

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: CN 09-28
)	
)	
LINCOLN FEDERAL SAVINGS BANK)	Effective Date: October 6, 2009
OF NEBRASKA)	
)	
Lincoln, Nebraska)	
OTS Docket No. 03896)	
_____)	

ORDER TO CEASE AND DESIST

WHEREAS, Lincoln Federal Savings Bank of Nebraska, Lincoln, Nebraska, OTS Docket No. 03896 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Central Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. The Association and its directors, officers, and employees shall cease and desist from any

action (alone or with others) for or toward, causing, bringing about, participating in, counseling, or aiding and abetting any unsafe or unsound practices that resulted in operating the Association: (i) with an inadequate level of capital protection for the volume, type and quality of assets held by the Association, (ii) with an excessive level of adversely classified assets, (iii) without an adequate level of experienced and qualified loan administration staff; and (iv) with inadequate internal control policies and procedures.

Capital.

2. Effective immediately, the Association shall maintain, after the funding of an adequate Allowance for Loan and Lease Losses (ALLL): (i) a Tier 1 (Core) Capital Ratio equal to or greater than seven percent (7%) and (ii) a Total Risk-Based Capital Ratio equal to or greater than eleven percent (11%).
3. By November 30, 2009, the Board shall adopt and submit to the Regional Director for review and comment a written plan to maintain the Association's capital levels prescribed in Paragraph 2 of this Order (Capital Plan). The Capital Plan shall cover the period beginning with the quarter ending December 31, 2009 through the quarter ending December 31, 2011. At a minimum, the Capital Plan shall:
 - (a) address the requirements and restrictions imposed by this Order;
 - (b) detail the Association's capital preservation and enhancement strategies with specific narrative goals, which shall result in new equity and a capital infusion;
 - (c) address the amount of additional capital that will be necessary to meet the capital requirements of Paragraph 2 of this Order under different forward-looking scenarios involving progressively stressed economic environments;

(d) address the specific sources of additional capital and the timeframes and methods by which additional capital will be raised, including specific month-end target dates and capital levels; and

(e) provide for alternative methods to strengthen capital if the primary sources identified under Subparagraph (d) are not available.

4. Within thirty (30) days after receipt of written comments from the Regional Director, the Board shall revise and adopt the Capital Plan based upon such comments. The Board shall ensure that the Association implements and adheres to the Capital Plan. A copy of the Capital Plan shall be provided to the Regional Director within seven (7) days after the Board meeting.

5. Once the Capital Plan is implemented, the Association shall operate within the parameters of its Capital Plan. Any proposed material deviation from or change to the Capital Plan must be submitted for the prior, written non-objection of the Regional Director. Requests for any material deviations or changes must be submitted at least sixty (60) days before a proposed deviation or change is implemented.

6. The Association shall notify the Regional Director regarding any material event adversely affecting or that may affect adversely the capital or capital projections of the Association within five (5) days after such event.

7. On a quarterly basis, beginning with the quarter ending December 31, 2009, the Association shall prepare and submit to the Board, within forty-five (45) days after the end of each quarter, a written report of the Association's compliance with the Capital Plan for the previous quarter (Capital Status Report). The Capital Status Report shall include a variance report on the Association's compliance with the Capital Plan that, at a minimum:

(a) compares actual Capital Plan operating results to projected results;

- (b) includes detailed explanations of any deviations; and
- (c) describes the specific corrective actions or measures that have been implemented or are proposed to address each deviation.

The Board's review of the Capital Status Reports shall be documented in the Board meeting minutes. A copy of the Capital Status Report shall be provided to the Regional Director within seven (7) days after the Board meeting.

8. Within fifteen (15) days after (i) the Association fails to meet the capital requirements prescribed in Paragraph 2; (ii) the Association fails to comply with the Capital Plan prescribed in Paragraph 3; or (iii) any written request from the Regional Director, the Board shall prepare and submit a written Contingency Plan that is acceptable to the Regional Director. The Contingency Plan shall detail the actions to be taken, with specific time frames, to achieve one of the following results by the later of the date of receipt of all required regulatory approvals or sixty (60) days after the implementation of the Contingency Plan: (a) merger with, or acquisition by another federally insured depository institution or holding company thereof; or (b) voluntary liquidation by filing an appropriate application with OTS in conformity with federal laws and regulations.

9. Upon receipt of written notification from the Regional Director, the Association shall implement the Contingency Plan immediately. The Board shall provide the Regional Director with written status reports detailing the Association's progress in implementing the Contingency Plan by no later than the 1st and 15th of each calendar month following implementation of the Contingency Plan.

Director Succession Plan

10. (a) By December 31, 2009, the Board shall develop and submit for Regional Director review and comment a plan for Board membership succession (Director Succession Plan). The Director Succession Plan shall ensure that the composition of the Board reflects the composition, ethics, experience, objectivity and diverse perspectives necessary for effective governance and, at a minimum, shall:
- (i) require that the Board conduct an assessment of the skills and experience possessed by the current members of the Board no later than November 30, 2009;
 - (ii) require that the Board discuss and determine at a Board meeting no later than December 15, 2009 whether the capabilities of the Board as a whole would be enhanced through the addition of persons with particular skills and experience;
 - (iii) establish minimum qualifications for directors of the Association;
 - (iv) develop an education plan for the Board that identifies the training to be provided, which shall include training relating to a director's fiduciary responsibilities and the provision of information necessary to perform director responsibilities as contained in the OTS Directors' Guide to Responsibilities and the OTS Directors' Guide to Management Reports; and
 - (v) contain a specific timetable for completion of the actions set forth in the Director Succession Plan.
- (b) Within thirty (30) days after receipt of written comments from the Regional Director, the Board shall revise and adopt the Director Succession Plan based upon such comments. The Board shall ensure that the Association implements and adheres to the

Director Succession Plan. A copy of the Director Succession Plan shall be provided to the Regional Director within seven (7) days after the Board meeting.

Director Bonuses.

11. Effective immediately, the Board shall not declare, approve or pay any bonus to any Board member for his/her services as a director of the Association unless such remuneration is deemed to be in compliance with his/her fiduciary duties under the laws of the state of Nebraska as documented in a detailed legal opinion provided by legal counsel. The Board's review and discussion of the legal opinion shall be fully documented in the appropriate Board meeting minutes.

Management and Board Review.

12. Within thirty (30) days, the Board shall submit to the Regional Director for written non-objection the name, qualifications, and terms of engagement of at least one independent third party management consultant (Consultant) to conduct a management review as outlined in Paragraph 13 below.

13. Within sixty (60) days of receipt of the written non-objection of the Regional Director to the Consultant, the Consultant shall complete a comprehensive management review and prepare a detailed written report (Management Review) to be sent simultaneously to the Regional Director for review and comment and to the Board to aid in the development of an effective Board and management structure of the Association, its subsidiaries, and its holding companies (the Enterprise) consistent with the Association's current and long-term business plans and financial conditions. The Management Review shall consist of:

- (a) an assessment of the Board's oversight of the Enterprise;

- (b) an assessment of the current Senior Executive Officers¹, organizational structure, and staffing levels of the Enterprise;
- (c) the identification of present and future Senior Executive Officer and staffing requirements for the Enterprise with particular emphasis on the need for effective Board oversight and qualified Senior Executive Officers;
- (d) detailed written job descriptions for all Senior Executive Officers;
- (e) an evaluation of each director's and Senior Executive Officer's knowledge, skills, abilities and a determination of whether each of these individuals possesses the experience and other qualifications required to perform present and anticipated duties of each director's and Senior Executive Officer's position;
- (f) recommendations as to whether Senior Executive Officer or staffing changes should be made, including the need for additions to, or changes to, the current directors and Senior Executive Officers;
- (g) objectives by which Senior Executive Officers' and the Board's effectiveness will be measured;
- (h) an evaluation of current lines of authority, reporting responsibilities and delegation of duties for all Senior Executive Officers, including identification of any overlapping duties or responsibilities or lack of independent checks and balances;
- (i) an assessment of the Board's strengths and weaknesses in connection with the Enterprise's risk profile along with a recommended director education program designed to strengthen identified weaknesses;

¹ The term "Senior Executive Officer" is defined at 12 C.F.R. § 563.555.

- (j) an assessment of whether Board members are receiving adequate information on the operation of the Enterprise to enable them to fulfill their fiduciary duties and other responsibilities under applicable laws and regulations;
 - (k) recommendations on whether to expand the scope, frequency and sufficiency of information provided to the Board by Senior Executive Officers; and
 - (l) recommendations on correcting or eliminating any other deficiencies in the supervision or organizational structure of the Enterprise.
14. (a) Within thirty (30) days of receipt of any comments from the Regional Director, the Board shall address such comments in consultation with the Consultant in the manner and time frame provided by the Regional Director. Thereafter, the Board shall adopt and submit to the Regional Director for review and comment a written plan to address any identified Board oversight or management, organizational structure, or staffing level weakness noted in the Management Review (Management Plan). Within seven (7) days of the Board's adoption of the Management Plan, the Association shall provide a copy to the Regional Director.
- (b) Within thirty (30) days after receipt of the Regional Director's written comments to the Management Plan, the Board shall revise and adopt the Management Plan based upon any comments received. The Board shall ensure that the Association implements and adheres to the Management Plan. A copy of the Management Plan shall be provided to the Regional Director within seven (7) days after the Board meeting.

Exception Tracking Policy

15. (a) Within thirty (30) days, the Board shall adopt and submit to the Regional Director for review and comment written policies and procedures to ensure that the Association effectively addresses in a timely manner adverse findings contained in compliance reviews, audits, and examinations (Exception Tracking Policy). The Exception Tracking Policy shall provide for the establishment of a tracking system and the generation of written status reports that will ensure that the remediation of all compliance criticisms, audit findings, and OTS examination Matters Requiring Board Attention (MRBAs) are regularly reported to the Board and corrected in a timely manner (Exception Tracking Report).
- (b) At a minimum, the Exception Tracking Policy shall include:
- (i) a requirement that Association management responds to any compliance review recommendation, audit criticism, and/or examination MRBA with a written action plan that contains: (A) corrective actions to be taken; (B) deadlines for taking the corrective action; and (C) the individual(s) responsible for taking the corrective action;
 - (ii) formal review and approval by the Board of the Association's proposed response to any findings contained in compliance reviews, audits, and examinations; and
 - (iii) retention in the Association's books and records of: (A) all written responses to compliance review recommendations, audit criticisms, and MRBAs; and (B) documentation of Board approval of the written responses.

(c) Within thirty (30) days following the receipt of any written comments from the Regional Director, the Board shall revise and adopt the Exception Tracking Policy and the format for the Exception Tracking Reports based upon such comments. The Board shall ensure that the Association implements and adheres to the Exception Tracking Policy, including utilizing the approved format for the Exception Tracking Reports. A copy of the Exception Tracking Policy and format for the Exception Tracking Report shall be provided to Regional Director within seven (7) days after the Board meeting.

Internal Audit Function.

16. (a) Within ninety (90) days, the Board shall adopt and submit to the Regional Director for review and comment written policies and procedures governing the internal audit function of the Association and its subsidiaries to ensure that internal controls and processes are effective (Internal Audit Policy). The Internal Audit Policy shall be appropriate for the size and risk profile of the Association and its subsidiaries and, at a minimum, shall ensure that the internal audit function of the Association:

- (i) operates in accordance with Section II.B. of Appendix A to 12 C.F.R. Part 570 and OTS Thrift Bulletin 81 (Interagency Statement on the Internal Audit Function and its Outsourcing, dated March 17, 2003);
- (ii) is adequately managed and supported with trained and qualified personnel;
- (iii) is sufficient to detect irregularities and weaknesses in all areas of the Association's operations and to determine the Association's compliance with applicable laws, regulations, and Association policies and procedures, with particular emphasis on adherence to lending and problem loan identification and classification policies and procedures;

- (iv) assesses the effectiveness of Association policies, procedures, and other internal controls as well as management oversight relating to accounting and financial reporting;
- (v) reports regularly and in detail to the Audit Committee of the Board; and
- (vi) requires the approval by the Audit Committee of the Board of annual audit plans using a risk based approach sufficient to achieve these objectives.

(b) Within thirty (30) days after receipt of any written comments from the Regional Director, the Board shall revise and adopt the Internal Audit Policy based upon such comments. The Board shall ensure that the Association implements and adheres to the Internal Audit Policy. A copy of the Internal Audit Policy shall be provided to the Regional Director within seven (7) days after the Board meeting.

17. (a) The Board shall ensure that the persons responsible for implementing the Internal Audit Policy are independent and that they report directly to the Audit Committee of the Board, which shall have the sole power to direct their audit activities.

(b) All internal audit reports shall be in writing. The Board shall ensure that immediate actions are undertaken to remedy any deficiencies cited in internal audit reports and that internal audit staff maintains a written tracking report describing those actions. All written reports prepared by the internal audit staff shall be submitted directly to the Board.

(c) The Board shall ensure that the Association has appropriate processes, personnel, and control systems to ensure implementation of and adherence to the Internal Audit Policy adopted by the Board and that the internal audit staff shall have access to any Association records necessary for the proper conduct of its activities.

Problem Asset Report.

18. (a) Within forty-five (45) days after the end of each quarter, beginning with the quarter ending September 30, 2009, the Association shall submit a status report to the Board, with a copy to the Regional Director, covering the Association's non-homogeneous credit relationships totaling an aggregate of \$500,000 or more that include adversely classified assets, assets classified as special mention, and nonperforming loans on the Association's books at the end of the quarter (Problem Asset Report). For each of the identified assets and loans, the Problem Asset Report shall:

- (i) identify significant loan underwriting, documentation, or administration deficiencies, if any;
- (ii) set forth the date(s) of payments due and any last payment made;
- (iii) set forth the amount of interest reserve remaining and the contractually required debt service;
- (iv) provide the estimated value of the collateral, the date of the valuation, and findings from any property inspections;
- (v) analyze the borrower's and/or guarantor's current financial condition;
- (vi) set forth the appropriate asset classification category and the rationale for the asset classification category;
- (vii) identify the specific risks with respect to the asset;
- (viii) identify whether the loan is impaired and provide an estimate of the loan impairment;
- (ix) set forth any required specific valuation allowances, charge-offs, or allocation of ALLL; and

- (x) set forth the current strategy for resolving the problem asset or loan.
- (b) The Board's review of the quarterly Problem Asset Report and any proposed actions to be taken with respect to these assets and loans shall be fully documented in the Board meeting minutes.

Growth.

19. Effective immediately, the Association is subject to and shall comply with the requirements and provisions of OTS Regulatory Bulletin 3b. Without the prior written approval of the Regional Director, the Association shall not increase its average total assets during any quarter, beginning with the quarter ending December 31, 2009, in excess of an amount equal to net interest credited on deposit liabilities during the quarter. The growth restrictions imposed by this Paragraph shall remain in effect until the Regional Director reviews and approves the Business Plan submitted by the Association's mid-tier holding company, Lincoln Federal Bancorp, Inc., Lincoln, Nebraska, OTS Docket No. H3726, as required under Paragraph 2 of its OTS Order to Cease and Desist, CN 09-XX. Any growth in assets, including any growth proposed in the Business Plan, should consider:

- a) the source, volatility and use of the funds that support asset growth;
- b) any increase in credit risk or interest rate risk as a result of growth; and
- c) the effect of such growth on the Association's capital.

Brokered Deposits and Interest Rate Restriction.

20. Effective immediately, the Association shall comply with the requirements of 12 C.F.R. § 337.6(b) and shall not: (a) accept, renew or roll over any brokered deposit, as that term is defined at 12 C.F.R. § 337.6(a)(2); or (b) act as a deposit broker, as that term is defined at

12 C.F.R. § 337.6(a)(5).

Dividends.

21. Effective immediately, the Board shall not declare or pay dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 563.141, without receiving the prior written approval of the Regional Director. The Association's written request for written approval should be submitted to the Regional Director at least sixty (60) days prior to the anticipated date of the proposed dividend or distribution of capital.

Severance and Indemnification Payments.

22. Effective immediately, the Association shall not make any golden parachute payment² or any prohibited indemnification payment³ unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

Directorate and Management Changes.

23. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers set forth in 12 C.F.R. Part 563, Subpart H.

Employment Contracts and Compensation Arrangements.

24. (a) Effective immediately, the Association shall not enter into, renew, extend, or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides the Regional Director with not less than thirty (30) days prior written notice of the proposed

² The term "golden parachute payment" is defined at 12 C.F.R. § 359.1(f).

³ The term "prohibited indemnification payment" is defined at 12 C.F.R. § 359.1(l).

transaction. The notice to the Regional Director shall include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement, or arrangement submitted to the Regional Director fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A.

(b) Effective immediately, the Association shall not increase any salaries, bonuses, or director's fees or make any other similar payments, directly or indirectly, to the Association's directors or Senior Executive Officers without prior written non-objection from the Regional Director.

Third Party Contracts.

25. Effective immediately, the Association shall not enter into any arrangement or contract with a third party service provider that is significant to the overall operation or financial condition of the Association⁴ or outside the Association's normal course of business unless, with respect to each such contract, the Association has: (a) provided the Regional Director with a minimum of thirty (30) days prior written notice of such arrangement or contract; (b) determined that the arrangement or contract complies with the standards and guidelines set forth in OTS Thrift Bulletin 82a; and (c) received written notice of non-objection from the Regional Director.

⁴ A contract will be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two percent (2%) of the Association's total capital.

Transactions with Affiliates.

26. Effective immediately, the Association shall not engage in any transaction with an affiliate unless, with respect to each such transaction, the Association has complied with the notice requirements set forth in 12 C.F.R. § 563.41(c)(4), which shall include the information set forth in 12 C.F.R. § 563.41(c)(3). The Board shall ensure that any transaction with an affiliate for which a notice is submitted pursuant to this Paragraph of the Order shall comply with the requirements of 12 C.F.R. § 563.41 and Regulation W, 12 C.F.R. Part 223. Prior notice under 12 C.F.R. § 563.41(c)(4) shall not be required for intercompany cost-sharing transactions identified in executed written agreements between the parties.

Violations of Law.

27. Within forty-five (45) days of receipt of any internal audit report, independent external audit report, OTS report of examination, or other report prepared by Association employees, agents, or independent contractors, which cites violations of law, rule, or regulation, the Board shall ensure that each violation of law, rule, or regulation is corrected and thereafter ensure that the Association adheres to specific procedures to prevent future violations.

Effective Date, Incorporation of Stipulation.

28. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

29. This Order shall remain in effect until terminated, modified, or suspended, by written notice of such action by the OTS, acting by and through its authorized representatives.

Time Calculations.

30. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

31. The Regional Director may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

32. All submissions, including any reports, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

33. Except as otherwise provided herein, all submissions, requests, communications, consents, or other documents relating to this Order shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission, or hand delivery by messenger) addressed as follows:

(a) **To the OTS:**

Regional Director
Office of Thrift Supervision
One South Wacker Drive, Suite 2000
Chicago, Illinois 60606
Facsimile: (312) 917-5001

(b) **To the Association:**

Chairman of the Board
Lincoln FSB of Nebraska
1101 N Street
Lincoln, Nebraska 68508-2128
Facsimile: (402) 474-0275

No Violations Authorized.

34. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____ /s/
Daniel T. McKee
Regional Director, Central Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: CN 09-28
)	
)	
LINCOLN FEDERAL SAVINGS BANK)	
OF NEBRASKA)	Effective Date: October 6, 2009
)	
Lincoln, Nebraska)	
OTS Docket No. 03896)	
_____)	

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Central Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Lincoln Federal Savings Bank of Nebraska, Lincoln, Nebraska, OTS Docket No. 03896 (Association), that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs

1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).

2. Pursuant to 12 U.S.C. § 1813(q), the Director of OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

3. Based on its February 23, 2009 examination of the Association, the OTS finds that the Association has engaged in unsafe or unsound banking practices that resulted in operating the Association: (i) with an inadequate level of capital protection for the volume, type and quality of assets held by the Association; (ii) with an excessive level of adversely classified assets; (iii) without an adequate level of experienced and qualified loan administration staff; and (iv) with inadequate internal control policies and procedures.

Consent.

4. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

Finality.

5. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective, and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

Waivers.

6. The Association waives the following:

- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
- (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

OTS Authority Not Affected.

7. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

8. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 7 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

9. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

10. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

11. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

12. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

13. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

14. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director.

Signature of Directors/Board Resolution.

15. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting.

WHEREFORE, the Association, by its directors, executes this Stipulation.

Accepted by:

**LINCOLN FEDERAL SAVINGS
BANK of NEBRASKA
Lincoln, Nebraska**

OFFICE OF THRIFT SUPERVISION

By: _____ /s/
Gerald H. Maddox, Chairman

By: _____ /s/
Daniel T. McKee
Regional Director, Central Region

_____/s/
Richard D. Hitz, Director

Date: See Effective Date on page 1

_____/s/
Paul Kardell, Director

_____/s/
Michael J. Rierden, Director

_____/s/
Leo J. Schumacher, Director

_____/s/
Dale L. Young, Director