FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of	)	
	)	**ORDER TO**
ALLIANT BANK	)	**CEASE AND DESIST**
SEDGWICK, KANSAS	)	
	)	**FDIC-07-102b**
	)	
(Insured State Nonmember Bank)	)	
	)	

Alliant Bank, Sedgwick, Kansas, (“Bank”), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law and regulation alleged to have been committed by the Bank, as well as of its right to a hearing on the charges under section 8(b) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. §1818(b), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST (“CONSENT AGREEMENT”) dated June 22, 2007, with counsel for the Federal Deposit Insurance Corporation (“FDIC”), whereby solely for the purpose of this proceeding and without admitting or denying any charges of unsafe or unsound banking practices and violations of law and regulation, the Bank consented to the issuance of an ORDER to CEASE AND DESIST (“ORDER”) by the FDIC.

The FDIC considered the matter and determined that it had reason to believe that the Bank had engaged in unsafe and unsound banking practices and violations of law and regulation. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from the following unsafe or unsound banking practices and violations of law and regulation:

A. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

B. Operating with a board of directors that has failed to provide adequate supervision over and direction to the management of the Bank.

C. Operating with an inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held.

D. Engaging in hazardous lending and lax collection practices, including, but not limited to:

(1) the failure to obtain proper loan documentation;

(2) the failure to obtain adequate collateral;

(3) the failure to establish and monitor collateral margins of secured borrowers;

(4) the failure to obtain current and complete financial information;

(5) the extension of credit with inadequate diversification of risk; and

(6) the extension of credit without adequate analysis of borrower repayment capacity.

E. Operating with an excessive level of adversely classified loans or assets, and delinquent and non-accrual loans.

F. Operating with excessive interest rate risk.

G. Operating with an inadequate loan policy.

H. Operating with an inadequate liquidity in light of the Bank’s assets and liability mix.

I. Operating with an inadequate funds management policy.

J. Violating laws and regulations, including:

(1) the real estate appraisal requirements of Part 323 of the FDIC Rules and Regulations, 12 C.F.R. Part 323; and

(2) the credit and collateral documentation requirements of K.A.R. 17-11-18.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. Qualified Management.

(a) Within 120 days from the effective date of this ORDER, the Bank shall have qualified management, including a chief executive officer and a number and type of senior officers appropriate to the size and complexity of the Bank. They shall have the requisite knowledge, skills, ability, and experience to operate the Bank in a safe and sound manner and in compliance with applicable laws and regulations, as well as to restore the Bank to a satisfactory financial condition. Their focus shall include, but not be limited to, capital adequacy, asset quality, management effectiveness, earnings, liquidity, and sensitivity to market risk. Each member of management shall be provided appropriate written authority from the board of directors to implement the provisions of this ORDER.

(b) For purposes of this paragraph, to have “qualified management,” Bank shall add at least one senior executive officer, whose responsibilities shall include:

(i) assisting in strategic planning;

(ii) managing the Bank’s lending function and administering the Bank’s portfolio of purchased loans; and

(iii) assisting the Bank’s compliance with the ORDER.

(c) Immediately, and periodically during the life of this ORDER, but no less frequently than annually, management shall be assessed on its ability to:

(i) comply with the requirements of this ORDER, all applicable State and Federal laws and regulations, FDIC and FFIEC policy statements and the Bank’s approved policies and procedures; and

(ii) restore and thereafter maintain the Bank in a safe and sound condition, including, but not limited to, capital adequacy, asset quality, earnings, management effectiveness, liquidity, and sensitivity to market risks.

2. **Changes in Board of Directors and/or Senior Officers.** The Bank shall notify the Regional Director and the Kansas State Bank Commissioner (“Commissioner”) in writing of any resignations and/or terminations of any members of its board of directors and/or any of its senior officer(s) within 15 days of the event. The Bank shall also establish procedures to ensure compliance with section 32 of the FDI Act, 12 U.S.C. § 1831i, and Subpart F of Part 303 of the FDIC’s Rules and Regulations, 12 C.F.R. §§ 303.100 through 303.103. The Bank shall notify the Regional Director and the Commissioner in writing when it proposes to add any individual to the Bank’s board of directors or employ any

individual as a senior executive officer. The notification must be received at least 30 days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual(s) to be added or employed.

3. Formulation and Adoption of Business/Strategic Plan.

(a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and adopt a comprehensive business/strategic plan covering at least an operating period of three years. The plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written strategic plan shall address short-term goals and operating plans to comply with the terms of this ORDER and correct all regulatory criticisms; intermediate goals and project plans; and, long-range goals and project plans. In addition, the plan shall address, at a minimum:

(i) strategies for pricing policies and asset/liability management;

(ii) the anticipated average maturity and average yield on loans and securities; the average maturity and average cost of deposits; the level of earning assets as a percentage of total assets; and, the ratio of net interest income to average earning assets;

(iii) the dollar volume of total loans, total investment securities, and total deposits;

(iv) plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(v) goals for reducing problem loans;

(vi) plans for attracting and retaining qualified individuals to fill vacancies in the lending and accounting functions;

(vii) financial goals, including pro forma statements for asset growth, capital adequacy, and earnings; and

(viii) formulation of a mission statement and the development of a strategy to carry out that mission.

(c) The Bank shall submit the strategic plan to the Regional Director and the Commissioner for review and comment. Within 30 days of receipt of all such comments from the Regional Director and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and follow the strategic plan.

4. Minimum Capital Requirements.

(a) The Bank shall maintain the following minimum capital levels (as defined in part 325 of the FDIC’s Rules and Regulations), after establishing an adequate allowance for loan and lease losses:

(i) Tier 1 capital at least equal to 8 percent of total assets;

(ii) Tier 1 risk-based capital at least equal to 6 percent of total risk-weighted assets; and

(iii) Total risk-based capital at least equal to 10 percent of total risk-weighted assets.

(b) In addition, the Bank shall comply with the FDIC's Statement of Policy on Risk-Based Capital found in Appendix A to Part 325 of the FDIC Rules and Regulations, 12 C.F.R. Part 325, App. A.

(c) In the event any capital ratio prescribed in this part falls below the established minimum, the Bank shall immediately notify the Regional Director and the Commissioner and shall within 30 days:

(i) increase capital in an amount sufficient to comply with this provision; or

(ii) submit a capital plan to achieve compliance with this provision within 90 days.

5. <u>Dividend Restriction</u>.

While this ORDER is in effect, the Bank shall not declare or pay any cash dividends without the prior written approval of the Regional Director and the Commissioner.

6. <u>Charge-off of Adversely Classified Assets</u>.

(a) Within 10 days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" in the FDIC and State's Report of Examination dated January 29, 2007, ("Report of Examination") that have not been previously collected or charged off.

(b) Elimination or reduction of assets through proceeds of other loans made by the Bank is not considered collection for purposes of this provision.

7. **Maintenance of Allowance for Loan and Lease Losses**.

(a) Within 30 days from the date of this ORDER, the board of directors shall make a provision which will replenish the allowance for loan and lease losses ("allowance") for the loans charged off as a result of the Report of Examination and reflect the potential for further losses in the remaining loans or leases classified "Substandard" and "Doubtful" in the Report of Examination as well as all other loans and leases in its portfolio.

(b) The board of directors shall reflect the provisions required in paragraph 7(a) of this ORDER in the Bank's Report of Condition and Report of Income for the calendar quarter ending December 31, 2006.

(c) Within 90 days from the effective date of this ORDER, the board shall establish a comprehensive policy and methodology for determining the appropriateness of the allowance. The policy shall provide for a review of the allowance at least once each calendar quarter and be completed at least 30 days prior to the end of each quarter in order that the results of the review conducted by the Board may be properly reported in the quarterly Reports of Condition and Income. Such review shall, at a minimum, include the following:

(i) the Federal Financial Institutions Examination Council's Instructions for the Reports of Condition and Income, the Interagency Policy Statement on Allowance for Loan and Lease Losses, the Interagency Policy Statement on Allowance for Loan and Lease Losses (ALLL) Methodologies and Documentation for Banks and Savings Associations, and any analysis of the Bank’s allowance provided by the FDIC and the Commissioner;

(ii) the volume and mix of the overall loan portfolio, including trends in the portfolio mix by loan type and geography, trends in the severity of nonperforming or delinquent loans, trends in the severity of weaknesses in extensions of credit identified as “Special Mention” and adversely classified in the latest Report of Examination;

(iii) previous loan loss experience by loan type, including the level, trends, and severity of overdrafts, trend of net charge-offs as a percent of average loans over the past several years, as well as an analysis of net charge-offs experienced on previously adversely classified loans;

(iv) the degree of risk associated with renewed and extended loans;

(v) the volume, trend, rate, and duration of loan growth;

(vi) the results of internal loan reviews;

(vii) concentrations of credit and significant individual credits;

(viii) present economic conditions, generally and locally; and

(ix) any other factors appropriate in determining future allowances, including changes in the Bank’s strategic plan, and loan products and markets.

(d) A deficiency in the allowance shall be remedied in the calendar quarter in which it is discovered by a charge to current operating earnings prior to any Tier 1 capital determinations required by this ORDER and prior to the Bank's submission of its Report of Condition and Report of Income. The board shall thereafter maintain an appropriate allowance.

(e) The Bank shall submit the policy to the Regional Director and the Commissioner for review and comment. Within 30 days from receipt of any comment from the Regional Director and the Commissioner, and after due consideration of any recommended changes, the Bank shall approve the policy, which approval shall be recorded in the minutes of the board of directors' meeting.

8. Reduction of Adversely Classified Assets.

(a) Within 60 days from the effective date of this ORDER, the Bank shall develop and complete a written plan to reduce the Bank's risk exposure in each asset in excess of $50,000 classified "Substandard" or "Doubtful" in the Report of Examination. For purposes of this provision, "reduce" means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by the FDIC and the Commissioner. In developing the plan mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified loan or lease, review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position.

(b) The Bank shall submit the plan to the Regional Director and the Commissioner for review and comment. Within 30 days from receipt of any comment from the Regional Director and the Commissioner, and after due consideration of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the plan.

(c) In addition, the plan mandated by this provision shall also include, but not be limited to, the following:

(i) a schedule for reducing the outstanding dollar amount of each adversely classified asset, including dates for achieving the reduced dollar amounts (at a minimum, the schedule for each adversely classified asset must show its expected dollar balance on a quarterly basis);

(ii) specific action plans intended to reduce the Bank’s risk exposure in each classified asset;

(iii) a schedule showing, on a quarterly basis, the expected consolidated balance of all adversely classified assets, and the ratio of the consolidated balance to the Bank’s projected Tier 1 capital plus the allowance for loan and lease losses;

(iv) a provision for the Bank’s submission of monthly written progress reports to its board of directors; and

(v) a provision mandating board review of the progress reports, with a notation of the review recorded in the minutes of the meeting of the board of directors.

9. Restrictions on Advances to Adversely Classified Borrowers.

(a) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit or obligation with the Bank that has been, in whole or in part, charged off or classified “Substandard,” “Doubtful,” or "Loss" in the Report of Examination and is uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing, after collecting in cash all interest and fees due from a borrower, any credit already extended to the borrower.

(b) Paragraph 9(a) of this ORDER shall not apply if the Bank's failure to extend further credit to a particular borrower would be detrimental to the best interests of the Bank. Prior to extending additional credit pursuant to this paragraph, whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Bank's board of directors, or a designated committee thereof, who shall conclude and fully document in its minutes that:

(i) the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, with an explanation of why it would be detrimental;

(ii) that the extension of such credit would improve the Bank's position, with an explanation of why the Bank’s position would improve; and

(iii) an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

(c) The board of directors' conclusions and approval shall be made a part of the minutes of the board meeting, with a copy retained in the borrower's credit file.

10. Correction of Technical Exceptions.

(a) Within 60 days from the effective date of this ORDER, the Bank shall correct the exceptions listed on the "Assets with Credit Data or Collateral Documentation Exceptions" pages of the Report of Examination. For any exception that cannot be corrected, the Bank shall document the reasons for such failure in the borrower's credit file, and the board of directors shall review and include the documentation in the board minutes.

(b) Progress reports detailing each outstanding exception and the Bank's plan for corrective action shall be submitted to the board for review during each regularly scheduled meeting. The report shall be made part of, and the review noted in, the board's minutes.

11. Reduction of Special Mention Assets.

Within 60 days from the effective date of this ORDER, the Bank shall develop a plan to correct all deficiencies in the assets listed for "Special Mention." The Bank shall immediately submit the plan to the Regional Director and the Commissioner for review and comment. Within 30 days from receipt of any comments from the Regional Director and the Commissioner and after due consideration of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of the board of directors' meeting. Thereafter, the Bank shall implement and fully comply with the plan.

12. **Concentration of Credit.**

(a) Within 60 days from the effective date of this ORDER, the Bank shall develop and submit a written plan to the Regional Director and the Commissioner for systematically reducing and monitoring the Bank's portfolio of loans to or for the benefit of any borrowers (the "concentration plan") as listed in the Concentrations section of the Report of Examination, to an amount which is commensurate with the Bank's business strategy, management expertise, size, and location. At a minimum, the plan shall include:

(i) dollar levels and percent of capital to which the Bank shall reduce each concentration;

(ii) time frames for achieving the reduction in dollar levels identified in response to (i) above;

(iii) provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the board of directors; and

(iv) procedures for monitoring the Bank's compliance with the plan.

(b) The Bank shall submit the concentration plan to the Regional Director and the Commissioner for review and comment. Within 30 days of receipt of all such comments from the Regional Director and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the board of directors. Thereafter, the Bank shall implement and fully comply with the concentration plan.

(c) The Bank shall not make any new extensions or commitments of credit to or for the benefit of any borrower or associate entities so long as such extension or commitment would result in the Bank exceeding any limit contained in the concentration plan.

13. <u>Implementation of Loan Policy</u>.

(a) Within 90 days from the effective date of this ORDER, and annually thereafter, the board of directors of the Bank shall review the Bank's loan policies and procedures for adequacy and, based upon this review, shall make all appropriate revisions to the policies and procedures necessary to strengthen the Bank's asset quality and lending functions and to prevent further deterioration. As required by this paragraph, the Bank's loan policies shall be enhanced to include, at a minimum, the following:

(i) Identify the general fields of lending in which the Bank will engage, the types and kinds of loans and collateral considered desirable, and the types and kinds of loans and collateral considered undesirable;

(ii) Require a determination that loan officers have the necessary expertise to make, monitor, and service the types and kinds of loans that will be assigned to them, and that appropriate supervision by a qualified loan officer will be provided if the assigned loan officer does not possess the necessary expertise;

(iii) Establish review and monitoring procedures to ensure that all lending personnel are adhering to established lending procedures, and that the directorate is receiving timely and fully documented reports on loan activity, including reports that identify deviations from established policy and the loan officers responsible for the deviations;

(iv) Designate the Bank’s normal trade area;

(v) Require that for all extensions of credit originated or renewed by the Bank, including loans purchased from a third party (loan participation):

1. have a clearly defined and stated purpose;
2. have a predetermined and realistic repayment source and schedule, including secondary source of repayment;
3. are supported by complete loan documentation, including lien searches, perfected security interests, and collateral valuations;
4. are supported by current financial information, profit and loss statements or copies of tax returns, and cash flow projections, which information shall be maintained throughout the term of the loan; and
5. are otherwise in conformance with the Bank’s lending policies and procedures.

(vi) Establish for all commercial real estate loans, whether made directly or as a loan participation, standards for underwriting and loan administration, including:

1. standards for the borrower’s level of investment, equity, net worth, cash flow, and debt service; and
2. standards for the borrower’s conduct during the life of the loan, including the use of interest reserves, unit sales, and inventory controls, inspections during construction, lien waivers from subcontractors, disbursements, certificates of occupancy, performance bonds, and compliance with local codes.

(vii) Address concentrations of credit and diversification of risk, including goals for portfolio mix, establishment of limits within loan and other asset categories, and development of a tracking and monitoring system for the economic and financial condition of specific geographic locations, industries, and groups of borrowers;

(viii) Require strict guidelines for out-of-territory loans which, at a minimum, include an aggregate limitation on such loans, require complete credit documentation, and require approval by a majority of the board of directors prior to disbursement of funds, including a written explanation of why such loans are in the best interest of the Bank;

(ix) Require that collateral appraisals be completed prior to making secured extensions of credit, and define the circumstances and time frames under which subsequent collateral valuations will be performed;

(x) Establish review and monitoring procedures for compliance with the FDIC’s appraisal regulation, 12 C.F.R. Part 323;

(xi) Require a written plan to lessen the risk position in each line of credit identified as a problem credit on the Bank’s internal loan watch list;

(xii) Require the board of directors’ review and monitoring of the status of repayment and collection of overdue and maturing loans, as well as all loans classified “Substandard” and “Doubtful” in Regulatory Reports of Examination; and

(xiii) Prohibit extending the maturity date, advancing additional credit, or renewing a loan to a borrower whose obligations to the Bank were classified “Substandard,” “Doubtful,” or “Loss” whether in whole or in part, in Regulatory Reports of Examination, without the full collection in cash of accrued and unpaid interest, unless the loans are well secured and/or are adequately supported by current and complete financial information, and the extension or renewal has first been approved in writing by a majority of the Bank’s board of directors.

(b) The Bank shall submit the revised policy to the Regional Director and the Commissioner for review and comment. Within 30 days from receipt of any comment from the Regional Director and the Commissioner, and after due consideration of any recommended changes, the Bank shall approve the policy, with its approval recorded in the minutes of the board of directors’ meeting. Thereafter, the Bank shall implement and fully comply with the policy.

14. <u>Profit and Budget Plan</u>.

(a) Within 60 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the board of directors shall develop and fully implement a written profit plan consisting of goals and strategies, consistent with sound banking practices, and taking into account the Bank’s other written plans, policies, or other actions as required by this ORDER. The profit plan and any subsequent modification thereto shall be submitted to the Regional Director and the Commissioner for review and comment. No more than 30 days after the receipt of any comment from the Regional Director and the Commissioner, the board of directors shall approve the profit plan which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall fully implement the profit plan and any subsequently approved modification. The written profit plan shall include, at a minimum:

(i) identification of the major areas in and means by which the board of directors will seek to improve the Bank's operating performance;

(ii) specific goals to improve the net interest margin, increase interest income, reduce discretionary expenses, and improve and sustain earnings, as well as maintain adequate provisions to the allowance for loan and lease losses;

(iii) realistic and comprehensive budgets for all categories of income and expense items;

(iv) a description of the operating assumptions that form the basis for, and adequately support, material projected revenue and expense components; and

(v) coordination of the Bank’s loan, investment, funds management, and operating policies, strategic plan, and allowance for loan and lease loss methodology with the profit and budget planning.

15. Funds Management Policy.

(a) Within 60 days from the effective date of this ORDER, the Bank shall review its written funds management policy and amend as necessary. The Bank shall submit the policy, and any future modifications, to the Regional Director and the Commissioner for review and comment. Within 30 days of receipt of all such comments from the Regional Director and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised policy, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the policy.

(b) Annually, the Bank shall review this policy for adequacy and make necessary revisions to the policy. At a minimum, the policy shall:

(i) provide for the establishment of an asset/liability committee and define its membership, responsibilities and authorities, minimum frequency of meetings, reporting from management, and reporting to the board;

(ii) identify personnel responsible for the funds management functions within the Bank;

(iii) provide a statement of the Bank’s long-term and short-term liquidity needs and plans for insuring that such needs are met;

(iv) provide for the periodic review of the Bank’s deposit structure. Include the volume and trend of total deposits and the volume and trend of the various types of deposits offered, the maturity distribution of time deposits, rates being paid on each type of deposit, rates being paid by trade area competition, caps on large time deposits, public funds, out-of-area deposits, and any other information needed;

(v) establish target liquidity and dependency ratios and/or parameters;

(vi) provide for a periodic calculation to measure the liquidity posture. Review performance with established liquidity ratio targets. Review compliance with required legal reserves;

(vii) provide for a periodic calculation to determine the extent to which the Bank is funding long-term assets with short-term liabilities;

(viii) establish parameters for use, volume, and maturities of borrowings;

(ix) in conjunction with the Bank’s lending activities, determine which types of loans are permitted and desirable, the desired mix among different types of loans, the volume of loans compared to total deposits and total loans, upcoming loan maturities, and loan commitments outstanding;

(x) review possible alternative sources of funds and address their use. Establish lines of credit and test accessibility on a periodic basis, but no less frequently than annually; and

(xi) establish contingency plans by identifying alternative courses of action designed to meet the Bank’s liquidity needs.

(c) Further, the policy shall include guidelines for the following:

(i) measures designed to control the nature and amount of the Bank’s interest rate risk, including those that specify risk limits and define lines of responsibilities and authority for managing risk;

(ii) a system for identifying and measuring interest rate risk, including a periodic calculation to measure interest rate risk exposure at various time horizons, and establish target ratios;

(iii) establish goals and strategies for reducing and managing the Bank’s interest rate risk exposure;

(iv) a system for monitoring and reporting risk exposure; and

(v) a system of internal controls, reviews, and audit to ensure the integrity of the overall risk management process.

16. Brokered Deposits.

(a) Upon the effective date of this ORDER, and so long as this ORDER is in effect, the Bank shall not accept, renew, or rollover any brokered deposits without the prior approval of the Regional Director and the Commissioner.

(b) Within sixty (60) days of the effective date of this ORDER, the Bank shall submit a written plan for eliminating its brokered deposits to the Regional Director and the Commissioner. The plan shall detail the current composition of brokered deposits by maturity and explain the means by which such deposits will be paid. The Bank shall submit the plan to the Regional Director and the Commissioner for review and comment. Within 30 days of receipt of all such comments from the Regional Director and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the plan. For purposes of this ORDER, brokered deposits are defined in section 337.6(a)(2) of the FDIC Rules and Regulations to include any deposits funded by third-party agents or nominees for depositors, including deposits managed by a trustee or custodian when each individual beneficial interest is entitled to or asserts a right to federal deposit insurance.

17. Elimination and/or Correction of Violations of Laws, Rules, and Regulations.

Within 30 days after the effective date of this ORDER, the Bank, consistent with sound banking practices, shall:

(a) Eliminate and/or correct all violations of laws, rules, and regulations cited on the “Violations of Laws and Regulations” pages in the Report of Examination. In addition, within 60 days from the effected date of this ORDER, the Bank shall adopt and implement appropriate procedures to ensure future compliance with all applicable laws, rules and regulations.

(b) Eliminate and/or correct all contraventions of policy cited on the “Violations of Laws and Regulations” pages in the Report of Examination. In addition, within 60 days from the effective date of this ORDER, the Bank shall adopt and implement appropriate procedures to ensure future compliance with all applicable policies; and

(c) Document each violation or policy contravention that cannot be eliminated or corrected, and why, for review by the board of directors. The board’s review, discussion, and any action upon the uncorrected violations or policy contravention shall be recorded in its minutes.

18. Program for Monitoring Bank’s Compliance with the ORDER.

Within 60 days from the effective date of this ORDER, the board of directors shall adopt and implement a program that will provide for monitoring of the Bank’s compliance with this ORDER.

19. Disclosure of ORDER to Shareholders.

Following the effective date of this ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this ORDER, (i) in conjunction with the Bank’s next shareholder communication, and (ii) in conjunction with its notice or proxy statement preceding the Bank’s next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington D.C. 20429 for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

20. Progress Reports.

(a) No later than October 30, 2007, the Bank shall furnish written progress reports to the Regional Director and the Commissioner detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. Such written progress reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER, including at a minimum:

(i) description of the identified weaknesses and deficiencies;

(ii) provisions of the ORDER pertaining to each weakness and deficiency;

(iii) actions taken or in-process pertaining to each weakness and deficiency;

(iv) results of the corrective actions taken;

(v) the Bank's status of compliance with each provision of the ORDER; and

(vi) appropriate supporting documentation.

(b) Additional progress reports shall be provided upon the written request of the Regional Director or Commissioner.

Issued Pursuant to Delegated Authority.

Dated: 6/28/07

By:

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Thomas J. Dujenski
Deputy Regional Director