

FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.

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In the Matter of	)	
	)	
QUALITY BANK	)	ORDER TO CEASE AND DESIST
FINGAL, NORTH DAKOTA	)	
	)	
(Insured State Nonmember Bank)	)	FDIC-07-279b
	)	

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Quality Bank, Fingal, North Dakota ("Bank"), having been advised of its rights 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 February 5, 2008, 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 level of capital protection for the kind and quality of assets held and/or appropriate to the risk inherent in the activities engaged in by the Bank.
- D. Operating with an inappropriate allowance for loans and lease losses for the volume, kind, and quality of loans and

leases held, and/or failing to make provisions for an appropriate allowance for possible loan and lease losses.

- E. 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 establish and enforce adequate loan repayment programs;
  5. the failure to obtain current and complete financial information;
  6. the extension of credit with inadequate diversification of risk; and
  7. other poor credit administration practices.
- F. Operating with an inadequate loan policy.
- G. Operating with inadequate liquidity in light of the Bank's assets and liability mix.
- H. Operating with an inadequate asset/liability and/or funds management policy.
- I. Operating with inadequate internal routines and controls.
- J. Operating with an inadequate audit program.

- K. Failing to keep accurate books and records.
- L. Violating laws and regulations, including the information collection requirements of section 103.121(b)(2)(i)(A) of the U.S. Treasury Department's Financial Recordkeeping Regulations, 13 C.F.R. § 103.121(b)(2)(i)(A).

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 180 days from the effective date of this ORDER, the Bank shall have qualified management, including a chief executive officer and a senior loan officer, with the requisite knowledge, skills, ability, and experience, giving consideration to the size and complexity of the Bank, to operate the Bank in a safe and sound manner, and in compliance with applicable laws and regulations, and restore the Institution to a satisfactory financial condition, including, but not limited to, capital adequacy, asset quality, management effectiveness, earnings, liquidity, sensitivity to market risk, information technology, and Bank Secrecy Act/Anti-Money Laundering compliance. Each member of management shall be provided appropriate written

authority from the Institution's board of directors to implement the provisions of this ORDER.

(b) Within 120 days from the effective date of this ORDER, the Bank will adopt a management succession plan.

## **2. Assessment of Management.**

(a) Within 30 days from the effective date of this ORDER, the board of directors shall engage an independent third party acceptable to the Regional Director of the FDIC ("Regional Director") and the Commissioner of the North Dakota Department of Financial Institutions ("Commissioner") and that possesses appropriate expertise and qualifications to analyze and assess the Bank's management and staffing performance and needs, including the need for both a chief executive officer and a senior loan officer.

(b) The engagement shall require that the analysis and assessment shall be summarized in a written report to the board of directors ("Management Report").

(c) Within 30 days of receipt of the Management Report, the board of directors shall develop a written Management Plan that incorporates the findings of the report, a plan of action in response to each recommendation contained in the Management Report, and a time frame for completing each action. At a minimum, the Management Plan shall:

(i) identify the type and number of officer and staff positions, in addition to a chief executive officer and a senior loan officer, needed to manage, supervise, and carry out the affairs of the Bank, detailing any vacancies or additional needs and giving appropriate consideration to the size and complexity of the Bank;

(ii) present a clear and concise description of the relevant knowledge, skills, abilities, and experience necessary for each position, including delegations of authority and performance objectives;

(iii) evaluate the current and past performance of all existing Bank officers and staff members, indicating whether the individuals are competent and qualified to perform present and anticipated duties, adhere to the Bank's established policies and practices, and operate the Bank in a safe and sound manner;

(iv) identify and establish Bank committees needed to provide guidance and oversight to management;

(v) establish a plan to terminate, rotate, or reassign officers and staff as necessary, as well as recruit and retain qualified personnel consistent with the board's analysis and assessment of the Bank's staffing needs;

(vi) identify training and development needs, and incorporate a plan to provide such training and development; and

(vii) contain a current organizational chart that

identifies all existing and proposed staff and officer positions.

(d) Within 90 days from the effective date of this Order, a copy of the Management Report and Management Plan shall be submitted to the Regional Director and the Commissioner for review and comment. Within 20 days from receipt of any comment from the Regional Director and the Commissioner, and after due consideration of any recommended changes, the board of directors shall approve the Management Plan and document the approval in the board meeting minutes. Thereafter, the Bank and its directors, officers, and employees shall implement and fully comply with the Management Plan.

**3. Changes in Board of Directors and/or Senior Officers.**

During the life of this ORDER, the Bank shall notify the Regional Director and the 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. In addition, 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.

**4. Addition of an Independent Member of the Board of Directors.**

Within 180 days from the effective date of this ORDER, the Bank shall add one new independent member to its board of directors. The addition of any new director required by this paragraph may be accomplished, to the extent permissible by state statute or the Bank's by-laws, by means of appointment or election at a regular or special meeting of the Bank's shareholders. The Bank shall cause its articles of incorporation or by-laws or other governing corporate instrument to be amended to reflect the action required by this paragraph.

**5. Accuracy and Maintenance of Board of Directors Minutes.**

The board of directors shall take action to ensure that complete and accurate minutes of board and committee meetings are maintained; that the minutes adequately address the areas covered in this ORDER; and that management reports are sufficient to provide the board with timely and adequate



information necessary for making business decisions on the basis of fully informed and meaningful deliberation.

**6. Minimum Capital Requirements.**

(a) Within 30 days of the effective date of this ORDER, the Bank shall achieve and 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) Leverage ratio of at least 7 percent;

(ii) Total risk-based capital ratio of at least 10 percent; and

(iii) Such additional capital to offset the risk in any subprime loans in accordance with paragraph 10 of this ORDER.

(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 amount falls below the minimums required by paragraph 6(a), the Bank shall notify the Regional Director and the Commissioner and shall, within 30 days, increase capital in an amount sufficient to comply with this provision.

7. **Dividend and Management Fee Restriction.**

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

8. **Charge off of Adversely Classified Assets and Contingent Liabilities.**

(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 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.

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

(a) Within 10 days from the date of this ORDER, the Bank's 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 most recent Report of Examination and reflect the potential for further losses in the remaining loans or leases classified "Substandard" or listed for

Special Mention in the Report of Examination, as well as all other loans and leases in its portfolio.

(b) 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 which shall 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 reviews 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 Statement of Policy on the Allowance for Loan and Lease Losses, other applicable regulatory guidance that addresses the appropriateness of the Bank's allowance, 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 and prospective economic conditions, generally and locally;

(ix) off-balance sheet credit risks; and

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

(c) 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.

(d) 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. Thereafter, the Bank shall implement and fully comply with the policy.

**10. Restrictions on "Subprime Loans".**

(a) The Bank shall revise its written policies and procedures to comply with the March 4, 1999, Interagency Guidelines on Subprime Lending and the January 31, 2001, Expanded Guidance for Subprime Lending Programs (Financial Institution Letters 20-99 and 9-2001), collectively "the Subprime Guidance."

(b) At a minimum, the Bank's revised policies and procedures shall include the following:

(i) notwithstanding anything contained in the Subprime Guidance to the contrary, an absolute prohibition against making any new subprime loans;

(ii) procedures to review, identify, and segregate the subprime loans in accordance with the Subprime Guidance;

(iii) timely review, analysis and documentation of the dollar amounts needed in the Bank's allowance for loan and lease losses and in regulatory capital to support the Bank's existing subprime loan portfolio;

(iv) minimum credit standards and loan review and loan classification guidelines;

(v) a requirement that any deviations from the written lending policies and procedures shall require the prior approval of the board of directors;

(vi) a requirement that all modifications, extensions and renewals of subprime loans must be reviewed by the board of directors on a monthly basis;

(vii) a requirement that delinquencies and charge-offs are reported to the board of directors on a monthly basis;

(viii) the collection procedures to be taken by the Bank when subprime borrowers fail to make timely payments; and

(ix) requirements for obtaining, maintaining and reviewing complete and current credit files on each subprime borrower before any loan is modified, extended, or renewed.

(c) Within 45 days from the effective date of this ORDER, the Bank shall submit the revised policies and procedures 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 policies and procedures, with its approval recorded in the minutes of the board of directors' meeting. Thereafter, the Bank shall implement and fully comply with the policies and procedures.

**11. Reduction of Special Mention Assets.**

Within 45 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" in the Report of Examination. 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 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 board meeting minutes. Thereafter, the Bank shall implement and fully comply with the plan.

**12. 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 12(a) 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 institution and the Bank's board of directors approves the loan and supports its action in the board minutes. Prior to extending additional credit pursuant to this paragraph, whether in the form of a renewal, extension, or further advance of funds, the board of directors must conclude and fully document in its written 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) 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 loan approval shall be made a part of the minutes of the board meeting, with a copy retained in the borrower's credit file.

**13. Correction of Technical Exceptions.**

(a) Within 90 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 borrowers' credit file, and the board of directors shall review and include the documentation in the board minutes.

(b) The Bank shall ensure that all necessary supporting documentation is obtained and evaluated before any credit or loan is extended.

**14. Implementation of Independent Loan Review Program.**

(a) Within 120 days of the effective date of this ORDER, the board shall develop a program of independent loan review that will provide for a periodic review of the Bank's loan portfolio and the identification and categorization of problem credits. At a minimum, the system shall provide for:

(i) prompt identification of loans with credit weaknesses that warrant the special attention of management,

including the name of the borrower, amount of the loan, reason why the loan warrants special attention, and assessment of the degree of risk that the loan will not be fully repaid according to its terms;

(ii) action plans to reduce the Bank's risk exposure from each identified relationship;

(iii) identification of trends affecting the quality of the loan portfolio, potential problem areas, and action plans to reduce the Bank's risk exposure;

(iv) assessment of the overall quality of the loan portfolio;

(v) monitoring the balances of loans for which the Bank has sold participations;

(vi) identification of credit and collateral documentation exceptions and an action plan to address the identified deficiencies;

(vii) identification and status of violations of laws, rules, or regulations with respect to the lending function and an action plan to address the identified violations;

(viii) identification of loans that are not in conformance with the Bank's lending policy and an action plan to address the identified deficiencies; and

(ix) a mechanism for reporting periodically, but in no event less than quarterly, the information developed in (i)

through (viii) above to the board of directors. The report should also describe the action(s) taken by management with respect to problem credits.

(b) The Bank shall submit the program 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 program, which approval shall be recorded in the minutes of the board of directors meeting. Thereafter, the Bank shall implement and fully comply with the program.

**15. Implementation of Loan Policy.**

(a) Within 120 days from the effective date of this ORDER, and annually thereafter, the board of directors 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. As required by this paragraph, the Bank's loan policies shall be enhanced to include, at a minimum, provisions that address the deficiencies listed in the Report of Examination.

(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 board meeting minutes. Thereafter, the Bank shall implement and fully comply with the policy.

**16. Other Assets Policy.**

(a) Within 60 days from the effective date of this ORDER, the Bank shall formulate a written policy governing the Bank's Other Assets portfolio. At a minimum, the policy shall set forth requirements for accounting, documentation, independent evaluations or valuations, resale terms, and orderly elimination of "other assets" from the Bank's books.

(b) 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. Thereafter, the Bank shall implement and fully comply with the policy.

**17. Internal Audit Program.**

(a) Within 90 days from the effective date of this ORDER, the Bank shall develop an internal audit program that establishes procedures to protect the integrity of the Bank's operational and accounting systems, and the operational and accounting systems of the Bank's wholly-owned subsidiary. At a minimum, the program shall conform to the Interagency Policy Statement on the Internal Audit Function and its Outsourcing and provide procedures to test the validity and reliability of operating systems, procedural controls, and resulting records. In addition, the program shall provide for monthly reports of audit findings from the internal auditor directly to the board of directors and for the board's consideration of these reports. The minutes of the meetings of the board of directors shall reflect consideration of these reports and describe any discussion or action taken as a result thereof.

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

**18. Internal Routine and Control Deficiencies.**

(a) Within 90 days from the date of this ORDER, the board of directors shall develop a plan to correct the internal routine and control deficiencies detailed in the Report of Examination and to prevent the recurrence of any deficiencies noted.

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

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

(a) Within 90 days from the effective date of this ORDER, the Bank, consistent with sound banking practices, shall eliminate and/or correct all violations of laws, rules, and regulations cited in the Report of Examination. In addition, within 30 days from the effective date of this ORDER, the Bank shall adopt and implement appropriate procedures to ensure future compliance with all applicable laws, rules, and regulations.

(b) Within 90 days after the effective date of this ORDER, the Bank, consistent with sound banking practices, shall eliminate and/or correct all contraventions of policy cited in the Report of Examination. In addition, within 90 days from the effective date of this ORDER, the Bank shall adopt and implement appropriate procedures to ensure future compliance with all applicable policies.

(c) The Bank shall document each violation or policy contravention that cannot be eliminated or corrected, and why, for review by the board of directors at its next monthly meeting. The board's review, discussion, and any action upon the uncorrected violation or policy contravention shall be recorded in the board meeting minutes.

**20. Profit and Budget Plan.**

Within 120 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:

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

(b) 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; and

(c) a budget review process to monitor the revenue and expenses of the Bank whereby actual performance is compared against budgetary projections not less than quarterly, recording the results of the evaluation and any actions taken by the Bank in the minutes of the board of directors meeting at which such evaluation is undertaken.

**21. Funds Management Policies and Plans.**

Within 90 days from the effective date of this ORDER, the Bank shall review and amend its written funds management



policies and plans to address the deficiencies detailed in the Report of Examination. The Bank shall submit the policies and plans, 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 due consideration of all such comments, the Bank shall approve the revised policies and plans, which approval shall be recorded in the board meeting minutes.

Thereafter, the Bank shall implement and fully comply with the policies and plans.

**22. Reports of Condition and Income.**

(a) Within 30 days from the effective date of this ORDER, the Bank shall review all Consolidated Reports of Condition and Income filed with the FDIC on and after September 30, 2007, and shall amend and file with the FDIC amended Consolidated Reports of Condition and Income, in accordance with the Reports of Condition and Income Instructions, which accurately reflect the financial condition of the Insured Institution as of the date of each such Report. Amended Reports of Condition and Income are to be filed if previously submitted reports contain significant errors as dictated by the Instructions for Preparation of Consolidated Reports of Condition and Income.

(b) In addition, the Bank shall file with the FDIC Consolidated Reports of Condition and Income that accurately reflect the financial condition of the Bank for each calendar quarter during the existence of this ORDER. In particular, such Reports shall incorporate any adjustment in the Bank's books made necessary or appropriate as a consequence of any State or FDIC examination of the Bank during that reporting period, to include:

(i) provision for loan losses and an allowance for loan and lease losses which are adequate considering the condition of the Bank's loan portfolio;

(ii) the elimination from the Bank's books of any asset in compliance with this ORDER; and

(iii) other restatements as detailed in the State or FDIC examination of the Bank, or as required under this ORDER.

**23. Program for Monitoring Bank's Compliance with Order.**

Within 30 days from the effective date of this ORDER, the board of directors shall adopt and implement a program providing for monitoring of the Bank's compliance with this ORDER.

**24. 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 Regional Director and 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.

**25. Progress Reports Detailing Compliance with Order.**

(a) Within 30 days of the end of the first quarter following the effective date of this ORDER, 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) actions taken or in-process for addressing each deficiency;

(ii) results of the corrective actions taken;

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

(iv) appropriate supporting documentation.

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

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC.

Issued Pursuant to Delegated Authority

Dated: February 7, 2008.

By:

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Stephen P. Gaddie  
Acting Deputy Regional Director  
Kansas City Regional Office