

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

OREGON DIVISION OF FINANCE AND CORPORATE SECURITIES

SALEM, OREGON

_____)	
)	
In the Matter of)	STIPULATION AND CONSENT
)	TO THE ISSUANCE
SILVER FALLS BANK)	OF AN ORDER
SILVERTON, OREGON)	TO CEASE AND DESIST
)	
(INSURED STATE NONMEMBER BANK))	Docket FDIC-08-272b
)	
_____)	

Subject to the acceptance of this STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") by the Federal Deposit Insurance Corporation ("FDIC") and the Oregon Department of Consumer and Business Services acting through the Division of Finance and Corporate Securities ("DFCS"), it is hereby stipulated and agreed by and between a representative of the Legal Division of FDIC, a representative of the DFCS, and Silver Falls Bank, Silverton, Oregon ("Bank"), as follows:

1. The Bank has been advised of its right to receive a NOTICE OF CHARGES AND OF HEARING ("NOTICE") detailing the unsafe or unsound banking practices and violations of law alleged to have been committed by the Bank and of its right to a public hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and Oregon Revised Statutes, § 706.580(2) ("ORS"), and has waived those rights.
2. The Bank, solely for the purpose of this proceeding and without admitting or denying any of the alleged charges of unsafe or unsound banking practices and any violations of law, hereby consents and agrees to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the DFCS. The Bank further stipulates and agrees that such

ORDER will be deemed to be an order which has become final under the Act and the ORS, and that said ORDER shall become effective upon its issuance by the FDIC and the DFCS, and fully enforceable by the FDIC and the DFCS pursuant to the provisions of the Act and the ORS.

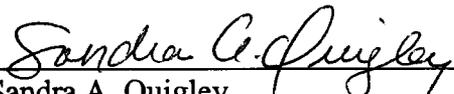
3. In the event the FDIC and the DFCS accepts the CONSENT AGREEMENT and issues the ORDER, it is agreed that no action to enforce said ORDER in the United States District Court will be taken by the FDIC, and no action to enforce said ORDER in state circuit court will be taken by the DFCS, unless the Bank or any institution-affiliated party, as such term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), has violated or is about to violate any provision of the ORDER.

4. The Bank hereby waives:

- (a) The receipt of a NOTICE;
- (b) All defenses in this proceeding;
- (c) A public hearing for the purpose of taking evidence on such alleged charges;
- (d) The filing of Proposed Findings of Fact and Conclusions of Law;
- (e) A recommended decision of an Administrative Law Judge; and
- (f) Exceptions and briefs with respect to such recommended decision.

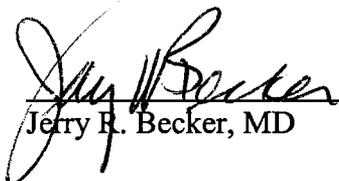
Dated: November 24, 2008

FEDERAL DEPOSIT INSURANCE
CORPORATION, LEGAL DIVISION
BY:


Sandra A. Quigley
Counsel

SILVER FALLS BANK
SILVERTON, OREGON
BY:


Donald W. Bauman


Jerry R. Becker, MD

OREGON DIVISION OF FINANCE
AND CORPORATE SECURITIES
BY:


David C. Tatman
Administrator

(DECLINED TO SIGN)
Denise J. Dalisky, MD

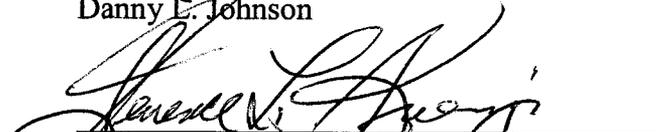

Joseph J. Davis

David A. Doerfler


Judy A. Duncan


Leroy W. Gilge, OD

(DECLINED TO SIGN)
Danny E. Johnson


Terrance L. Kuenzi


Stephen M. Way

Comprising the Board of Directors of Silver
Falls Bank, Silverton, Oregon

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OFFICER'S CERTIFICATE

The undersigned, Judy Meier, does hereby certify:

1. That [he/she] is, and at all times mentioned herein was, the duly elected and acting Corp. Secretary of Silver Falls Bank, Silverton, Oregon ("Bank"), a Oregon banking corporation, and
2. The following is a true, accurate, and complete copy of a resolution of the Bank's Board of Directors ("Board"), duly adopted at a Special Board meeting held on 11-24, 2008, at Silverton, Oregon.

WHEREAS, the Federal Deposit Insurance Corporation and the Oregon Division of Finance and Corporate Securities presented to the Bank on 11-24, 2008, a proposed joint Order to Cease and Desist ("Order") and a proposed Stipulation and Consent to the Issuance of an Order to Cease and Desist ("Consent Agreement") pursuant to section 8(b)(1) of the Federal Deposit Insurance Act and Oregon Revised Statutes, § 706.580(2); and

WHEREAS, it is deemed to be in the best interests of the Bank and its shareholder(s) to accept the joint Order and to enter into the Consent Agreement;

NOW, THEREFORE, BE IT HEREBY RESOLVED, that the Bank's Board hereby authorizes and instructs the Bank to consent to the entry of the joint Order, and further authorizes and instructs each of the individuals currently holding office as a director of the Bank to execute the Consent Agreement, on behalf of the Bank.

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate on this 24 day of November, 2008.

Judy Meier
(Name)
Corporate Secretary
(Title)