All references to the OTS in this Stipulation and the Order shall also mean any of the

OTS's predecessors, successors, and assigns.

13. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

14. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

15. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

Signature of Directors/Board Resolution.

16. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Holding Company to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting.

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WHEREFORE, the Holding Company, by its directors, executes this Stipulation.

LIBERTY BANSHARES FLORIDA, INC.
West Des Moines, Iowa

OFFICE OF THRIFT SUPERVISION

By: _____ /s/
William A. Krause, Chairman

By: _____ /s/
Daniel T. McKee
Regional Director, Central Region

_____/s/
John D. Carpenter, Director

Date: See Effective Date on page 1

_____/s/
Kevin W. Krause, Director

_____/s/
Kyle J. Krause, Director

_____/s/
Russell G. Olson, Director

Resigned July 2009
David C. Prange, Director

_____/s/
Christopher J. Risewick, Director

_____/s/
James S. Swift, Director