

HERITAGE ASSOCIATES CORPORATION

Commercial and Investment Real Estate

THE HERITAGE BUILDING
313 – 3RD AVENUE SE
P.O. BOX 74050
CEDAR RAPIDS, IOWA 52407
PHONE (319) 365-3610 FAX (319) 362-9126
Website: www.heritage-associates.com

_____, 2008

Liberty Bank, F.S.B.
c/o Thomas C. Slattery,
Heritage Associates Corp.,
d/b/a Heritage Commercial Realty
313 Third Avenue SE
Cedar Rapids, IA 52401

Re: Letter of Intent for purchase of the Liberty Bank branch office located at:

(referred to herein as the "Property")

Ladies and Gentlemen:

The undersigned ("Buyer") proposes to purchase from Liberty Bank ("Seller") the Property described above on the following terms and conditions.

1. Purchase Price. Buyer will agree to purchase the Property for a total price of _____ and _____/100 Dollars (\$_____) (the "Purchase Price").

2. Other Provisions. The following additional terms would apply:

(a.) Title. Fee simple marketable title to the Property will be transferred free and clear of any liens and encumbrances, except for (i) access, utility and drainage easements, (ii) zoning ordinances and use restrictions of record (iii) a lease of the Property to Seller in a form acceptable to Seller (the "Lease") and (iv) other matters as approved by the Buyer. Seller shall give a bill of sale for any personal property, also free and clear of all liens and encumbrances.

(b.) Buyer's Conditions to Closing. The obligation of Buyer to purchase the Property shall be subject to the prior satisfaction or waiver of the following conditions (the "Conditions") for the benefit of Buyer:

(i.) Diligence Materials. Seller shall deliver to Buyer within five (5) business days after the execution of this letter of intent by all parties, true, complete and accurate copies of any of the following in the possession or under the control of Seller: (A) any environmental reports and any engineering reports on the Property; (B) any surveys of the Property; (C) copies of easements, covenants and restrictions on the Property, including any reciprocal easement agreement and/or covenants, conditions and restrictions agreements that may

exist; (D) building plans, if any; and (E) any other information requested by Buyer. The diligence materials, all evidence of title, and this Letter of Intent are hereby referred to as the “Documents”.

(ii.) Inspection of the Property. Buyer shall have the right to inspect the Property for a period of twenty-one (21) days after execution of a Purchase and Sale Agreement by both parties (the “Inspection Period”), including, without limitation, the right to conduct tests upon, within and under and otherwise to inspect the Property. Such inspection may include such tests and analysis by Buyer and/or any consultants as Buyer deems appropriate retained at the sole cost and expense of Buyer. Such inspection shall reveal the Property to be acceptable to Buyer, in Buyer’s sole and uncontrolled discretion. If the inspection indicates, in Buyer’s sole and uncontrolled discretion, that the Property is not suitable for Buyer’s intended use or uses, Buyer may, by written notice to Seller, within the Inspection Period, terminate this Agreement, and it shall immediately be null and void for all purposes and any Earnest Money shall be returned immediately to Buyer. If notice of termination of this Agreement is not sent by Buyer within the Inspection Period, this condition shall be deemed to have been waived for all purposes by Buyer; provided, however, neither the examination of the Property by Buyer nor the election by Buyer to waive its right to terminate this Agreement will be deemed to constitute a waiver or relinquishment on the part of Buyer of its right to rely on the covenants, warranties, representations, or agreements of Seller contained herein or in the Purchase and Sale Agreement. Buyer shall be responsible for all damage and injury to the Property or any person that occurs during any inspection, except to the extent the Seller is negligent.

(iii.) Financing. Buyer shall have seven (7) days after the Inspection Period to apply for and obtain a financing commitment. In addition, Buyer shall have twenty-one (21) days from receipt of the financing commitment to complete loan processing. Buyer shall use its best efforts to secure and obtain a new first mortgage on terms which are acceptable to Buyer.

(iv.) Approval of Title. Title to the Property, including any easements, building and use restrictions, zoning, and other matters affecting the Property shall be acceptable to Buyer and its legal counsel, in accordance with the Title Standards of the state bar association or the title law of the of the state in which the Property is located.

The determination of whether any condition is satisfied shall be in the discretion of Buyer. Unless otherwise specifically stated with respect to a Condition, the Conditions shall be satisfied within twenty-eight (28) days after the execution of the Purchase Agreement, as defined in paragraph 2(d.) below.

(c.) Seller’s Conditions to Closing.

(i.) Approval by Seller’s Board of Directors. The purchase is subject to the approval by the Board of Directors of Seller within fifteen (15) days after execution of a mutually acceptable letter of intent.

(ii.) Lease. The execution at Closing of a Lease with Seller, as the lessee, in a form as attached hereto or as otherwise agreed by Seller, providing for an Annual Rental in the amount of \$ _____, which shall be paid monthly in the amount of \$ _____.

(d.) Purchase Agreement. A mutually acceptable Purchase and Sale Agreement ("Purchase Agreement"), reflecting the terms agreed upon in this letter of intent, shall be executed by the parties within ten (10) business days after approval by the Board of Directors of Seller of the executed letter of intent. The Purchase Agreement shall provide for the allocation of property taxes and special assessments to the date of Closing.

(e.) Earnest Money. Within two (2) business days after execution of a mutually acceptable Purchase Agreement, Earnest Money in the amount of Fifty Thousand and 00/100 Dollars (\$50,000) shall be paid promptly by Buyer to Heritage Associates Corp., Realtors, 313 Third Avenue SE, Cedar Rapids, IA 52401 to be held in escrow under the terms of the agreed Purchase Agreement. At the time of closing on the purchase of the Property, the Earnest Money shall be disbursed to Seller.

(f.) Condition of Property. Property is being sold "AS IS" with Seller making no representations or warranties concerning the property.

(g.) Confidentiality. Buyer and Buyer's agents and representatives hereby covenant with Seller that Buyer and Buyer's agents and representatives shall not, without the prior written consent of Seller (which consent may be withheld in Seller's sole and absolute discretion), disclose to any other person (other than Buyer's accountants and attorneys) or entity by any means whatsoever: (i) any information pertaining to the Documents; (ii) any information pertaining to the Contract; or (iii) any information or documentation (written or oral) provided by Seller or Seller's agents and representatives concerning Seller, Seller's business, Tenant, Tenant's business or the Property.

(h.) Exchange. Seller and Buyer each agree to cooperate with the other in the event the other elects to treat this transaction as an exchange under Section 1031 of the Internal Revenue Code providing there is no cost or expense to the cooperating party.

(.) Closing. The closing shall occur on or before the date that is forty-five (45) days after the date of execution of the Purchase Agreement or sooner by mutual agreement.

(g.) Brokers. Seller is represented by Heritage Associates Corp., d/b/a Heritage Commercial Realtors, Cedar Rapids, Iowa through Thomas C. Slattery.

3. Non-Binding Proposal. This letter is not intended to be a detailed statement of all the terms and conditions, but rather a conceptual outline of the key terms. The execution of the Purchase Agreement shall bind the parties. However, notwithstanding the prior sentence, upon execution of this letter by both parties, Seller agrees not to accept any other offers on the Property until the time period for executing the Purchase Agreement provided in paragraph 2(d.) above has expired.

4. Response. While this is intended to be a non-binding expression of intent, subject to further negotiation and the execution of a Purchase Agreement, the undersigned request a response by _____, 200__ at 3:00 pm local time in Cedar Rapids, Iowa.

Please feel free to call or e-mail me if you have any additional questions.

Sincerely,

Name:

Contact Person:

Address:

Phone:

Fax:

E-Mail:

Seller Contact:

Thomas C. Slattery
Heritage Associates Corp.
d/b/a Heritage Commercial Realty
313 Third Avenue SE
Cedar Rapids, IA 52404

Phone: (319) 365-3610
Fax: (319) 362-9126
E-mail: TCSlattery@Heritage-Associates.com