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SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is made effective the 19th of June 1991, by and between Home Federal Bank, Reno, Nevada ("Bank") and the Office of Thrift Supervision ("OTS").

WHEREAS, OTS is of the opinion that the Bank has violated certain of the laws, rules or regulations to which the Bank is subject and has engaged in certain unsafe or unsound practices in conducting the business of the Bank, and that such violations and practices provide grounds for the initiation of cease-and-desist proceedings against the Bank by the OTS, and

WHEREAS, OTS is of the opinion that the Bank has engaged in certain acts and practices in conducting the business of the Bank, which would provide grounds for the initiation of cease-and-desist proceedings against the Bank by the OTS, and

WHEREAS, the Bank neither admits nor denies by entering into this Agreement that it has violated any laws, rules or regulations or has engaged in unsafe and unsound practices in conducting the business of the Bank, and

WHEREAS, in the interest of resolving OTS' supervisory concerns in a cooperative manner, the Bank and OTS agree as follows:

1. The Bank must acquire prior written approval from the Assistant Regional Director of the OTS, Western Region ("ARD") before entering into any transaction with (1) any affiliate as

defined in 12 C.F.R. § 561.4, and (2) any affiliated person as defined in 12 C.F.R. § 561.5.

2. The Bank shall divest all loans, including but not limited to two loans to Robert and Matilda Elwinger and one loan to Gloria Eakin, secured by real estate purchased from affiliated persons as such term is defined pursuant to 12 C.F.R. § 561.5.

3. The Bank shall (1) use its best efforts to seek reimbursement from David L. Sanford and Nello Gonfiantini, III, for any loss to the Bank which occurs as a result of the divesture required by paragraph 2 above and (2) require retroactive yield adjustments to ensure that the life-to-date yield for each loan is no less than yield to buyer.

4. The Board of Directors of the Bank will comply with the OTS standards which require that each director avoid placing himself or herself in a position which creates, or which leads to or could lead, to a conflict of interest or the appearance of a conflict of interest, and will require the prompt discontinuance of any practice or condition which gives rise to a conflict of interest or the appearance of a conflict of interest. In addition, within 30 days of the execution date of this Order, the Bank shall revise its conflict of interest policy and submit a comprehensive conflict of interest policy acceptable to the ARD. Upon written notice of acceptance of the policy by the ARD, the Bank shall implement the policy immediately and require adherence to the policy by all employees, officers and directors. Such policy will, at a minimum, meet the concerns and standards set

forth in 12 C.F.R. § 571.7. 12 C.F.R. § 571.7 states, in pertinent part:

> "Among the practices and conditions which have such adverse effects are conflicts between the accomplishment of the purposes of the Home Owner's Loan Act . . . and the personal financial interests of directors, officers and other affiliated persons of savings associations. Conflicts of this type which have demonstrably resulted in such adverse effects are considered by the Office to be inherently unsafe and unsound practices and conditions. The Office accordingly holds that each director, officer, or other affiliated person of a savings association has a fundamental duty to avoid placing himself in a position which creates, or which leads to or could lead to, a conflict of interest or appearance of a conflict of interest having such adverse effects."

The conflict of interest policy will require each director and senior officer (Vice President or above) to make an annual disclosure to the Bank in accordance with 12 C.F.R. § 563.45. The policy shall address any additional requirements and concerns of Regulation O, Federal Reserve Board.

5. The Bank shall file Form AR for 1990 and thereafter as appropriate.

6. The Bank shall contract with non-affiliated attorneys, accountants, or other qualified professionals to review with the Board of Directors (1) the conflict of interest regulations; and (2) the duties and responsibilities of the Bank with respect to the filing of Form AR.

7. The Bank shall submit to the ARD within 30 days of the execution of this Agreement a check for $3,500, which reflects the amount the Bank would have had to pay for the affiliated transaction application it failed to file for the February 18, 1991 sale of bonds.

8. The ARD may require from time to time such written reports from the Bank as, in his or her opinion, are necessary to assure him or her of the Bank's compliance with the terms of this Agreement.

9. The directors of the Bank shall take appropriate action to insure full compliance by the Bank with the Requirements of this Agreement.

10. References in this Agreement to provisions of statutes or regulations shall be deemed to include references to all amendments to such provisions as have been made as of the effective date of this Agreement and reference to successor provisions as they become applicable.

11. All other 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, or the Federal Deposit

Insurance Act ("FDIA"). Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, or FDIA shall have such meanings as would be consistent with the best custom and usage in the savings and loan industry.

12. This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Bank. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA as amended by Title IX of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73 ("FIRREA"), 103 Stat. 183, 446-506 and Section 204, 103 Stat. 183, 190-194 (1989).

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

14. This Agreement shall remain in effect until terminated by the OTS, acting through the ARD or the RTC, as successor to the OTS. The ARD may terminate this Agreement in his or her sole discretion.

15. The OTS does not by executing this Agreement relinquish any right to take any regulatory action. The Bank does not, by executing this Agreement, relinquish any right to oppose or contest any regulatory action.

IN WITNESS WHEREOF, the parties have executed this Agreement by their respective duly authorized officers or designated agents. A certified copy of the resolution of the board of directors of the Bank authorizing the execution of this Agreement is attached hereto and made part hereof.

HOME FEDERAL BANK

By: /S/

Its: President

Its board of directors

/S/
Director

/S/
Director

/S/
Director

/S/
Director

/S/
Director

/S/
Director

Director

OFFICE OF THRIFT SUPERVISION

By: /S/
Assistant Regional Director

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directors of the Bank authorizing the execution of this Agreement is attached hereto and made part hereof.

HOME FEDERAL BANK

By: /S/
Its: President

Its board of directors

/S/
Director

/S/
Director

/S/
Director

/S/
Director

/S/
Director

/S/
Director

/S/
Director

OFFICE OF THRIFT SUPERVISION

By: ____________________
Assistant Regional Director

CERTIFIED COPY OF

RESOLUTION OF BOARD OF DIRECTORS

I, the Undersigned, being duly qualified Secretary of Home Federal Bank, Reno, Nevada, hereby certify that the following is a true copy of a resolution duly adopted by its board of directors at a meeting held on July 1, 1991, that at said meeting a quorum was present and voting throughout, and that said resolution has not been rescinded or modified and is now of full force and effect:

RESOLUTION

WHEREAS, the executive officers and directors of Home Federal Bank, Reno, Nevada ("Bank") have been advised that Office of Thrift Supervision ("OTS") representatives believe the Bank to have violated laws, rules or regulations to which the Bank is subject and/or to have engaged in unsafe or unsound practices in conducting the business of the Bank, and that such violations and/or practices provide grounds for the initiation of formal enforcement proceedings against the Bank, and

WHEREAS, said executive officers and directors have been informed that the OTS will forbear from initiation against the Bank of formal enforcement proceedings on the subjects covered by the attached Supervisory Agreement if it is executed by the Bank and if its terms are thereafter carried out by the Bank, and

WHEREAS, the directors of the Bank have read and considered the proposed Supervisory Agreement ("Agreement") attached to the minutes of the meeting of the board of directors held on July 1, 1991, and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter in to the proposed Agreement:

NOW, THEREFORE, BE IT RESOLVED, that the proposed Agreement, a copy of which is attached hereto, be and is hereby consented to by the board of directors of the Bank. The president of the Bank is authorized to sign and execute the Agreement on behalf of the Bank. The officers and employees of the Bank are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement. By executing the Agreement the executive officers and directors neither admit nor deny that the Bank has violated laws, rules or regulations to which the Bank is subject.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Home Federal Bank, Reno, Nevada, this 1st day of July, 1991.

/S/

Secretary

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