

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 21 day of January, 1992, by and between Home Federal Savings and Loan Association of Grand Island, Grand Island, Nebraska (OTS No. 3519) ("Institution") and the Office of Thrift Supervision ("OTS"). This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of Sections 902 and 907 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73 ("FIRREA"), §§ 902 and 907, 103 Stat. 183 (1989) (codified as amended at 12 U.S.C. §§ 1818(b)(1) and (i)(2)).

WHEREAS, the OTS is of the opinion that the Institution has not complied with certain of the regulations to which the Institution is subject in conducting the business of the Institution, specifically 12 C.F.R. Part 229, 12 C.F.R. §§ 202.9, 205.7, 205.10, 226.5b, 226.6, 528.2a, 528.5, 528.6, 528.7, 545.33(e), 561.28, 561.29, 563.99(b), 563.177, 568.3, and 568.4, 31 C.F.R. §§ 103.27(d) and 103.29(a)(1), 12 U.S.C. § 1701x, and 15 U.S.C. § 1681m, thereby providing grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease and desist proceedings against the Institution for its failure to comply with 12 C.F.R. Part 229, 12 C.F.R. §§ 202.9, 205.7, 205.10, 226.5b, 226.6, 528.2a, 528.5, 528.6, 528.7, 545.33(e), 561.28, 561.29, 563.99(b), 563.177, 568.3, and 568.4, 31 C.F.R. §§ 103.27(d) and 103.29(a)(1), 12 U.S.C. § 1701x, and 15 U.S.C. § 1681m, as of August 28, 1991, so long as the Institution is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution is willing to enter into this Agreement to avoid the initiation of such cease and desist proceedings:

NOW, THEREFORE, in consideration of the above-stated forbearance by the OTS from the initiation of cease and desist proceedings against the Institution, it is agreed between the parties hereto as follows:

Bank Secrecy Act

1. The Institution shall comply with the requirements of the Bank Secrecy Act and its implementing regulations, including but not limited to those of 12 C.F.R. § 563.177 and 31 C.F.R. §§ 103.27(d) and 103.29(a)(1).

Truth in Lending Act

2. The Institution shall comply with the requirements of the Truth in Lending Act and Regulation Z of the Board of Governors of the Federal Reserve System, including but not limited to those of 12 C.F.R. §§ 226.5b and 226.6.

Bank Protection Act

3. The Institution shall comply with the requirements of the Bank Protection Act and its implementing regulations, including but not limited to those of 12 C.F.R. §§ 568.3 and 568.4.

Interest on Deposits

4. The Institution shall comply with the requirements of 12 C.F.R. §§ 561.28 and 561.29.

Nondiscrimination

5. The Institution shall comply with the requirements of 12 C.F.R. §§ 528.2a, 528.5, and 528.6.

Expedited Funds Availability Act

6. The Institution shall comply with the requirements of the Expedited Funds Availability Act and its implementing regulations, including but not limited to those of 12 C.F.R. §§ 229.10, 229.13, 229.16, 229.18, and 229.19.

Equal Credit Opportunity Act

7. The Institution shall comply with the requirements of the Equal Credit Opportunity Act and its implementing regulations, including but not limited to those of 12 C.F.R. § 202.9.

Mortgage Regulations

8. The Institution shall comply with the requirements of 12 C.F.R. §§ 545.33(e) and 563.99(b).

Electronic Funds Transfer Act

9. The Institution shall comply with the requirements of the Electronic Funds Transfer Act and its implementing regulations, including but not limited to those of 12 C.F.R. §§ 205.7 and 205.10.

Fair Credit Reporting Act

10. The Institution shall comply with the requirements of the Fair Credit Reporting Act, including but not limited to those of 15 U.S.C. § 1681m.

Equal Employment Opportunity Act

11. The Institution shall comply with the requirements of the Equal Employment Opportunity Act and its implementing regulations, including but not limited to those of 12 C.F.R. § 528.7.

Homeownership Counseling

12. The Institution shall comply with the requirements of 12 U.S.C. § 1701x.

Consumer Compliance Program

13. (a) Within 90 days of the effective date of this Agreement, the Institution's board of directors ("Board of Directors") shall establish, adopt, and submit to the Regional Deputy Director for Support, Midwest Region, OTS, or his successor or designee ("Regional Deputy Director") a program designed to attempt to ensure compliance ("Compliance Program") with the applicable consumer and public-interest related laws and regulations, including but not limited to those referenced in Paragraphs 1-12 hereof. The Board of Directors shall amend the Compliance Program as directed by the Regional Deputy Director. The Institution shall comply with the Compliance Program, as so amended (if so amended).

(b) The Compliance Program shall provide for written policies and procedures that set forth the requirements of the applicable laws and regulations, as well as incorporate the OTS regulatory guidelines, and, at a minimum, shall include:

- (i) a designated compliance officer to coordinate and monitor the Compliance Program;
- (ii) internal controls;
- (iii) independent testing of compliance;
- (iv) training; and
- (v) any other specific requirements of the applicable laws and regulations.

(c) Within 30 days after the effective date of this Agreement, the Board of Directors shall formally designate a qualified Consumer Compliance Officer to coordinate and monitor the Compliance Program.

General Provisions

14. The Board of Directors shall, at each regular meeting, formally resolve that, to the best of its knowledge and belief, and based on a prudent review of management reports, during the previous calendar month the Institution complied with each condition of this Agreement except as otherwise stated. The resolution shall specify in detail how, if at all, full compliance was found not to exist. The resolution further shall set forth any exceptions to any conditions of this Agreement approved by the Regional Deputy Director. Within ten days of each regular Board of Directors' meeting, the

Institution shall submit to the Regional Deputy Director a copy of the minutes of each Board of Directors' meeting, the minutes of Board of Directors' committee(s) meetings, the aforementioned resolution, and the management report(s) of the Institution. Each director shall at such time either provide the Regional Deputy Director with certification that, to the best of his or her knowledge and belief, and based upon a prudent review, the above-referenced resolution is accurate or provide the Regional Deputy Director with a written statement providing in detail the reason(s) for disagreement with the resolution.

15. (a) As used in this Agreement, the Regional Deputy Director or his successor is the "senior supervisory official" within the meaning of Section 723(d) of the FIRREA, § 723(d), 103 Stat. 183 (1989).

(b) Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the effective date of this Agreement pursuant to Section 401(h) of the FIRREA, § 401(h), 103 Stat. 183 (1989), and references to successor provisions as they become applicable.

All technical words or terms used in this Agreement, for which meanings are not specified or otherwise provided by the provisions of this Agreement, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, and Federal Deposit Insurance Act, as amended ("FDIA"). Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

This Agreement shall remain in effect until terminated, modified or suspended by the OTS, acting through the Regional Deputy Director.

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of Home Federal Savings and Loan Association of Grand Island, Grand Island, Nebraska (OTS No. 3519) ("Institution") hereby certify that the following is a true copy of a resolution duly adopted by its board of directors at a meeting duly called and held on January 21, 1992, 1992; that at said meeting a quorum was present and voting throughout; and that said resolution has not been rescinded or modified and is now in full force and effect;

RESOLUTION

WHEREAS the directors of the Institution have been advised that the Office of Thrift Supervision ("OTS") is of the opinion that the Institution violated regulations to which the Institution is subject and that such violations provide grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

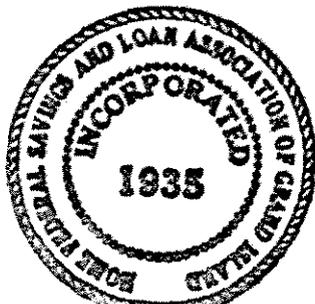
WHEREAS the said directors have been informed that the OTS will forbear from the initiation of such proceedings as a result of the Institution's failure to comply with 12 C.F.R. Part 229, 12 C.F.R. §§ 202.9, 205.7, 205.10, 226.5b, 226.6, 528.2a, 528.5, 528.6, 528.7, 545.33(e), 561.28, 561.29, 563.99(b), 563.177, 568.3, and 568.4, 31 C.F.R. §§ 103.27(d) and 103.29(a)(1), 12 U.S.C. § 1701x, and 15 U.S.C. § 1681m, as of August 28, 1991, to which the Institution is subject, if the attached Supervisory Agreement ("Agreement") is executed by the Institution and if its terms are thereafter carried out by the Institution; and

WHEREAS the directors of the Institution have read and considered the proposed Agreement attached to the minutes of the meeting of the board of directors held on January 21, 1992; and

WHEREAS after due consideration, the directors of the Institution have determined to enter into the proposed Agreement in the interest of regulatory compliance and cooperation: Now, therefore, be it

RESOLVED, that the proposed Agreement, a copy of which is attached hereto and the provisions of which are incorporated herein by reference, be and is hereby approved by the board of directors of the Institution. The officers and employees of the Institution are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement and to comply with such Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Home Federal Savings and Loan Association of Grand Island, Grand Island, Nebraska, this 21st day of January, 1992.



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Secretary