

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

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	)	
	)	ORDER ACCEPTING PARTIAL
	)	SATISFACTION OF CROSS-
WHITE ROCK BANK	)	GUARANTEE LIABILITY AND
CANNON FALLS, MINNESOTA	)	CONDITIONALLY
(INSURED DEPOSITORY INSTITUTION)	)	GRANTING APPROVAL
	)	FOR WAIVER OF CROSS-
	)	GUARANTEE LIABILITY
	)	
	)	FDIC-10-642kk
	)	

WHEREAS, on August 28, 2009, Mainstreet Bank, Forest Lake, Minnesota (MSB) failed and caused a loss to the Federal Deposit Insurance Corporation (FDIC); and

WHEREAS, at the time of its failure, MSB was controlled by BancMidwest Corporation, St. Paul, Minnesota, a bank holding company (BHC); and

WHEREAS, at the time of MSB's failure, BHC also controlled White Rock Bank, Cannon Falls, Minnesota (Bank); and

WHEREAS, pursuant to 12 U.S.C. § 1815(e)(8), Bank and MSB were commonly controlled at the time of the failure of MSB; and

WHEREAS, pursuant to 12 U.S.C. § 1815(e)(1)(A), at the time of MSB's failure, Bank incurred a cross-guarantee liability to the FDIC in the amount of the FDIC's actual and anticipated losses in connection with MSB's failure, approximately \$95.7 million; and

WHEREAS, BHC defaulted on a loan to M&I Marshall and Ilsley Bank, Milwaukee, Wisconsin (M&I) for which BHC pledged Bank's stock as collateral; and

WHEREAS, M&I has a written agreement with 215 Holding Company (215 HC), a bank holding company, to sell M&I's loan to 215 HC that will allow 215 HC to foreclose on the stock of the Bank; and

WHEREAS, 215 HC will take control of Bank's stock and pay M&I 50 percent of the net book value of the Bank for the stock, of which the FDIC will receive 80 percent; and

WHEREAS, the proposed transaction is conditioned upon the FDIC, pursuant to 12 U.S.C. § 1815(e)(5)(A), accepting partial satisfaction of the cross-guarantee liability and granting a conditional waiver of the remaining cross-guarantee liability; and

WHEREAS, 215 HC has committed to inject an additional \$8,750,000 into Bank after consummation; and

WHEREAS, on May 26, 2010, Bank, BHC, M&I, and 215 HC filed an application requesting a waiver of the cross-guarantee liability that could be assessed against Bank due to the failure of MSB but not waiving any prospective liability created by a possible failure of Bank after the date hereof;

BE ADVISED that the Board of Directors of the FDIC, having fully considered the facts and information relating to the foregoing request, has concluded that granting the request for a waiver of cross-guarantee liability is in the best interests of the Deposit Insurance Fund and that approval of the request should be and hereby is granted, subject to the conditions and restrictions set forth below.

IT IS THEREFORE ORDERED THAT:

1. This ORDER ACCEPTING PARTIAL SATISFACTION OF CROSS -
GUARANTEE LIABILITY AND CONDITIONALLY GRANTING

APPROVAL FOR WAIVER OF CROSS-GUARANTEE LIABILITY (ORDER)

will become effective only upon the consummation of the proposed acquisition of White Rock Bank once approved by the Minnesota Department of Commerce, the Federal Reserve Bank of Minneapolis and the Federal Reserve Board. Absent such consummation within one hundred twenty days from the date of issuance of this ORDER, this ORDER will become null and void unless, upon the written request of 215 HC, the FDIC, in its discretion, grants an extension of that time period with a subsequent order issued by the Director of the Division of Supervision and Consumer Protection.

2. The exemption granted by the ORDER shall be conditioned upon payment to the FDIC of 80 percent of the sales proceeds M&I receives from the sale of the loan to 215 HC.
3. The exemption granted by the ORDER may not be conveyed or otherwise transferred.
4. M&I will inform the FDIC Kansas City Regional Director within three business days of any material changes to the proposed transaction, including the sales price.

Dated at Washington, D.C. this 7th day of October, 2010.

/s/
Sandra L. Thompson
Director, Division of Supervision and Consumer Protection