KANSAS OFFICE OF THE STATE BANK COMMISSIONER
TOPEKA, KANSAS
and
FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of	)	**FIRST AMENDED**
	)	**ORDER TO**
MIDWEST COMMUNITY BANK	)	**CEASE AND DESIST**
PLAINVILLE, KANSAS	)	
	)	**OSBC—2008-264**
(Insured State Nonmember Bank)	)	**FDIC-08-373b**
	)	

The Kansas State Banking Board ("KSBB") granted a state charter to Midwest Community Bank, Plainville, Kansas ("Bank") pursuant to K.S.A. 9-1801.

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for the Bank, under Section 3(q) of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C. § 1813(q)(3).

The KSBB and the FDIC issued an Order to Cease and Desist ("Original Order"), effective February 25, 2009, against the Bank.

The FDIC and the Kansas Office of the State Bank Commissioner ("OSBC") examined the Bank commencing November 23, 2009. Based on the findings of that examination as contained in the November 23, 2009 Report of Examination ("2009 Report of Examination"), the FDIC and the OSBC (collectively "Supervisory

Authorities") determined that they have reason to believe that the Bank has failed to achieve compliance with the Original Order and continues to have engaged in unsafe or unsound banking practices and violations of law and/or regulations, and that the Original Order needs to be amended as set forth below in the FIRST AMENDED ORDER TO CEASE AND DESIST

The Bank, having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the matters of noncompliance with the Original Order, unsafe or unsound banking practices, and violations of law and regulation, alleged to have been committed by the Bank, as well as of its rights to a hearing on the charges under Kansas Statutes Annotated 9-1807 and section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and having waived those rights through its board of directors ("Board"), entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF THE FIRST AMENDED ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") dated June 24, 2010, with the Acting Bank Commissioner of the OSBC, the KSBB, and Enforcement Counsel for the FDIC, whereby, solely for the purpose of this proceeding and without admitting or denying any charges of noncompliance with the Original Order, unsafe or unsound banking practices, or violations of law and regulation, the Bank consented to the issuance of the FIRST AMENDED ORDER TO CEASE AND DESIST ("AMENDED ORDER") by the KSBB and the FDIC.

Based on the above, the KSBB and the FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

FIRST AMENDED 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 lending and funds management 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 inadequate allowance for loans and lease losses for the volume, kind, and quality of loans and leases held, and/or failing to make provision for an adequate allowance for possible loan and lease losses;

E. Operating with excessive loan losses and with an excessive level of adversely classified loans or assets;

F. Operating with inadequate liquidity and interest rate risk in light of the Bank's asset and liability mix;

G. Operating with inadequate information technology practices and policies; and,

H. Violating law(s) and/or regulation(s).

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. <u>Minimum Capital Requirements and Capital Plan</u>.

(a) Within 30 days from the effective date of this AMENDED ORDER, the Bank shall prepare a written plan to increase its capital ratios (as defined in Part 325 of the FDIC Rules and Regulations) to achieve and maintain by December 31, 2010, a Tier 1 Leverage Capital ratio at least equal to 8.5 percent and a Total Risk Based Capital ratio at least equal to 10.5 percent after establishing an appropriate allowance for loan and lease losses ("Capital Plan").

(b) At a minimum, the Capital Plan shall include:

(i) specific plans to achieve the capital levels required under the plan and this AMENDED ORDER;

(ii) projections for asset growth and capital requirements, and such projections shall be based upon a detailed analysis of the Bank's current and projected assets, liabilities, earnings, fixed assets, and off-balance sheet activities, each of which shall be consistent with the Bank's strategic business plan, as amended and required in this AMENDED ORDER;

(iii) the primary source(s) from which the Bank will strengthen its capital to meet the Bank's needs; and,

(iv) contingency plans, including the possible sale, merger, or liquidation of the Bank, should the primary source(s) of capital above not be available.

(c) Any increase in capital necessary to meet the requirements of the provisions of this paragraph may be accomplished by the following:

(i) the sale of new securities in the form of common stock;

(ii) the sale of noncumulative perpetual preferred stock;

(iii) the direct contribution of cash by the directors, shareholders, or parent holding company of the Bank; or,

(iv) any other method acceptable to, and approved in advance by, the Supervisory Authorities.

(d) No increase in Tier 1 capital necessary to meet the requirements of this AMENDED ORDER may be accomplished through a deduction from the Bank's allowance for loan and lease losses or other reserve accounts. Further, the Bank shall not lend funds directly or indirectly, whether secured or unsecured, to any purchaser of institution or affiliate stock or other securities, or to any investor by any other means for any portion of any increase in Tier 1 capital required herein.

(e) Upon completion, the Bank shall submit the Capital plan to the Supervisory Authorities for review and comment. Within 15 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the Board shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the Board. Thereafter, the Bank shall implement and fully comply with the capital plan. The Board will review the Bank's capital plan monthly and update the plan as needed. All updates to the plan shall be submitted to the Supervisory Authorities.

2. Dividend and Fee Restrictions.

While this AMENDED ORDER is in effect, the Bank shall not declare or pay any cash dividends, management fees, or consultant's fees, without the prior written approval of the Supervisory Authorities.

3. <u>Management Plan</u>.

(a) Within 60 days from the effective date of this AMENDED ORDER, the Bank will develop a written Management Plan.

(b) At a minimum, the Management Plan shall:

(i) identify the type and number of Bank officer positions needed to manage and supervise the affairs of the Bank, detailing any vacancies or additional needs and giving appropriate consideration to the size and complexity of the Bank;

(ii) identify the authorities, responsibilities, and accountabilities attributable to each position;

(iii) 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;

(iv) identify the appropriate level of current and deferred compensation to each officer;

(v) evaluate the current and past performance of all existing officers, 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;

(vi) establish requirements and methodologies to periodically evaluate each individual’s job performance;

(vii) establish a plan to terminate, rotate, or reassign officers as necessary, as well as recruit and retain qualified personnel consistent with the Bank’s analysis and assessment of Bank officers;

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

(ix) identify and establish Bank committees needed to provide guidance and oversight to officers;

(x) contain a current organizational chart that identifies all existing and proposed officer and staff positions and delineates related lines of authority and accountability; and,

(xi) contain a current management succession plan.

(c) Upon completion, the Management Plan shall be submitted to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comments from the Supervisory Authorities and after consideration of such comments, the Board shall approve the Management Plan which approval shall be recorded in the minutes of the meeting of the Board. Thereafter, the Bank and its directors, officers and employees shall implement and follow the Management Plan and any modifications thereto. It shall remain the responsibility of the Board to fully implement the plan within the specified time frames. In the event the plan, or any portion thereof, is not implemented, the Board shall immediately advise the Supervisory Authorities, in writing, of specific reasons for deviating from the Management Plan.

4. Changes in Board of Directors and/or Senior Officers.

The Bank shall notify the Supervisory Authorities in writing of any resignations and/or terminations of any members of the Board and/or any of its senior officers 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 Supervisory Authorities in writing when it proposes to add any individual to the Board 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.

5. **Ethics Policy**.

(a) Within 60 days of the effective date of this AMENDED ORDER, the Bank shall develop a written ethics policy ("Ethics Policy") and program ("Ethics Program") designed to bring to the attention of each member of the Board conflicts of interest which may exist in approving loans or other transactions in which officers, directors, or principal stockholders of the Bank ("Insiders") are involved. The Ethics Policy will state the ethical conduct and other standards expected of directors, officers, employees, agents and other persons participating in the conduct of the affairs of the Bank ("Covered Individuals") in the performance of their duties and responsibilities, and establish the definitions, instructions and format to be followed by Covered Individuals in the preparation of comprehensive conflict disclosure statements ("Statements") to be filed for review by an Ethics Counselor, Ethics Committee, or the Board. At a minimum, the Ethics Program shall require:

(i) initial Statements from all existing Covered Individuals;

(ii) initial Statements from any person who becomes a new Covered Individual;

(iii) periodic Statements from all Covered Individuals;

(iv) the disclosure by Covered Individuals of all potential conflicts of interest arising from a business or other interest or affiliation; and,

(v) immediate reporting by Covered Individuals of new conflicts or discovery of previously unreported conflicts.

(b) The Ethics Program will, at a minimum, ensure that each member of the Board has been apprised of any potential conflict prior to making decisions, and has acted specifically on any loan or other transaction in which Insiders and/or their business associates or family members are, directly or indirectly, involved. The results of any deliberations by the Board regarding potential conflicts shall be reflected in the minutes of its meetings. The Ethics Program will also address the ethical and other conduct and responsibilities with respect to Covered Individuals, and specifically the permissibility and disclosure of:

(i) acceptance of gifts, entertainment, favors and loans;

(ii) use of official information;

(iii) employment of relatives;

(iv) use of Bank property;

(v) reimbursement of payment of travel expenses;

(vi) indebtedness to the Bank or any other financial institution;

(vii) financial interests and obligations that appear to conflict with the Covered Individual’s duties and responsibilities, including, but not limited to, participation of any sort in any transaction or loan in which the Covered Individual or that person’s spouse, child, partner, or any organization in which that individual has a financial interest, or serves as an officer, director, trustee, or partner, is involved;

(viii) purchasing of Bank property;

(ix) providing goods or services to the Bank;

(x) outside employment and other activities; and,

(xi) a periodic written method of reporting each Covered Individual’s compliance with the Ethics Program to an Ethics Counselor and/or Ethics Committee who shall review compliance with the Ethics Program and report findings to the Board.

(c) Upon completion, the Bank shall submit the Ethics Policy and Ethics Program to the Supervisory Authorities for review and comment. Within 30 days from the receipt of any such comments, and after consideration of such comments, the Board shall approve the Ethics Policy and Ethics Program, which approval shall be recorded in the Board’s minutes. The Bank shall thereafter implement and enforce the Ethics Policy and Ethics Program.

6. Charge-off of Adversely Classified Assets.

Within 10 days from the effective date of this AMENDED ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" in the 2009 Report of Examination. Elimination or reduction of assets through proceeds of other loans made by the Bank is not considered collection for purposes of this provision.

7. Maintenance of Allowance for Loan and Lease Losses.

(a) Within 10 days from the date of this AMENDED ORDER, the Board shall make a provision of at least $3,000,000 to replenish the allowance for loan and lease losses ("allowance") and reflect the potential for further losses in the loans or leases classified "Substandard" and "Doubtful" in the 2009 Report of Examination as well as all other loans and leases in its portfolio.

(b) Within 30 days from the effective date of this AMENDED 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 and be completed at least 10 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 review shall, at a minimum, comply with 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 Supervisory Authorities.

(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 AMENDED 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.

8. Reduction of Adversely Classified Assets.

(a) Within 90 days from the effective date of this AMENDED ORDER, the Bank shall develop and complete a written plan to reduce the Bank's risk exposure in each asset in excess of $200,000 classified "Substandard" or "Doubtful" in the 2009 Report of Examination. For purposes of this provision, "reduce" means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by the

Supervisory Authorities. In developing the plans mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified loan or lease, review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position.

(b) Upon completion, the Bank shall submit the written plans required by subparagraph (a) of this provision to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities, and after consideration of any such comments, the Board shall approve the plans, which approval shall be recorded in the Board's minutes. Thereafter, the Bank shall implement and fully comply with the plans.

9. Restrictions on Advances to Adversely Classified Borrowers.

(a) While this AMENDED 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 adversely classified "Substandard" or "Doubtful" in the 2009 Report of Examination or in any future report of examination issued by either of the Supervisory authorities 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 (a) of this provision 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 Bank. Prior to extending additional credit pursuant to this paragraph, whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Board, who shall fully document in its 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 explanatory statement 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’s conclusions and approval shall be made a part of the Board’s minutes, with a copy retained in the borrower’s credit file.

10. <u>Concentrations of Credit</u>.

(a) Within 90 days from the effective date of this AMENDED ORDER, the Bank shall develop and submit a written plan to the Supervisory Authorities for systematically reducing and monitoring the Bank's loan portfolio of individual and industry-related borrowers listed on the Concentrations pages of the 2009 Report of Examination, to an amount which is commensurate with the Bank's business strategy, management expertise, size, and location.

(b) At a minimum, the plan shall include:

(i) dollar levels and percent of capital to which the Bank shall reduce each concentration;

(ii) timeframes for achieving the reduction in dollar levels identified in response to (i) above;

(iii) provisions for the submission of monthly written progress reports to the Board for review and notation in Board's minutes; and,

(iv) procedures for monitoring the Bank's compliance with the plan.

(c) The Bank shall submit the concentration plan to the Supervisory Authorities for review and comment. Within 30 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the

Board shall approve the revised plan, which approval shall be recorded in the Board’s minutes. Thereafter, the Bank shall implement and fully comply with the concentration plan.

11. Implementation of Independent Loan Review Program.

(a) Within 90 days of the effective date of this AMENDED ORDER, the Board shall develop a program of independent loan review that will provide for a review of the Bank’s loan portfolio and the identification and categorization of problem credits. At a minimum, the system shall provide for:

(i) 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) prompt identification of all outstanding balances and commitments attributable to each obligor identified under the requirements of subparagraph (i), including outstanding balances and commitments attributable to related interests of such obligors, including the obligor of record, relationship to the primary obligor identified under subparagraph (i), and an assessment of the risk exposure from the aggregate relationship;

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

(v) 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;

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

(vii) identification of loans to directors, officers, principal shareholders, and their related interests;

(viii) an assessment of the ability of individual members of the lending staff to operate within the framework of the Bank’s loan policy and applicable laws, rules, and regulations, 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. The report shall also describe the action(s) taken by management with respect to problem credits.

(b) Upon completion, the Bank shall submit the written program to the Supervisory Authorities for review and comment. Within 15 days from receipt of any comment from the Supervisory

Authorities, and after consideration of any such comments, the Board shall approve the program, which approval shall be recorded in the Board's minutes. Thereafter, the Bank shall implement and fully comply with the program.

(c) Upon implementation, a copy of each report submitted to the Board, as well as documentation of the actions taken by the Bank or recommendations to the Board that address identified deficiencies in specific loan relationships, or the Bank's policies, procedures, strategies, or other elements of the Bank's lending activities, as well as any resulting determinations, shall be recorded and retained in the minutes of the meeting of the Board.

12. Revision and Implementation of Loan Policy.

(a) Within 60 days from the effective date of this AMENDED ORDER, the Board shall review and revise the Bank's loan policies and procedures to address the recommendations in the 2009 Report of Examination, including, but not limited to, the following:

(i) restrictions on when loan payment dates may be extended and, if properly extended, ensuring proper documentation in the Bank's records and proper reporting in the Bank's Call Reports;

(ii) restrictions on the use of overdrafts and description of how they will be authorized; and,

(iii) loan-to-value loan parameters consistent with FDIC rules, regulations and guidelines.

(b) Upon completion, the Bank shall submit the revised loan policy to the Supervisory Authorities for review and comment. Within 15 days from receipt of any comment from the Supervisory Authorities, and after consideration of any such comments, the Board shall approve the revised loan policy, which approval shall be recorded in the Board's minutes. Thereafter, the Bank shall implement and fully comply with the revised loan policy.

13. Correction of Technical Exceptions.

(a) Within 120 days from the effective date of this AMENDED ORDER, the Bank shall correct the exceptions listed on the "Assets with Credit Data or Collateral Documentation Exceptions" pages of the 2009 Report of Examination.

(b) For any exception that cannot be corrected, the Bank shall document to reason for such inability in the borrower's credit file, and the Board shall review and include copy of the documentation in the Board's minutes.

(c) Progress reports detailing each outstanding exception and the Bank's plan for corrective action shall be submitted to the Board for review during each regularly scheduled meeting. The report shall be made part of, and the review noted, in the Board's minutes.

(d) From the effective date of this AMENDED ORDER, the Bank shall ensure that the necessary supporting documentation is obtained and evaluated before any credit or loan is extended.

14. Elimination and/or Correction of Violations of Laws, Rules, and Regulations and Contraventions of Statements of Policy.

(a) Within 120 days after the effective date of this AMENDED ORDER, the Bank, consistent with sound banking practices, shall eliminate and/or correct all violations of laws, rules and regulations and all contraventions of regulatory statements of policy cited in the 2009 Report of Examination.

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

15. **<u>Formulation and Adoption of Business/Strategic Plan and Profit Plan and Budget</u>.**

(a) Within 120 days from the effective date of this AMENDED ORDER, and within 30 days from the first day in each subsequent calendar year, the Bank shall develop a written three-year business/strategic plan and one-year profit and budget plan covering the overall operation of the Bank and its 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 AMENDED ORDER.

(b) The business/strategic plan shall provide specific objectives for asset growth, loan portfolio mix, market focus, earnings projections, capital needs, and liquidity position. The profit and budget plan shall include goals and strategies for improving the earnings of the Bank. The budget shall include a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components.

(c) The business/strategic plan and the profit and budget plan, and any subsequent modification thereto, shall be submitted to the Supervisory Authorities for review and comment. No more than 30 days after the receipt of any comment from the Supervisory Authorities, and after consideration of all such comments, the Board shall approve the business/strategic plan and the profit and budget plan, which approval shall be recorded in the Board's minutes. Thereafter, the Bank shall implement and fully comply with the plans.

16. <u>Funds Management Policies and Plans</u>.

(a) Within 60 days from the effective date of this AMENDED ORDER, the Bank shall review its written funds management policies and plans, and amend each as necessary. The Bank shall submit the policies and plans, and any future modifications, to the Supervisory Authorities for review and comment. Within 30 days of receipt of all such comments from the Supervisory Authorities and after consideration of all such comments, the Board shall approve the revised policies and plans, which approval shall be recorded in the Board's minutes. Thereafter, the Bank shall implement and fully comply with the policies and plans.

(b) The Bank's funds management policies and plans, as amended pursuant to paragraph (a) of this provision, at a minimum shall:

(i) provide for the establishment of an asset/liability committee and define its membership, responsibilities and authorities, minimum frequency of meetings, reporting from management, and reporting to the Board;

(ii) identify personnel responsible for the funds management functions within the Bank;

(iii) provide a statement of the Bank's long-term and short-term liquidity needs and plans for insuring that such needs are met;

(iv) provide for a periodic review of the Bank's deposit structure, including the volume and trend of total deposits and the volume and trend of the various types of deposits offered, the maturity distribution of time deposits, rates being paid on each type of deposit, rates being paid by trade area competition, caps on large time deposits, public funds, out-of-area deposits, brokered deposits and any other information needed;

(v) establish target liquidity and dependency ratios and/or parameters;

(vi) provide for periodic calculations to measure the liquidity posture;

(vii) review performance with established liquidity ratio targets;

(viii) review compliance with required legal reserves; and,

(ix) establish parameters for use, volume, and maturities of brokered deposits, deposits obtained through solicitation services, and borrowings.

(c) Further, the funds management policies and plans shall include contingency plans that identify alternative courses of action designed to meet the Bank's liquidity needs. These contingency plans should, at a minimum, conform to the regulatory guidance found in Financial Institution Letters 84-2008, dated August 26, 2008, on Liquidity Risk Management, and 13-2010, dated April 5, 2010, on Funding and Liquidity Risk Management.

17. Liquidity.

(a) Within 30 days from the effective date of this AMENDED ORDER, the Bank shall prepare a written liquidity analysis and projection for the sources and uses of funds, including but not limited to the following:

Sources:

(i) listing of loans available for participation or sale and a list of committed purchasers;

(ii) listing of and projected pay offs or pay downs of loans;

(iii) specific listing of all funding sources and borrowings and level of commitments/availability;

(iv) projection and breakdown of deposit growth from non-brokered deposits and sources;

Uses:

(v) listing and timing of contractually binding loan commitments that are expected to be funded;

(vi) projections for known maturities of anticipated brokered deposit withdrawals;

(vii) projections, including best and worse case scenarios, of large public/private deposit withdrawals;

Projections and Contingency Plans:

(viii) projections for curtailing loan growth and shrinking the total asset size of the Bank; and,

(ix) specific contingency plans in the event that anticipated events do not materialize, or in case of some other liquidity emergency.

(b) The written analysis and projection required by subparagraph (a) of this provision above shall be reviewed for viability by Bank management on a weekly basis, and updated as necessary.

18. Brokered Deposits.

(a) Upon the issuance of this AMENDED ORDER and so long as this AMENDED ORDER is in effect, the Bank shall not accept, increase, renew, or rollover any brokered deposits, as defined in 12 C.F.R. § 337.6(a)(2), without the prior written approval of the Supervisory Authorities.

(b) Within 30 days of the effective date of this AMENDED ORDER, the Bank shall prepare a written plan for reducing its reliance on brokered deposits ("Brokered Deposit Plan"). The Brokered Deposit Plan shall detail the current composition of the Bank's brokered deposits by maturity and explain the means by which such deposits will be paid. The Bank shall submit the Brokered Deposit Plan to the Supervisory Authorities for review and comment. Within 10 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the Board shall approve the Brokered Deposit Plan, which approval shall be recorded in the Board's minutes. Thereafter, the Bank shall implement and fully comply with the Brokered Deposit Plan.

(c) The Bank shall provide a quarterly written progress report in conjunction with the progress reports required below to the Supervisory Authorities detailing the Bank's level and source of liquidity and use of brokered deposits, with specific reference to progress the Bank is making under the Brokered Deposit Plan.

19. Information Technology ("IT").

(a) Within 120 days from the effective date of this AMENDED ORDER, the Bank shall correct all IT deficiencies listed on pages 50 and 51 of the 2009 Report of Examination.

(b) Within 45 days from the effective date of this AMENDED ORDER, the Bank shall identify and designate an individual or individuals, whether from internal or external sources, with the requisite knowledge and qualifications to provide oversight for the Bank's IT function.

(c) Within 60 days from the effective date of this AMENDED ORDER, the Bank shall complete a written risk assessment of its IT functions in conformance with Part 364, Appendix B of the FDIC's Rules and Regulations. The purpose of this risk assessment is to assist in the identification and mitigation of threats and risks to IT assets and customer data, from both internal and external sources. The written risk assessment shall include, at a minimum, the following:

(i) Board members, committee members, or other designees charged with overseeing the risk assessment process;

(ii) threats and risks by area (for example, business function, hardware, and/or applications, maintained in-house or outsourced to service providers), including internal control weaknesses and conflicting duties;

(iii) likelihood or probability of such threats, taking into consideration natural, intentional, and unintentional causes;

(iv) methods for mitigating or minimizing threats and risks through administrative, technical, or physical controls; and,

(v) identification of the written policies containing the required risk mitigation methods.

(d) Within 90 days from the effective date of this AMENDED ORDER, the Bank shall complete and implement a written information security program that includes administrative, technical, and physical safeguards for all areas of the Bank's operations, including those areas defined within the risk assessment process. The Bank's written information security program shall meet the requirements of Part 364, Appendix B of the FDIC's Rules and Regulations, and include specific and standardized policies and procedures surrounding internal controls (for example, segregation of duties, user access rights, independent reviews of maintenance routines, and independent reconcilement procedures). The information security program shall also provide for periodic employee training, including coverage of internal control processes.

(e) Within 120 days of the effective date of this AMENDED ORDER, the Bank shall develop and implement a written IT audit program for the purpose of determining compliance with the written information security program required by subparagraph (d) of this provision. The written IT audit program shall require periodic independent assessments of internal controls, including separation of duties, independent reviews, and the review of user access rights. The IT audit program shall identify the scope, type, and frequency of audits to be performed, and include provisions for Board reporting, audit tracking, and findings resolution. The findings of the risk assessment process required by subparagraph (b) of this provision shall be used to develop the scope of audit reviews. The Board or designated audit committee shall be responsible for directing and overseeing audit work performed, and for prompt resolution of audit findings. Upon completion of the written IT audit program, the Board shall engage a qualified, independent internal or external party to conduct an IT audit, including an internal controls review, in accordance with the written audit program.

20. Reports of Condition and Income.

Effective immediately, the Bank shall file with the FDIC Consolidated Reports of Condition and Income that accurately reflect the financial condition of the Bank as of the reporting period. Reports of Condition and Income shall incorporate any adjustment in the Bank's books made necessary or appropriate as a result of examination of the Bank during that reporting period conducted by either of the Supervisory Authorities or as a result of identification of incorrect prior filings.

21. Program for Monitoring Compliance with AMENDED ORDER.

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

22. Progress Reports Detailing Compliance with AMENDED ORDER.

Within 30 days of the end of the first quarter following the effective date of this AMENDED ORDER, and within 30 days of the end of each calendar quarter thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities detailing the form, manner, and results of any actions taken to secure compliance with each provision of this AMENDED ORDER.

23. Disclosure of AMENDED ORDER to Sole Shareholder.

Following the effective date of this AMENDED ORDER, the Bank shall provide to its sole shareholder a copy of this AMENDED 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.

MISCELLANEOUS

The provisions of this AMENDED ORDER shall not bar, estop or otherwise prevent the FDIC, the KSBB, or the OSBC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

The provisions of this AMENDED ORDER shall not affect or limit, or be construed to forgive, satisfy, or mitigate, any cause of action against the Bank or any of its current or former institution-affiliated parties by reason of the acts or omissions regarding compliance and/or noncompliance with the terms of the Original Order.

The KSBB hereby expressly delegates the authority to the OSBC to monitor and determine compliance with the AMENDED ORDER and to pursue adequate remedies for any areas of noncompliance.

Nothing herein shall prevent the FDIC or the OSBC from conducting on-site reviews and or examinations of the Bank, its affiliates, agents, servicers, and other institution-affiliated parties at any time to monitor compliance with this AMENDED ORDER.

The provisions of this AMENDED ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof. In the event of any inconsistency between the Original Order and the AMENDED ORDER, the AMENDED ORDER will be controlling.

The provisions of this AMENDED 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 and the KSBB.

This AMENDED ORDER shall be effective the 12th day of July, 2010.

KANSAS STATE BANKING BOARD

By: /signed/ James O'Sullivan
James O'Sullivan, Chairman
Kansas State Banking Board

By: /signed/ Judi M. Stork
Judi M. Stork, Secretary
Kansas State Banking Board

FEDERAL DEPOSIT INSURANCE CORPORATION
Issued Pursuant to Delegated Authority

By: /s/
Mark S. Moylan
Deputy Regional Director
Federal Deposit Insurance Corporation
Kansas City Regional Office