

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: CN 11-23
)	
)	
LIBERTY BANK, FSB)	Effective Date: July 14, 2011
)	
)	
West Des Moines, Iowa)	
OTS Docket No. 15717)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, Liberty Bank, FSB, West Des Moines, Iowa, OTS Docket No. 15717 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, 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 Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. The Association, its directors, officers, employees and agents , shall cease and desist from any action (alone or with others) for or toward causing, bringing about, participating in,

counseling, or the aiding and abetting the unsafe or unsound practices and/or violations of law or regulation that resulted in the Association: (a) operating with an inadequate level of capital protection for the volume, type and quality of assets held by the Association; (b) operating with an excessive level of adversely classified assets; (c) failing to accurately reflect the financial condition of the Association in Thrift Financial Reports; and (d) operating with management whose policies and practices have been detrimental to the Association as described in the OTS Comprehensive Limited Report of Examination dated April 11, 2011 (2011 Limited ROE).

Capital.

2. By September 30, 2011, the Association shall have and maintain: a Tier 1 (Core) Capital Ratio equal to or greater than nine percent (9%) after the funding of an adequate Allowance for Loan and Lease Losses (ALLL) and a Total Risk-Based Capital Ratio equal to or greater than twelve percent (12%).¹

Capital and Business Plan.

3. By August 31, 2011, the Association shall submit to the Regional Director a written plan (Capital and Business Plan) for the period beginning with July 1, 2011 through December 31, 2013 addressing the requirements of this Order and including capital enhancement strategies necessary for the Association to have and maintain capital at the levels prescribed in

Paragraph 2. At a minimum, the Capital and Business Plan shall:

- (a) identify the specific sources and methods by which additional capital will be raised to achieve and maintain the Association's capital at the levels prescribed in Paragraph 2;

¹ The requirement in Paragraph 2 to have and maintain a specific capital level means that the Association may not be deemed to be "well-capitalized" for purposes of 12 U.S.C. §1831o and 12 C.F.R. Part 565, pursuant to 12 C.F.R. §565.4(b)(1)(iv).

- (b) detail the Association's capital preservation and enhancement strategies with specific narrative goals;
- (c) contain operating strategies to improve core earnings;
- (d) include quarterly financial projections (balance sheet and income statement), including Tier 1 (Core) and Total Risk Based Capital Ratios, for the period covered by the Capital and Business Plan;
- (e) identify all relevant assumptions made in formulating the Capital and Business Plan; and
- (f) indicate that all documentation supporting the assumptions and projections in the Capital and Business Plan shall be retained by the Association.

4. Upon receipt of written notice of non-objection from the Regional Director to the Capital and Business Plan, the Board shall promptly approve the Capital and Business Plan, and the Association shall immediately implement and adhere to the Capital and Business Plan. A copy of the Capital and Business Plan shall be provided to the Regional Director within seven (7) days after Board approval.

5. Any material modifications² to the Capital and Business Plan must receive the prior written non-objection of the Regional Director. The Association shall submit proposed material modifications to the Regional Director at least forty-five (45) days prior to implementation.

6. By December 31, 2011, and each December 31st thereafter, the Capital and Business Plan shall be updated and submitted to the Regional Director pursuant to Paragraph 3 above and shall incorporate the Association's budget plan and profit projections for the next two (2) fiscal

² A modification shall be considered material under this Paragraph if the Association (a) plans to engage in any activity that is inconsistent with the Capital and Business Plan; or (b) exceeds the level of any activity contemplated in the Capital and Business Plan by more than ten percent (10%).

years taking into account any revisions to the Association's loan, investment and operating policies.

Capital and Business Plan Variance Reports.

7. Within fifty-five (55) days after the end of each quarter, beginning with the first quarter ending after implementation of the Capital and Business Plan, the Board shall review written quarterly variance reports on the Association's compliance with its Capital and Business Plan (Variance Reports). The minutes of the Board meeting shall fully document the Board's review and discussion. The Variance Reports shall:

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

8. A copy of each Variance Report shall be provided to the Regional Director within seven (7) days after the Board meeting at which it was reviewed and discussed.

Contingency Plan.

9. Within fifteen (15) days after: (a) the Association fails to meet the capital requirements prescribed in Paragraph 2; (b) the Association fails to comply with the Capital and Business Plan prescribed in Paragraph 3; or (c) any written request from the Regional Director, the Association shall submit a written contingency plan (Contingency Plan) that is acceptable to the Regional Director.

10. 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 with, or acquisition by, another federally insured depository institution or holding company thereof; or (b) voluntary dissolution by filing an appropriate application with the OTS in conformity with applicable laws, regulations and regulatory guidance.

11. Upon receipt of written notification from the Regional Director, the Association shall immediately implement and adhere to the Contingency Plan. The Association shall provide the Regional Director with written status reports detailing the Association's progress in implementing the Contingency Plan by no later than the first (1st) and fifteenth (15th) of each month following implementation of the Contingency Plan.

Problem Assets.

12. By August 31, 2011, the Association shall submit to the Regional Director a detailed, written plan with specific strategies, targets and timeframes to reduce³ the Association's level of problem assets⁴ (Classified Asset Reduction Plan). The Classified Asset Reduction Plan, at a minimum, shall include:

- (a) quarterly targets for the level of classified assets as a percentage of Tier 1 (Core) capital plus ALLL;
- (b) a description of the methods for reducing the Association's level of classified assets to the established targets; and
- (c) all relevant assumptions and projections based on a best-case scenario, a worst-case scenario, and a most probable case scenario, and documentation supporting such assumptions and projections.

³ For purposes of this Paragraph, "reduce" means to collect, sell, charge off, or improve the quality of an asset sufficient to warrant its removal from adverse criticism or classification.

⁴ The term "problem assets" shall include all classified assets and assets designated as special mention.

13. Upon receipt of written notification from the Regional Director that the Classified Asset Reduction Plan is acceptable, the Board shall promptly approve the Classified Asset Reduction Plan, and the Association shall immediately implement and adhere to the Classified Asset Reduction Plan. The Board's review of the Classified Asset Reduction Plan shall be documented in the Board meeting minutes.

14. By August 31, 2011, the Association shall develop individual written specific workout plans (Asset Workout Plans) for each Problem Asset or group of Problem Assets to any one borrower or loan relationship of Two Million Dollars (\$2,000,000.00) or greater .

15. Within fifty-five (55) days after the end of each quarter, beginning with the quarter ending June 30, 2011, the Association shall submit a quarterly written asset status report (Quarterly Asset Report) to the Board. The Board's review of the Quarterly Asset Report shall be documented in the Board meeting minutes. The Quarterly Asset Report shall include, at a minimum:

- (a) the current status of all Asset Workout Plans;
- (b) the ratio of classified assets to Tier 1 (Core) capital plus ALLL;
- (c) a comparison of classified assets at the current quarter end with the preceding quarter;
- (d) a breakdown of classified assets by type and risk factor
- (e) an assessment of the Association's compliance with the Classified Asset Reduction Plan;
- (f) a discussion of the actions taken during the preceding quarter to reduce the Association's level of classified assets; and
- (g) any recommended revisions or updates to the Classified Asset Reduction Plan.

16. Within sixty (60) days after the end of each quarter, a copy of the Quarterly Asset Report shall be provided to the Regional Director.

Restriction on Lending.

17. Effective immediately, the Association shall not extend, directly or indirectly, without prior written non-objection from the Regional Director, any additional credit to, or for the benefit of, any borrower who has loan(s) or other extension(s) of credit from the Association that in the aggregate have an unpaid principal amount exceeding Two Million Dollars (\$2,000,000) if one or more loan or loans is a Problem Asset. The Association's expenses incurred in connection with its real estate owned, including in-substance foreclosures, are not covered by this Paragraph.

18. Effective immediately, the Association shall not extend any credit to a borrower to facilitate the sale of real estate owned, without the prior written non-objection of the Regional Director, where the loan amount exceeds Two Million Dollars (\$2,000,000).

19. Effective immediately, the Association shall not extend, directly or indirectly, any additional credit to or for the benefit of any borrower who has loans with the Association that are adversely classified as "Substandard" or "Doubtful" unless prior to extending such additional credit whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Board or a designated committee thereof, who shall certify in writing:

- (a) the reasons why the extension of such credit is in the best interests of the Association using current underwriting information, such as updated borrower financial information and a current appraisal, if applicable; and
- (b) that an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

The signed certification shall be made a part of the minutes of the meeting of the Board or designated committee with a copy retained in the borrower's credit file. The Association's expenses incurred in connection with its real estate owned, including in-substance foreclosures, are not covered by this Paragraph.

Concentrations of Credit.

20. By August 31, 2011, the Association shall revise its written program for identifying, monitoring, and controlling risks associated with concentrations of credit (Credit Concentration Program) to ensure that it is acceptable to the Regional Director and addresses all corrective actions set forth in the June 28, 2010 Comprehensive Report of Examination relating to concentrations of credit. The Credit Concentration Program shall comply with all applicable laws, regulations and regulatory guidance and shall:

- (a) establish comprehensive concentration limits expressed as a percentage of Tier 1 (Core) Capital plus allowance for loan and lease losses (ALLL), and document the appropriateness of such limits based on the Association's risk profile;
- (b) establish stratification categories of the Association's concentrations of credit, such as land loans, construction loans, income property loans, nonresidential real estate loans, commercial loans, and establish enhanced risk analysis, monitoring, and management for each stratification category;
- (c) contain specific review procedures and reporting requirements, including written reports to the Board, designed to identify, monitor, and control the risks associated with concentrations of credit and periodic market analysis for the various property types and geographic markets represented in its portfolio; and

(d) contain a written action plan, including specific time frames, for bringing the Association into compliance with its concentration of credit limits.

21. Upon receipt of written notification from the Regional Director that the Credit Concentration Program is acceptable, the Board shall promptly approve the Credit Concentration Program, and the Association shall immediately implement and adhere to the Credit Concentration Program. The Board's review of the Credit Concentration Program shall be documented in the Board meeting minutes.

22. Within fifty-five (55) days after the end of each quarter, beginning with the quarter ending June 30, 2011, the Board shall review the appropriateness of the Association's concentration limits given current conditions and the Association's compliance with its Credit Concentration Program including the written action plan to revise the current level of concentrations. The Board's review of the Association's Credit Concentration Program shall be documented in the Board meeting minutes.

Liquidity Management.

23. By August 31, 2011, the Association shall revise its liquidity and funds management policy (Liquidity Management Policy) to address all corrective actions set forth in the 2011 Limited ROE relating to liquidity and funds management. The Liquidity Management Policy shall comply with all applicable laws, regulations and regulatory guidance.

24. The Liquidity Management Policy shall include a Contingency Funding Plan, which shall, at a minimum, include:

(a) alternative funding sources for meeting extraordinary demands or to provide liquidity in the event the sources identified are insufficient. Such alternative funding sources must consider, at a minimum, the selling of assets, obtaining secured lines of

credit, recovering charged-off assets, injecting additional equity capital, and the priority of their implementation; and

(b) retention of investment securities and other identified categories of investments that can be liquidated or pledged in a reasonably short period of time and at minimal expense to the Association in amounts sufficient (as a percentage of the Association's total assets) to ensure the maintenance of the Association's liquidity position at a level consistent with short- and long-term liquidity objectives.

25. By August 31, 2011, the Association shall submit its Liquidity Management Policy to the Regional Director for review and comment. Upon receipt of written notification from the Regional Director that the Liquidity Management Policy is acceptable, the Board shall promptly approve the Liquidity Management Policy and the Association shall implement and adhere to the Liquidity Management Policy. The Board's review of the Liquidity Management Policy shall be documented in the Board meeting minutes.

26. Effective immediately, the Association shall submit to the Regional Director written assessments of its current liquidity position (Liquidity Report) pursuant to a schedule to be established by the Regional Director.

The Liquidity Report shall be acceptable to the Regional Director and, at a minimum, include:

- (a) cash on hand;
- (b) a maturity schedule of certificates of deposit, including, but not limited to, large uninsured deposits and brokered deposits;
- (c) the volatility of demand deposits, including escrow deposits;
- (d) a schedule of all funding obligations, including money market accounts, unfunded loan commitments, outstanding lines of credit and outstanding letters of credit;

- (e) a listing of funding sources, including federal funds sold; unpledged assets and assets available for sale; and borrowing lines by lender, including original amount, remaining availability, type and book value of collateral pledged, terms, and maturity date, if applicable;
- (f) an analysis of the continuing availability and volatility of present funding sources;
- (g) an analysis of the impact of decreased cash flow from the Association's loan portfolio resulting from delinquent and non-performing loans; and
- (h) an analysis of the impact of decreased cash flow from the sale of loans or loan participations.

27. Within five (5) days of receipt of communication from a Federal Home Loan Bank, Federal Reserve Bank, correspondent bank, or government agency with collateralized public unit deposits regarding changes in the Association's borrowing and/or collateral requirements, the Association shall notify the Regional Director of such communication.

Management Study.

28. By August 31, 2011, the Association shall retain an independent third-party, acceptable to the Regional Director, to conduct a management study as outlined in Paragraph 29 (Management Study).

29. In light of the Association's risk profile and activities, the Management Study shall, at a minimum, include:

- (a) assessment of the skills and experience possessed by the current members of the Board in connection with the Association's risk profile and activities;
- (b) assessment of the Board's independence and fulfillment of its oversight function;
- (c) assessment whether the capabilities of the Board as a whole would be enhanced

through the addition of persons with particular skills and experience;

- (d) assessment of the Board's succession plan;
- (e) establishment of minimum qualifications for directors of the Association;
- (f) development of an education plan for the Board that identifies the training to be provided, which shall include training relating to a director's fiduciary responsibilities and the provision of information necessary to perform director responsibilities as contained in regulatory guidance;
- (g) assessment of the current Senior Executive Officers,⁵ the Association's organizational structure, and staffing levels of the Association;
- (h) identification of present and future staffing requirements for each business line of the Association commensurate with the Association's Business Plan;
- (i) evaluation of the performance of the Association's current Senior Executive Officers and members of the Board , including an assessment of whether compensation is commensurate with job duties and responsibilities in compliance with 12 C.F.R. § 563.161(b);
- (j) establishment of quantitative and qualitative standards by which the effectiveness of Senior Executive Officers will be measured; and
- (k) assessment of the adequacy of communication between Senior Executive Officers and the Board, and of the quality and timeliness of reports to the Board.

30. By November 15, 2011, the Management Study shall be completed and forwarded simultaneously to the Board and to the Regional Director.

⁵ The term "Senior Executive Officer" is defined at 12 C.F.R. § 563.555.

Violations of Law.

31. By August 31, 2011, the Association shall ensure that all violations of law and/or regulation discussed in the 2011 Limited ROE are corrected and that adequate policies, procedures and systems are established or revised and thereafter implemented to prevent future violations.

Growth.

32. Effective immediately, the Association shall not increase its total average assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the prior quarter without the prior written non-objection of the Regional Director.

Golden Parachute Payments.

33. Effective immediately, the Association shall not make any golden parachute payment⁶ unless, with respect to such payment, the Association has complied with the requirements of 12 C.F.R. Part 359.

Directorate and Management Changes.

34. Effective immediately, the Association 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.

Employment Contracts and Compensation Arrangements.

35. Effective immediately, the Association shall not enter into any new contractual arrangement or renew, extend, or revise any contractual arrangement relating to compensation or benefits for any director or Senior Executive Officer of the Association, unless it first provides the Regional Director with not less than thirty (30) days prior written notice of the proposed

⁶ The term “golden parachute payment” is defined at 12 C.F.R. § 359.1(f).

transaction. The notice to the Regional Director 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 director or Senior Executive Officer, including all benefits and perquisites. The Board shall ensure that any contract, agreement, or arrangement submitted to the Regional Director 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.

Third Party Contracts.

36. Effective immediately, the Association shall not enter into any arrangement or contract with a third party service provider that is significant to the overall operation or financial condition of the Association⁷ or outside the Association's normal course of business unless, with respect to each such contract, the Association has: (a) provided the Regional Director with a minimum of thirty (30) days prior written notice of such arrangement or contract and a written determination that that the arrangement or contract complies with the standards and guidelines set forth in OTS Thrift Bulletin 82a; and (b) received written notice of non-objection from the Regional Director.

Brokered Deposits.

37. Effective immediately, the Association shall comply with the requirements of 12 C.F.R. § 337.6(b). The Association shall provide to the Regional Director a copy of any waiver request submitted to the Federal Deposit Insurance Corporation.

⁷ A contract will be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two percent (2%) of the Association's total capital, where there is a foreign service provider, or where it involves information technology that is critical to the Association's daily operations without regard to the contract amount.

Dividends and Other Capital Distributions.

38. Effective immediately, the Association shall not declare or pay dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 563.141, without receiving the prior written approval of the Regional Director in accordance with applicable regulations and regulatory guidance. The Association's written request for approval shall be submitted to the Regional Director at least thirty (30) days prior to the anticipated date of the proposed declaration, dividend payment or distribution of capital.

Transactions with Affiliates.

39. Effective immediately, the Association shall not engage in any new transaction with an affiliate unless, with respect to each such transaction, the Association has complied with the notice requirements set forth in 12 C.F.R. § 563.41(c)(4), which shall include the information set forth in 12 C.F.R. § 563.41(c)(3). The Board shall ensure that any transaction with an affiliate for which notice is submitted pursuant to this Paragraph, complies with the requirements of 12 C.F.R. § 563.41 and Regulation W, 12 C.F.R. Part 223.

Effective Date, Incorporation of Stipulation.

40. 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.

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

Time Calculations.

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

43. The Regional Director or an OTS authorized representative may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

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

45. 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, email or hand delivery by messenger) addressed as follows:

(a) **To the OTS:**

Regional Director
Office of Thrift Supervision
One South Wacker Drive, Suite 2000
Chicago, Illinois 60606
Facsimile: (312) 917-5001

(b) **To the Association:**

Chairman of the Board and President
Liberty Bank, FSB
6400 Westown Parkway
West Des Moines, Iowa 50266
Facsimile: (515) 223-8555

Courtesy Copy to:

John Rathjen
President & CEO
Liberty Bank, FSB
6400 Westown Parkway
West Des Moines, Iowa 50266
Facsimile: (515) 223-8555

Transfer Date

46. Following the Transfer Date, *see* Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. Law No. 111-203, § 311, 124 Stat. 1520 – 21 (2010), all submissions, requests, communications, consents or other documents relating to this Order shall be directed to the Comptroller of the Currency, or to the individual, division, or office designated by the Comptroller of the Currency.

Successors and Assigns.

47. All references to the OTS in this Memorandum shall also mean any of the OTS’s predecessors, successors, and assigns.

No Violations Authorized.

48. Nothing in this Order or the Stipulation shall be construed as allowing the Association, 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

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: CN 11-23
)	
)	
LIBERTY BANK, FSB)	Effective Date: July 14, 2011
)	
)	
West Des Moines, Iowa)	
OTS Docket No. 15717)	
_____)	

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 Bank, FSB, West Des Moines, Iowa, OTS Docket No. 15717 (Association) that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association 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 association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the 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 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the 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.

3. Based on a limited examination of the Association dated April 11, 2011 (2011 Limited ROE), the OTS finds that the Association has engaged in unsafe or unsound banking practices and/or violations of law or regulation, that resulted in the Association: (a) operating with an inadequate level of capital protection for the volume, type and quality of assets held by the Association; (b) operating with an excessive level of adversely classified assets; (c) failing to accurately reflect the financial condition of the Association in Thrift Financial Reports; and (d) operating with management whose policies and practices have been detrimental to the Association as described in the 2011 Limited ROE.

Consent.

4. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association 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.

5. 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.

6. The Association 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.

7. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association, or any institution affiliated party, 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.

8. The Association 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 7 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association 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.

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

10. 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.

11. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

12. 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.

13. 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.

14. 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.

15. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association 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.

WHEREFORE, the Association, by its directors, executes this Stipulation.

LIBERTY BANK, FSB
West Des Moines, Iowa

Accepted by:
Office of Thrift Supervision

_____/s/
William A. Krause, Chairman

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

_____/s/
John Rathjen, Director

Date: See Effective Date on page 1

_____/s/
Dennis N. Folden, Director

_____/s/
Mathias P. Manning, Director

_____/s/
Brett J. Nuckolls, Director

_____**RESIGNED**
Michael E. Sarno, Director

_____/s/
James S. Swift, Director