

AGREEMENT BY AND BETWEEN
Charter West National Bank
West Point, Nebraska
and
The Comptroller of the Currency

Charter West National Bank, West Point, Nebraska (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has determined that the Bank has engaged in unsafe and unsound banking practices relating to its credit underwriting, credit administration, and management of liquidity and interest rate risk.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

Article I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

Assistant Deputy Comptroller
Omaha Field Office
13710 FNB Parkway, Suite 110
Omaha, Nebraska 68154

Article II

COMPLIANCE COMMITTEE

(1) Within thirty (30) days of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors of which at least two (2) must not be an employee of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller.

(2) The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Agreement and shall meet at least monthly.

(3) By no later than October 31, 2008, and by the end of every calendar month thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Agreement;
 - (b) actions taken to comply with each Article of this Agreement; and
 - (c) the results and status of those actions.
- (4) The Board shall provide a summary report of the progress reached in attaining compliance with each Article of this Agreement to the Assistant Deputy Comptroller within ten (10) days of each calendar quarter end.

Article III

DIVIDEND RESTRICTIONS

- (1) Effective immediately, the Bank shall only declare dividends:
- (a) when the Bank is in compliance with its approved capital program;
 - (b) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
 - (c) with the prior written approval from the Assistant Deputy Comptroller, which shall be granted or denied within thirty (30) days of the receipt of a dividend request from the Bank.

Article IV

COMMERCIAL REAL ESTATE LOAN STAFFING

(1) Within thirty (30) days of this Agreement, the Board shall take the necessary steps to appoint a Senior Credit Officer with the knowledge, skills, and abilities necessary to correct the Bank's deficiencies in Commercial Real Estate ("CRE") underwriting and monitoring, and reach and maintain compliance with Article V.

(2) The individual appointed to the Senior Credit Officer position shall be vested with sufficient executive authority to develop and implement appropriate credit risk management

policies, procedures, and systems necessary to correct the Bank's deficiencies in CRE underwriting and monitoring and reach and maintain compliance with Article V.

(3) Prior to the appointment or employment of the Senior Credit Officer, or entering into any contract with any person for this position, the Board shall submit the names and qualifications of the individual and the proposed terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(4) The Deputy Comptroller shall have the power to disapprove the appointment of the proposed officer. However, the lack of disapproval of such individual shall not constitute an approval or endorsement.

(5) If the Senior Credit Officer position described in this Article becomes vacant in the future, the Board shall, within ninety (90) days of such vacancy, employ, appoint, or designate a capable person to the vacant position who shall be vested with the authority and responsibilities outlined in Paragraph (3) of this Article.

(6) If the Board is unable to appoint a qualified candidate within the timeframe set forth above, the Board shall provide documentation of its efforts to locate such a candidate to the Assistant Deputy Comptroller. Thereafter, the Board shall provide quarterly reports to the Assistant Deputy Comptroller summarizing its continuing efforts to locate such candidates.

Article V

COMMERCIAL REAL ESTATE RISK MANAGEMENT

(1) Within sixty (60) days of this Agreement, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a written program (including appropriate revisions to policies and procedures) designed to manage the risk in the Bank's commercial real estate ("CRE") loan portfolio in accordance with the

guidelines in OCC Bulletin 2006-46, Concentration in Commercial Real Estate Lending, Sound Risk Management Practices (dated December 6, 2006), Deputy Comptroller Kay Kowitt's letters dated December 12, 2005, October 5, 2007, and April 17, 2008, and the Commercial Real Estate and Construction Lending, A-CRE, of the *Comptroller's Handbook*, that, at a minimum, includes:

- (a) the establishment of an overall CRE reduction strategy, to include CRE concentration limits stratified by type, locality and other meaningful measures;
- (b) monthly monitoring of concentration reports that stratify the CRE portfolio by product type, locality and other meaningful measures;
- (c) strategies and procedures to reduce CRE concentrations to conform with established limits set in Subparagraph (a) of this Article;
- (d) portfolio-level multi-factor stress testing and/or sensitivity analysis to quantify the impact of changing economic conditions on asset quality, earnings, and capital;
- (e) significant individual loan stress testing and/or sensitivity analysis to quantify the impact of changing economic conditions on asset quality, earnings, and capital;
- (f) the establishment of Loan Policy CRE underwriting standards by CRE type that include specific requirements relating to:
 - (i) maximum loan amount and maturity by type of property;
 - (ii) approval authorizations;
 - (ii) minimum file documentation and analysis;

- (iii) minimum requirements for initial investment and maintenance of hard equity;
- (iv) minimum standards for borrower net worth, property cash flow/debt service, collateral coverage, and guarantor support;
- (v) minimum standards for the acceptability, and limits of soft cost and/or interest reserve financing;
- (vi) maximum amortization periods and minimum principal curtailment for CRE and construction projects that are not meeting original projections; and
- (vii) procedures for loan closing and disbursement processes, including the supervised disbursement of construction loan proceeds;
- (g) requirements to ensure participations purchased are consistent with sound banking practices, guidelines set forth in Banking Circular 181 (Revised), dated August 2, 1984, and the requirements of 12 C.F.R. Part 34;
- (h) maintenance of proper collateral margins in loans made for the purpose of constructing or developing real estate, including but not limited to, procedures for ensuring that:
 - (i) periodic, meaningful, well-documented, inspections are performed on all construction projects;
 - (ii) draws requests are advanced in accordance with construction progress and budget;
 - (iii) documentation of project completion versus amount advanced is maintained;

- (iv) lien waivers are obtained from contractors and sub-contractors; and
 - (v) borrower's hard equity is tracked by project.
- (i) standards for when CRE loan policy exceptions are appropriate, what factors should exist to mitigate exceptions, and how the level and trend of exceptions should be tracked and reported to the Board;
 - (j) standards for appraisal ordering and review processes in accordance with Article VII;
 - (k) standards to ensure CRE loans are appropriately risk rated in accordance with Article IX; and
 - (l) identification and reporting to the Board of aggregate loans that exceed supervisory loan-to-value limits at least quarterly.
- (2) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the program, policies and procedures required by this Article.
- (3) At least quarterly, the Board shall submit a written assessment of the Bank's progress in reaching compliance with the policies and procedures required by this Article to the Assistant Deputy Comptroller.

Article VI

CREDIT UNDERWRITING AND ADMINISTRATION

- (1) Effective as of the date of this Agreement, the Board shall ensure that all lending officers comply with all laws, rules, regulations, Bank policies and procedures, safe and sound banking practices, and fiduciary duties.

(2) Effective as of the date of this Agreement, the Bank may not grant, extend, renew, alter or restructure any loan or other extension of credit above \$100,000 without:

- (a) documenting the specific reason or purpose for the extension of credit;
- (b) identifying the expected source of repayment in writing;
- (c) structuring the repayment terms to coincide with the expected source of repayment;
- (d) obtaining current and satisfactory credit information, including performing and documenting analysis of credit information and a detailed cash flow analysis of all expected repayment sources;
- (e) determining and documenting whether the loan complies with the Bank's Loan Policy and if it does not comply, providing identification of the exception and ample justification to support waiving the policy exception;
- (f) making and documenting the determinations made regarding the customer's ability to repay the credit on the proposed repayment terms;
- (g) providing an accurate risk assessment grade as further described in Article VI; and
- (h) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable.

(3) Within sixty (60) days of this Agreement, the Board shall take the necessary steps to obtain current and satisfactory credit information on all loans above \$100,000 lacking such information, including those listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

(4) Within sixty (60) days of this Agreement, the Board shall ensure proper collateral documentation is maintained on all loans above \$100,000 and correct each collateral exception for any loan above \$100,000 listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

Article VII

APPRAISAL AND EVALUATION PROCESS

(1) Within sixty (60) days of this Agreement, the Board shall revise, adopt, implement and thereafter ensure Bank adherence to a written program of policies and procedures designed to ensure the Bank obtains appraisals in compliance with USPAP, 12 C.F.R. Part 34, Advisory Letter 2003-9, and OCC Bulletin 2005-6, to include at a minimum:

- (a) the ordering of appraisals, independent of the lending function;
- (b) the use of Board approved appraisers only;
- (c) expectations regarding the selection of comparable sales, and when income or cost analysis should be used for income producing properties;
- (d) the establishment and implementation of a policy requiring a meaningful review, independent of the lender, of all appraisals to include analysis commensurate with the type, size and complexity of the property being appraised; and
- (e) the establishment of a tickler system for tracking appraisals ordered, received, returned, and reviewed.

Article VIII

PROBLEM LOAN MANAGEMENT

(1) Effective as of the date of this Agreement, the Board shall take immediate and continuing action to protect its interest in those assets criticized in the ROE, in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) The Board's compliance with Paragraph (1) of this Article shall include the development of procedures for the monthly submission and review of problem asset reports for all criticized credit relationships totaling \$100,000 or above, that require, at a minimum, analysis and documentation of the following:

- (a) an identification of the expected sources of repayment;
- (b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable as well as other necessary documentation to support the collateral valuation;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;
- (d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment;
- (e) trigger dates for positive borrower actions or for loan officers to reassess the strategy and enact collection plans; and
- (f) for criticized relationships of \$100,000 or above that were made for the purpose of constructing or developing CRE, the reports shall also include:

- (i) the initial scheduled maturity date of the loan, number of extensions and/or renewals, and current maturity date;
- (ii) project development status;
- (iii) a comparison of development costs to the budgeted amount;
- (iv) a comparison of sales activity to the original sales projections;
- (v) current market conditions and activity;
- (vi) amount of initial interest reserve and the amount of any subsequent additions to the reserve;
- (vii) an assessment of the borrower's global cash flow;
- (viii) an assessment of the guarantor's ability to support the project; and
- (ix) any other significant information relating to the project.

(3) Effective as of the date of this Agreement, the Bank may not extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions exceed \$100,000, unless each of the following conditions is met:

- (a) the Board or a designated committee thereof finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the Board or a designated committee thereof approves the credit extension and documents in writing, the reasons that such extension is necessary to promote the best interests of the Bank; and

- (b) the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

Article IX

CREDIT RISK RATINGS AND NONACCRUAL RECOGNITION

- (1) Within thirty (30) days of this Agreement, the Board shall develop a program to ensure that the risk associated with the Bank's loans is properly reflected and accounted for on the Bank's books and records, to include, at a minimum, provisions requiring that:
 - (a) the Bank's loans and other assets are appropriately and timely risk rated and charged-off by the lending officers using a loan grading system that is based upon current facts, existing repayment terms and that is consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook*;
 - (b) the Bank's loans and other assets are timely placed on nonaccrual by the lending officers in accordance with the guidelines set forth in the Call Report;
 - (c) loan officers are accountable for failing to appropriately and timely risk rate and/or place loans on nonaccrual; and
 - (d) consideration of loan officer failure to properly risk rate and/or place loans on nonaccrual in periodic performance reviews and compensation.

Article X

EXTERNAL LOAN REVIEW

- (1) Within sixty (60) days of this Agreement, the Board shall employ a qualified consultant to perform an ongoing asset quality review of the Bank's Commercial Real Estate

portfolio. The consultant shall be utilized until such time as an ongoing internal asset quality review system is developed by the Board, implemented, and demonstrated to be effective. The external loan review system shall provide for a written report to be filed with the Board after each review and shall use a loan and lease grading system consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the Comptroller's Handbook. Such reports shall, at a minimum, include comments and conclusions regarding:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) the identification and amount of delinquent and nonaccrual loans;
- (c) the identification/status of credit related violations of law or regulation;
- (d) credit and collateral documentation exceptions; and
- (e) loans not in conformance with the Bank's lending policies.

(2) Prior to the appointment or employment of any individual as loan review consultant or entering into any contract with any consultant, the Board shall submit the name and qualifications of the proposed consultant and the proposed scope and terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. After the OCC has advised the Bank that it does not take supervisory objection to the loan review consultant or the scope of the review, the Board shall immediately engage the loan review consultant pursuant to the proposed terms of the engagement.

(3) The Board or a designated committee shall review the independent loan review reports and ensure that, if appropriate, immediate, adequate, and continuing remedial action, is taken upon the findings noted in the reports.

(4) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits, shall be maintained in the books and records of the Bank.

(5) The Bank shall not terminate the consultant's asset quality review services without a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

Article XI

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days of this Agreement, the Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses ("Allowance") and shall establish a program for the maintenance of an appropriate Allowance. This review and program shall be designed to meet Generally Accepted Accounting Principles and regulatory guidance set forth in FAS 5, FAS 114, OCC Bulletin 2001-37, OCC Bulletin 2006-47, and the "Allowance for Loan and Lease Losses" booklet of the *Comptroller's Handbook*, and shall focus particular attention on the following factors:

- (a) trends in the Bank's internal risk ratings, delinquent and nonaccrual loans;
- (b) results of the Bank's external loan review;
- (c) an estimate of inherent loss exposure as well as the Bank's expected and historical loan loss experience;
- (d) concentrations of credit in the Bank, present and prospective economic conditions; and
- (e) applicable experience of the Bank's lending staff (with particular emphasis on the CRE lending staff).

(2) The program shall provide for a review of the Allowance by the Board at least once each calendar quarter. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Call Report, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

Article XII

FUNDS MANAGEMENT

(1) Within sixty (60) days of this Agreement, the Board shall take the necessary steps to ensure the Bank maintains liquidity at a level that is sufficient to sustain the Bank's current operations and to withstand any anticipated or extraordinary demand against its funding base and to control the Bank's interest rate risk, to include at a minimum:

- (a) measures to increase and maintain sufficient on-balance sheet liquidity;
- (b) measures to ensure the Bank places limited reliance upon non-core funding sources, including brokered deposits, credit-sensitive wholesale borrowings, and certificates of deposits greater than \$100,000;
- (c) the establishment of additional back-up funding sources;
- (d) a sources and uses of funds report to assist with monitoring the funds flow in the Bank that, at a minimum, includes:
 - (i) a maturity schedule of certificates of deposit, including large uninsured deposits;
 - (ii) the volatility of demand deposits including escrow deposits;
 - (iii) the amount and type of loan commitments and standby letters of credit;

- (iv) an analysis of the continuing availability and volatility of present funding sources; and
- (v) geographic disbursement of and risk from brokered deposits;
- (e) interest rate risk reporting that compares the Bank's rate risk profile to limits established by the Board;
- (f) training or the addition of knowledgeable staff to ensure that all personnel involved in funds management, including senior management, understand, document, and are capable of making periodic adjustments, as needed, to the assumptions used in the Bank's interest rate risk model and in the Bank's management of liquidity risk; and
- (g) a contingency funding plan that forecasts funding needs and funding sources under a stressed scenario and should:
 - (i) represent management's best estimate of balance sheet changes that may result from a liquidity or credit event;
 - (ii) identify, quantify, establish, and rank all sources of funding by preference for the various scenarios including asset side funding; liability side funding and off-balance sheet funding; and
 - (iii) ensure that administrative policies and procedures are consistent with the Board's guidance and risk tolerances.

(2) The Board shall take appropriate action to ensure adequate sources of liquidity in relation to the Bank's needs. Monthly reports shall set forth liquidity requirements and sources and establish a contingency plan.

(3) The Board shall submit a copy of the revised program required by this Article to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(4) After the OCC has advised the Bank that it does not take supervisory objection to the revised program required by this Article, the Board shall immediately implement, and shall thereafter ensure adherence to, the terms of the program.

Article XIII

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) follow up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of

any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

Signed

10-3-08

Troy L. Thornton
Assistant Deputy Comptroller
Omaha Field Office

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of

Directors of the Bank, have hereunto set their hands on behalf of the Bank.

<u>/s/</u> Stephen Bell <u>/s/</u>	<u>10-3-08</u> Date 10/3/08
<u>Kevin Larson</u> <u>/s/</u>	<u>Date</u> 10-3-08
<u>Steven Paus</u> <u>/s/</u>	<u>Date</u> 10-3-08
<u>Robert Schlickbernd</u> <u>/s/</u>	<u>Date</u> 10/3/08
<u>Harold Schmader</u>	<u>Date</u> 10/3/08
<u>Jeffrey Silver</u> <u>/s/</u>	<u>Date</u> 10/3/08
<u>Timothy Thietje</u> <u>/s/</u>	<u>Date</u> 10/03/08
<u>Roger Tremayne</u>	<u>Date</u>