

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)	
)	
Liberty Federal Savings Bank)	OTS Order No.: WN-10-037
Enid, Oklahoma)	Effective Date: December 22, 2010
OTS Docket No. 01532)	

PROMPT CORRECTIVE ACTION DIRECTIVE

WHEREAS, the Office of Thrift Supervision (OTS), on August 10, 2010, notified Liberty Federal Savings Bank, Enid, Oklahoma, OTS No. 01532 (Institution), a federally chartered savings association regulated by OTS: (i) that the Institution was undercapitalized for purposes of the prompt corrective action provisions of Section 38 of Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1831o, (ii) of the requirement under 12 U.S.C. § 1831o and 12 C.F.R. Part 565 to file a capital restoration plan no later than September 10, 2010, specifying the steps the Institution will take to become at least adequately capitalized, and (iii) of the restrictions and requirements imposed upon the Institution as a result of its undercapitalized status; and

WHEREAS, OTS has considered the Institution's capital deficiency and the Capital Restoration Plan, in accordance with 12 C.F.R. §§ 565.5 and 565.7, and Section 38(e)(2) of FDIA, 12 U.S.C. § 1831o(e)(2), and OTS has denied the Capital Restoration Plan as set forth in a letter to the Institution, dated November 3, 2010; and

WHEREAS, OTS, having issued a Notice of Intent to Issue this Prompt Corrective Action Directive (PCA Directive) on November 3, 2010 (Notice of Intent), and having considered the Institution's response, dated November 16, 2010, has determined to issue this PCA Directive in order to resolve the Institution's capital deficiency at the least long-term cost to the Deposit Insurance Fund, thereby effectuating the purpose of Section 38 of FDIA, 12 U.S.C. § 1831o; and

WHEREAS, OTS finds it necessary in order to carry out the purposes of Section 38 of the FDIA, 12 U.S.C. § 1831o, to issue this PCA Directive requiring the Institution immediately to take certain actions and to follow certain proscriptions.

NOW, THEREFORE, pursuant to Section 38 of FDIA, 12 U.S.C. § 1831o, including but not limited to subsection (f) thereof, Section 5(t)(6)(B)(ii) of HOLA, 12 U.S.C. §

1464(t)(6)(B)(ii), and Section 565.7 of OTS Regulations, 12 C.F.R. § 565.7, OTS directs the Institution and its Board to do the following:¹

PART I – INCREASING CAPITAL

Section 1.1. Required Recapitalization through Merger, Acquisition, Sale, or Sale of Shares.

Pursuant to 12 U.S.C. §§ 1831o(f)(2)(A)(iii), the Institution must be recapitalized within sixty (60) days following the Effective Date of this PCA Directive by (a) merging with or being acquired by another financial institution, financial holding company, or other entity², or (b) the sale of all or substantially all of the Institution’s assets and liabilities to another financial institution, financial institution holding company, or other entity, or whereby the resulting depository institution would be at least “adequately capitalized,” as defined at 12 C.F.R. § 565.4(b), and remain so for four consecutive quarters. The Institution must submit a binding merger or acquisition agreement or binding stock subscription agreement to OTS within 30 days following the Effective Date of this PCA Directive, unless extended in writing by OTS. The Institution’s management and Board must take appropriate steps to accomplish such merger, acquisition, sale, or sale of shares.

Section 1.2. Required Recapitalization.

Pursuant to 12 U.S.C. §§ 1831o(f)(2)(A) and (f)(2)(J), the Institution is directed to achieve and maintain, at a minimum, the following capital levels within 60 days following the Effective Date of this PCA Directive:

Total Risk Based Capital Ratio:	8.0%
Tier 1 Core Risk Based Capital Ratio:	4.0%
Leverage Ratio:	4.0%

Section 1.3. Efforts to Obtain Capital.

The Board of the Institution must at all times make diligent and good faith efforts to cause the Institution to comply with Sections 1.1 and 1.2 and become “adequately capitalized.” For purposes of this PCA Directive, diligent and good faith efforts to seek capital shall include, but not be limited to, the following:

- A. Authorize and direct appropriate Institution officers to take appropriate actions consistent with the Institution’s obligations under Sections 1.1 and 1.2, which include,

¹OTS must impose one or more of the presumptive restrictions set forth in 12 U.S.C. § 1831o(f), especially 12 U.S.C. § 1831o(f)(3) and (4) if (1) the institution is significantly or critically undercapitalized, (2) is undercapitalized and did not submit an acceptable capital restoration plan or (3) the institution fails to implement an approved plan. Critically undercapitalized are also subject to restrictions in 12 U.S.C. § 1831o(i).

² For the purposes of this Directive, “other entity” may include but is not limited to an individual, a group of individuals, a partnership, a corporation, or any other form of business organization that may, under applicable statutes and regulations, merge with or acquire the Institution or purchase all or substantially all of its assets and liabilities.

but are not limited to, taking all reasonably practicable steps to remove impediments to increasing capital;

- B. Cause the Institution to hire such professionals as are necessary and appropriate to fulfill the Institution's obligations under Sections 1.1 and 1.2;
- C. Cause the Institution to share appropriate information about itself with potential acquirers, merger partners, or purchasers, including, but not limited to, any such potential acquiror, merger partner, or purchaser identified or referred to the Institution by OTS; and
- D. Inform the OTS, in writing, of (i) all efforts the Institution has made to seek capital and (ii) all expressions of interest by prospective investors, acquirers, or merger candidates, including referrals from OTS by the 15th day of each month following the Effective Date of this PCA Directive.

Section 1.4. Prior Notice Required; Change in Status.

- A. The Institution must not issue any securities; enter into any agreement or understanding to merge, consolidate, sell all or substantially all of its assets and liabilities; or enter into any agreement of understanding to reorganize; or otherwise be acquired unless (i) the Institution has provided OTS with prior written notice of its intention to take such action; and (ii) following such notice, OTS has provided the Institution with prior written notice of its non-objection to the proposed action by the Institution.
- B. Upon notification that it is "critically undercapitalized" pursuant to 12 C.F.R. § 565.3, the Institution will cooperate fully with FDIC efforts to avoid a loss or otherwise minimize exposure to the Deposit Insurance Fund. Such cooperation includes, but is not limited to, responding to requests for information, providing full access to personnel, agents and service providers, accommodating on-site visits, and permitting FDIC to provide otherwise confidential information to third parties to facilitate the liquidation or other resolution of the Institution in anticipation of the possible appointment of FDIC as conservator, receiver, or other legal custodian. Nothing herein will be interpreted to preclude such cooperation with FDIC at any time prior to such time, as the Institution may become "critically undercapitalized."

Section 1.5. Ongoing Monitoring of Capital Category Required.

- A. The Institution must monitor its own PCA capital ratios and if the Institution improves from a lower to a higher capital category, it must continue to comply with each provision of this PCA Directive except to the extent the provision is modified, terminated, suspended, or set aside by OTS in writing.

- B. If the Institution falls into a lower PCA capital category, it must comply immediately with the appropriate additional restrictions contained in 12 U.S.C. § 1831o and 12 C.F.R. § 565.6.

Section 1.6. Reports of Compliance.

By the close of business of the 15th day of each month following the Effective Date of this PCA Directive:

- A. Management of the Institution must prepare, and the Board of the Institution must review, a written report concerning the Institution's compliance with the requirements of this PCA Directive during the preceding month. The report and review must include verification of the Institution's prompt corrective action capital category and confirmation that the Institution is in compliance with: (i) all restrictions that apply automatically to an institution in that category, and (ii) with the other restrictions and requirements contained in this PCA Directive. The report and review must be documented in the minutes of the meeting of the Board. All documentation considered by the Board in performing its review must be explicitly referenced in the minutes of the meeting at which the review was undertaken.
- B. The Institution must submit the following documents to OTS in a format acceptable to OTS, which may include reports to and responses from the Board documented in the Board meeting minutes:
1. variance reports in Thrift Financial Report format for: (i) activities and capital levels/targets established by Sections 1.1 and 1.2 of this PCA Directive, and (ii) each of the operating restrictions imposed in Parts II and III of this PCA Directive;
 2. confirmation of the Institution's compliance with this PCA Directive or a description of any instance of noncompliance with any of the Institution's obligations under this PCA Directive and the specific measures undertaken to cure such noncompliance;
 3. if requested, copies of the minutes of the Institution's Board supporting actions taken to comply with Sections 1.1, 1.2, and 1.3 of this PCA Directive; and
 4. a summary of actions taken, during the immediately preceding month, by the Institution and its Board and executive officers in furtherance of the Institution's efforts to increase its capital ratios and engage in a securities issuance or arrange a merger, acquisition, or sale, or other transaction as required by Sections 1.1, 1.2, and 1.3, including descriptions of any material discussions with potential investor(s), acquiror(s), or merger partner(s), any letters of intent entered into with potential investor(s), acquiror(s), or merger partner(s) and any due diligence performed by potential investor(s), acquiror(s), or merger partner(s).

The Institution must continue to provide status reports required by Section 1.6 until directed otherwise by the Regional Director.

PART II – MANDATORY OPERATING RESTRICTIONS

Section 2.1. Compliance with Mandatory Restrictions.

The Institution must comply with all of the mandatory prompt corrective action provisions set forth in 12 U.S.C. § 1831o and 12 C.F.R. § 565.6 that automatically apply to the Institution based upon the Institution's prompt corrective action capital category. These provisions are set forth as follows:

Undercapitalized Institutions

- A. No capital distributions may be made without the prior written approval of OTS if: (i) the Institution is not adequately capitalized, or (ii) after making the distribution, the Institution would be undercapitalized. 12 U.S.C. § 1831o(d)(1); 12 C.F.R. §§ 565.6(a)(1) and (a)(2)(i).
- B. No management fees may be paid to any person having control of the Institution if: (i) the Institution is not adequately capitalized, or (ii) after making the payment, the Institution would be undercapitalized. 12 U.S.C. § 1831o(d)(2); 12 C.F.R. §§ 565.6(a)(1) and (a)(2)(i).
- C. The Institution may not permit its average total assets during any calendar quarter to exceed its average total assets during the preceding quarter unless (i) OTS has accepted the Institution's capital restoration plan, (ii) the increase in assets is consistent with the plan, and (iii) the Institution's ratio of tangible equity to assets increases during the calendar quarter at a rate sufficient to enable the Institution to become adequately capitalized within a reasonable time. 12 U.S.C. § 1831o(e)(3); 12 C.F.R. § 565.6(a)(2)(iv).
- D. The Institution may not, directly or indirectly, acquire any interest in any company or insured depository institution, establish or acquire any additional branch office, or engage in any new line of business, unless (i) OTS has accepted the Institution's capital restoration plan (plan), the Institution is in compliance with the plan, and OTS determines that the action is consistent with, and will further achievement of the plan, or (ii) the FDIC's Board of Directors approves the action. 12 U.S.C. § 1831o(e)(4); 12 C.F.R. § 565.6(a)(2)(v).
- E. The Institution may not accept, renew, or roll over any brokered deposit and must comply with the restrictions set forth in 12 U.S.C. § 1831f and 12 C.F.R. § 337.6 restricting brokered deposits and interest rates. 12 U.S.C. § 1831f(a); 12 C.F.R. § 337.6(b)(3). 12 C.F.R. § 330.14(h) and OTS Regulatory Bulletin 33a, dated March

13, 1996.

- F. The Institution must file a capital restoration plan acceptable to OTS pursuant to 12 U.S.C. § 1831o(e)(2) and 12 C.F.R. § 565.5.
- G. The Institution must monitor its compliance with the applicable requirements of 12 U.S.C. § 1831o(e) and 12 C.F.R. Part 565.

Significantly Undercapitalized Institutions and Institutions Without Approved Capital Restoration Plans Must Comply With Sections 2.1(A)-(G) Above and the Following Restrictions:

- H. The Institution may not, without OTS's prior written approval (i) pay any bonus to any senior executive officer, or (ii) provide compensation to any senior executive officer exceeding that officer's average rate of compensation (excluding bonuses, stock options, and profit-sharing) during the 12 calendar months preceding the calendar month in which the Institution became undercapitalized. 12 U.S.C. § 1831o(f)(4); 12 C.F.R. § 565.6(a)(3).

Critically Undercapitalized Institutions Must Comply With Sections 2.1(A)-(H) Above and the Following Restrictions:

- I. The Institution may not make any payment of principal or interest on its subordinated debt beginning sixty (60) days after the Institution becomes critically undercapitalized. 12 U.S.C. § 1831o(h)(2)(A); 12 C.F.R. § 565.6(a)(4)(ii).
- J. Without the FDIC's prior written approval, as required by 12 U.S.C. §§ 1831o(h)(1) and (i)(2); 12 C.F.R. § 565.6(a)(4)(i), the Institution may not:
 - 1. Enter into any material transaction other than in the usual course of business, including any investment, expansion, acquisition, sale of assets, or similar action with respect to which the Institution is required to give notice to OTS;
 - 2. Extend credit for any highly leveraged transaction;
 - 3. Amend the Institution's charter or bylaws, except to the extent necessary to carry out any other requirement of any law, regulation or order;
 - 4. Make any material change in accounting methods;
 - 5. Engage in any "covered transaction" with an affiliate, as defined in 12 U.S.C. § 371c(b);
 - 6. Pay excessive compensation or bonuses; or

7. Pay interest on new or renewed liabilities at a rate that would increase the Institution's weighted average cost of funds to a level significantly exceeding the prevailing rates of interest on insured deposits in the Institution's normal market area.

Section 2.2. If the Institution's PCA capital category deteriorates to a lower level, the Institution must comply with the above restrictions, as well as all of the additional mandatory prompt corrective action provisions applicable to its lower PCA capital category.

Section 2.3. If the Institution improves from a lower to a higher PCA capital category, it must continue to comply with the previously applicable mandatory sanctions of the lower category, until such time as approval to cease compliance with the lower category sanctions is requested of, and received from OTS.

Section 2.4. To the degree that any restriction contained in any subsequent Section of this PCA Directive indicates that it is imposed pursuant to 12 U.S.C. § 1831o(f)(2), OTS hereby imposes that restriction pursuant to 12 U.S.C. § 1831o(e)(5), based upon the determination that the restriction is necessary to carry out the purpose of 12 U.S.C. § 1831o because the actions and restrictions increase the likelihood that the Institution's capital restoration efforts will be successful and they will reduce the long-term loss to the Deposit Insurance Fund.

PART III – DISCRETIONARY OPERATING RESTRICTIONS

Section 3.1. Restrictions on Affiliate Transactions and Insider Loans.

- A. The Institution must not engage in any "covered transactions" as defined in 12 U.S.C. § 371c(b)(7). OTS is imposing this restriction, pursuant to 12 U.S.C. §§ 1831o(f)(5) and (i)(2)(E), based upon OTS's determination that the restriction is necessary to carry out the purpose of 12 U.S.C. § 1831o.
- B. The Institution must provide 30-days prior written notice, and opportunity to object, to OTS of any and all proposed transactions with affiliates not otherwise prohibited by Section 3.1A. OTS is imposing this restriction pursuant to 12 U.S.C. § 1831o(f)(2)(B) and 12 C.F.R. § 563.41(e)(3).
- C. The assets, facilities and staff of the Institution must only be used for the benefit of the Institution and must not be shared or otherwise used, directly or indirectly, for the benefit of any affiliate or other company. OTS is imposing this restriction pursuant to the authority at 12 U.S.C. § 1831o(f)(2)(B).
- D. The Institution must not extend any credit to executive officers, directors and principal shareholders. OTS directs this action pursuant to 12 U.S.C. § 1831o(f)(2)(J) and based upon a determination by OTS that such action will better carry out the purposes of 12 U.S.C. § 1831o.

Section 3.2. Restrictions on Activities Posing Excessive Risk.

The Institution's activities are restricted as provided by this Section 3.2. OTS imposes these restrictions pursuant to 12 U.S.C. §§ 1831o(f)(2)(E) and (J), having determined that those activities not permitted pose excessive risk to the Institution in view of its deteriorating financial condition and based upon a determination by OTS that the following action will better carry out the purposes of 12 U.S.C. § 1831o(f), than any other discretionary restrictions.

- A. The Institution's lending and investment activities are restricted as provided by this Section 3.2.
- B. Restricted Activities. Except as permitted by subsection (C) of this Section 3.2, or as may be required by legally binding written commitments of the Institution outstanding on November 3, 2010, the Institution must not directly or indirectly do the following:
 1. Make, invest in, purchase, sell, refinance, extend, deal in (including loan brokering) or otherwise modify, or commit to make, invest in, purchase, sell, refinance, extend, deal in (including loan brokering) or otherwise modify any loan secured by real estate (including, but not limited to, Subprime Loans) or any participation therein or any real estate investment (including, but not limited to, any loan to finance the acquisition, development and/or construction of real property), or any set of such loans, participations, or investments. All marketing and advertising related to loans not permitted herein, including Subprime Loans, must be immediately discontinued;
 2. Make, invest in, purchase, sell, refinance, extend, or otherwise modify, or commit to make, invest in, purchase, sell, refinance, extend, or otherwise modify any commercial loans, letters of credit, participations therein, or any set of such loans, letters of credit, or participations;
 3. Make, invest in, purchase, sell, refinance, extend, or otherwise modify, or commit to make, invest in, purchase, sell, refinance, extend, or otherwise modify any consumer or education loans;
 4. Release any borrower or guarantor from personal or corporate liability on any loan or extension of credit granted by the Institution, except when the outstanding balance of the loan and other outstanding loans to the borrower or guarantor have been paid in full;
 5. Sell, pledge, or exchange any loan secured by real estate, or participation therein, or real estate investment, security, or other asset, or any set of such loans, participations, real estate investments, or securities, or other assets except as may be required pursuant to legally binding commitments, existing, as of November 3, 2010;
 6. Make, or commit to make, any investment in any service corporation, finance

subsidiary, or operating subsidiary, or any subsidiary of a service corporation in real estate or equity securities;

7. Enter into any joint venture or limited partnership agreement, directly or indirectly;
 8. Engage in any forward commitment (except for firm commitments not exceeding 60 days for the purchase of securities of Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), and Government National Mortgage Association (GNMA)), futures transaction, or financial options transaction;
 9. Enter into any contract or agreement for the purchase, sale, or lease of goods, materials, equipment, supplies, services or capital assets, except, however, that this restriction does not apply to contracts or agreements to be entered into in the ordinary course of business where the amount of each contract or agreement does not exceed \$10,000;
 10. Enter into any lease or contract for the purchase or sale of real estate or of any interest therein, except, however, that this restriction does not apply to such leases and contracts to be entered into in the ordinary course of business (including but not limited to contracts for the sale of real estate owned due to foreclosure), where (A) the consideration for the lease does not exceed \$50,000 or (B) the consideration for the sales contract is cash and (i) the funding is not provided by the Institution or (ii) the funding is provided by the Institution through a loan that meets the requirements set forth in Section 3.2.C.1;
 11. Encumber any of its property or other assets, except, however that the Institution may pledge its assets in connection with borrowings necessary to meet liquidity needs;
 12. Incur any material obligation or contingent liability, except as otherwise permitted by this PCA Directive;
 13. Establish any loan production or agency office; or
 14. Accept any non-cash capital contribution.
- C. Permitted Activities. The Institution is permitted to engage in the following lending (including origination) and investment activities, provided that (i) such activities do not cause the Institution to increase its level of total assets to an amount that would violate Section 2.1.C hereof, and/or its capital restoration plan, and (ii) the Institution engages in such activities in a prudent manner:
1. Qualifying Mortgage Loans: Origination of Qualifying Mortgage Loans, as defined in 12 C.F.R. § 567.1, underwritten in accordance with criteria established for

residential loans eligible for purchase by the FHLMC or the FNMA, but excluding any Subprime Lending programs. The term “Qualifying Mortgage Loan” excludes Subprime Loans;

2. Savings Account Loans: Loans fully secured by savings or time deposit accounts over which the Institution establishes proper collateral controls;
3. Guaranteed Loans: Advancement of funds evidenced by notes guaranteed by state or Federal Government guarantees;
4. Lines of Credit on Checking and NOW Accounts: Lines of credit of no more than \$5,000 underwritten in accordance with all applicable OTS regulations, with overdrafts on checking accounts permitted consistent with customary and prudent banking practice;
5. Consumer Loans: Unsecured consumer loans not exceeding \$5,000;
6. Secondary Marketing Sales: Sale of Qualifying Mortgage Loans (within the meaning of Subsection (C)(1) above) in the secondary market without recourse and prudently managed forward commitments in connection therewith;
7. Salvage Power Activities: Acquisition of property in satisfaction of debt previously contracted in connection with the exercise of the Institution’s salvage powers, provided that the Institution may release a guarantor/borrower from personal liability in order to obtain title to real property only if it is able to document that: (i) the current appraised value of the property equals or exceeds the book value of the loan; or (ii) the net value to be gained from further pursuing the borrower/guarantor is de minimus, considering costs of legal action and possible value to be obtained. Any such transactions involving the release of guarantor or borrower from an obligation that results in a deficiency exceeding \$50,000 are subject to prior notice to, and opportunity to object, by OTS; and
8. Liquid Assets: Investments in cash and such other liquid instruments and investments.

Section 3.3. Limits On Deposits From Correspondent Banks.

Pursuant to 12 U.S.C. § 1831o(f)(2)(G), the Institution must not accept deposits, or renewals or roll-overs of prior deposits, from correspondent depository institutions without OTS’s prior written approval.

Section 3.4. Limits on Compensation and Benefits.

Pursuant to 12 U.S.C. §§ 1831o(f)(2)(J), (f)(4), and (f)(5), based upon a determination by OTS that the following restrictions will better carry out the purpose of 12 U.S.C. § 1831o, the

Institution is hereby directed:

- A. Not to provide any compensation or other direct or indirect benefits to directors (which must include directors emeritus or honorary directors for purposes of this Section), officers or employees beyond those determined reasonable and prudent for a capital deficient institution. Such compensation for directors and other employees must be in accordance with 12 C.F.R. § 563.161(b), Appendix A to 12 C.F.R. Part 570, and current OTS guidance;
- B. Not to enter into, modify, or renew any agreement or employment contract with or increase the compensation of or severance pay for any senior executive officer or director of the Institution without OTS's prior written approval;
- C. Not to incur any compensation or benefit expense for items or services that do not have an immediate, direct relationship to the performance of any individual's duties; except for expenses incurred for employee pension/profit sharing/retirement plans and health and medical plans in existence as of the Effective Date of this PCA Directive;
- D. Not to make any "golden parachute payment" as that term is defined in 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359, except in accordance with that statute and regulations; and
- E. Not to purchase any bank owned life insurance without OTS's prior written approval.

The requirements of this Section 3.4 are imposed in addition to the mandatory restrictions imposed on senior executive officers' compensation set forth in Section 2.1.H.

Section 3.5. Other Restrictions Imposed Pursuant to 12 U.S.C. § 1831o(f)(5).

Pursuant to 12 U.S.C. § 1831o(f)(5), and based upon a determination by OTS that the imposition of certain restrictions described in 12 U.S.C. § 1831o(i), is necessary to carry out the purposes of Section 38 of FDIA, the Institution is hereby prohibited from doing any of the following without OTS's prior written consent:

- A. Entering into any material transaction other than in the usual course of business, including any investment, expansion, acquisition, sale of assets, or other similar action with respect to which the Institution is required to provide prior notice to OTS;
- B. Extending credit for any highly leveraged transaction;
- C. Amending the Institution's charter or bylaws, except to the extent necessary to carry out any other requirement of any law, regulation, or order; and
- D. Making any material change in accounting methods.

PART IV – RELIEF FROM RESTRICTIONS

Section 4.1. Process for Exemptions from Restrictions.

- A. The Institution may submit written requests to OTS, requesting OTS to issue a notice of non-objection for the purpose of either relieving the Institution from certain restrictions hereunder, or requesting OTS to provide notice of supervisory non-objection with respect to a particular specifically identified transaction, loan, or investment.
- B. Requests for written notice of OTS’s non-objection to make loans or investments must be accompanied by a resolution of the Board, signed by each individual member of the Board voting in favor of the resolution. All documentation considered by the Board in adopting each such resolution must be explicitly referenced in the minutes of the meeting at which the resolution was adopted and must be made available to OTS representatives upon request.

PART V - GENERAL PROVISIONS

Section 5.1. Jurisdiction.

This PCA Directive constitutes a final order under 12 U.S.C. § 1831o and is enforceable under 12 U.S.C. § 1818(i).

Section 5.2. Definitions.

- A. All technical words or terms used in this PCA Directive, for which meanings are not specified or otherwise provided by the provisions of this PCA Directive, will, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, FDIA, OTS Bulletins, or OTS Examination Handbook. Any such technical words or terms used in this PCA Directive and undefined in Code of Federal Regulations, HOLA, FDIA, OTS Bulletins or OTS Examination Handbook will have meanings that are in accordance with the best custom and usage in the savings and loan industry.
- B. The term “Effective Date” has the meaning set forth in Section 5.10 of this PCA Directive.

Section 5.3. Successor Statutes, Regulations, Guidance Amendments.

Reference in this PCA Directive to provisions of statutes and regulations are deemed to include references to all amendments to such provisions as have been made as of the Effective Date hereof and references to successor provisions as they become applicable.

Section 5.4. Notices.

Except as otherwise provided herein, any request, demand, authorization, direction, notice,

consent, waiver or other document provided or permitted by the PCA Directive to be made upon, given or furnished to, delivered to, or filed with OTS or the Institution must be in writing and sent by first class U.S. mail (or by reputable overnight courier, electronic facsimile transmission, or hand delivery via messenger) addressed as follows:

OTS: Western Region
Office of Thrift Supervision
225 E. John Carpenter Freeway, Suite 500
Irving, Texas 75062-2326
Attn: Vivian Carlton, Assistant Director

Institution: Liberty Federal Savings Bank
401 W. Broadway Avenue
Enid, Oklahoma 73701-3839
Attn.: Board of Directors

Section 5.5. Duration, Termination, or Suspension of the PCA Directive.

- A. The terms and provisions of this PCA Directive will be binding upon the Institution and its successors in interest.
- B. The PCA Directive will remain in effect until terminated, modified or suspended in writing by OTS.
- C. OTS, in its discretion, may, by written notice, suspend any or all provisions of the PCA Directive, except for Section 2.1 (Mandatory Restrictions).

Section 5.6. Effect of Headings.

The Part and Section headings herein are for convenience only and do not affect the construction hereof.

Section 5.7. Separability Clause.

In case any provision in this PCA Directive 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 will not in any way be affected or impaired thereby unless OTS, in its sole discretion, determines otherwise.

Section 5.8. No Violations Authorized; Consequences of PCA Directive.

- A. Nothing in this PCA Directive, including, without limitation, any of the timeframes for actions set forth in Part I, will be construed as: (i) allowing the Institution to violate any law, rule, regulation, or policy statement to which it is subject or (ii) restricting OTS from taking such actions as are appropriate in fulfilling the responsibilities placed upon

it by law, including, without limitation, actions pursuant to 12 U.S.C. § 1831o, or taking any other type of supervisory, enforcement, or resolution action that OTS determines to be appropriate.

- B. OTS's conditional approval of any Capital Restoration Plan does not: (i) constitute approval of contemplated actions or transactions for which a separate application, filing or notification is required prior to engaging in an activity contemplated by the Capital Restoration Plan; (ii) prevent the revocation of conditional approval of the Capital Restoration Plan upon the discovery of other or additional facts that OTS determines warrants such action, including, but not limited to, any material adverse findings disclosed in any examination of the institution or any material change in the assumptions underlying the Plan; (iii) indicate adoption of the institution's assumptions or predictions underlying or set forth in the Capital Restoration Plan, nor do such assumptions or predictions bind OTS; or (iv) prohibit OTS from requiring modifications and/or amendments of the Capital Restoration Plan as OTS determines necessary.

Section 5.9. Other Enforcement Documents.

The Order to Cease and Desist (WN-10-009) issued against the Institution on March 23, 2010, remains in effect. Nothing contained in this PCA Directive will affect or limit OTS's ability to take enforcement action in connection with any violation of the Order to Cease and Desist.

Section 5.10. Effective Date of this PCA Directive.

This PCA Directive (including all the requirements and limitations herein) is effective immediately on the date of issuance of the PCA Directive (Effective Date), which is the date on Page 1 above.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____/s/
Philip A. Gerbick
Regional Director, Western Region