EXHIBIT 1  
  
  
 GUARANTY FEDERAL BANCSHARES, INC.  
  
 Up to 5,410,019 Shares  
  
 COMMON STOCK  
 ($.10 Par Value)  
  
 Subscription Price $10.00 Per Share  
  
 AGENCY AGREEMENT  
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 \_\_\_\_\_\_\_\_\_\_\_\_, 1997  
  
  
Friedman, Billings, Xxxxxx & Co., Inc.  
0000 Xxxxxxxxxx Xxxxxx Xxxxx  
Xxxxxxxxx, Xxxxxxxx 00000  
  
Ladies and Gentlemen:  
  
 Guaranty Federal Bancshares, Inc., a Delaware corporation (the  
"Company"), Guaranty Federal Bancshares, M.H.C. (the "MHC") and Guaranty Federal  
Savings Bank, Springfield, Missouri, a federal stock savings bank (the "Bank"),  
with its deposit accounts insured by the Savings Association Insurance Fund  
("SAIF") administered by the Federal Deposit Insurance Corporation ("FDIC"),  
hereby confirm their agreement with Friedman, Billings, Xxxxxx & Co., Inc. (the  
"Agent") as follows (defined terms used herein shall have the same definition  
given in the Prospectus dated \_\_\_\_\_\_\_\_\_\_\_\_, 1997 unless otherwise defined  
herein):  
  
 Section 1. The Offering. The MHC, in accordance with its plan of  
conversion adopted by its Board of Directors (the "Plan"), intends to convert to  
an interim federal stock savings bank and simultaneously merge with and into the  
Bank, pursuant to which the MHC will cease to exist (the "Conversion"). In  
connection with the Conversion, the Company will form an interim savings bank  
subsidiary, which will then merge with and into the Bank, pursuant to which the  
Bank will become a wholly-owned subsidiary of the Holding Company. In connection  
therewith, each share of Bank Common Stock outstanding immediately prior to the  
effective time that is held by Public Stockholders shall be automatically  
converted, without further action by the holder thereof, into and become the  
right to receive shares of Company Common Stock based on the Exchange Ratio,  
plus cash in lieu of any fractional share interest.  
  
 Pursuant to the Plan and in connection with the Conversion, the Company  
is offering up to 3,795,000 shares of its common stock (the "Conversion Stock")  
in a subscription and community offering (the "Offerings"). Conversion Stock is  
first being offered in a subscription offering with nontransferable subscription  
rights being granted, in the following order of priority,  
  
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to (i) depositors of the Bank with account balances of $50.00 or more as of the  
close of business on December 31, 1995 ("Eligible Account Holders"); (ii) the  
Bank's ESOP; (iii) depositors of the Bank with account balances of $50.00 or  
more as of the close of business on September 30, 1997 ("Supplemental Eligible  
Account Holders"); (iv) depositors of the Bank as of the close of business on  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 1997 (other than Eligible Account Holders and Supplemental  
Eligible Account Holders) and borrowers of the Bank as of the close of business  
on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ who continue to be borrowers as of the close of business on  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 1997 ("Other Members") and (v) stockholders of the Bank, other  
than the Mutual Holding Company ("Public Stockholders"). Subscription rights  
will expire if not exercised by [ ], Missouri time, on \_\_\_\_\_\_\_\_\_\_\_\_\_\_, 1997,  
unless extended.  
  
 Subject to the prior rights of holders of subscription rights,  
Conversion Stock not subscribed for in the Subscription Offering is being  
offered in the Community Offering to certain members of the general public to  
whom a copy of the Prospectus is delivered, with preference given to natural  
persons residing in the Local Community. It is anticipated that shares not  
subscribed for in the Subscription and Community Offerings will be offered to  
certain members of the general public in a Syndicated Community Offering. The  
Primary Parties reserve the absolute right to reject or accept any orders in the  
Community Offering or the Syndicated Community Offering, in whole or in part,  
either at the time of receipt of an order or as soon as practicable following  
the Expiration Date.  
  
 The Company has filed with the Securities and Exchange Commission (the  
"Commission") a registration statement on Form S-1 (File No. 333-\_\_\_\_\_) (the  
"Registration Statement") containing a prospectus relating to the Offerings for  
the registration of the Shares under the Securities Act of 1933 (the "1933  
Act"), and has filed such amendments thereof, if any, and such amended  
prospectuses as may have been required to the date hereof. The prospectus, as  
amended, on file with the Commission at the time the Registration Statement  
initially became effective is hereinafter called the "Prospectus," except that  
if any prospectus is filed by the Company pursuant to Rule 424(b) or (c) of the  
rules and regulations of the Commission under the 1933 Act (the "1933 Act  
Regulations") differing from the prospectus on file at the time the Registration  
Statement initially becomes effective, the term "Prospectus" shall refer to the  
prospectus filed pursuant to Rule 424(b) or (c) from and after the time said  
prospectus is filed with the Commission.  
  
 In accordance with the regulations of the Office of Thrift Supervision  
("OTS") governing the conversions of savings associations (the "Conversion  
Regulations"), the MHC has filed with the OTS an Application for Conversion on  
Form AC (the "Conversion Application"), including the prospectus, and has filed  
such amendments thereto, if any, as may have been required by the OTS. The  
Conversion Application has been approved by the OTS and the related Prospectus  
has been authorized for use by the OTS. The Company has also filed an  
Application H-(e)1 with the OTS to become the saving and loan holding company of  
the Bank, which has been approved.  
  
 Section 2. Retention of the Agent; Compensation; Sale and Delivery of  
the Shares. Subject to the terms and conditions herein set forth, the Company,  
the MHC and the Bank hereby  
  
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appoint the Agent as their financial advisor and marketing agent to utilize its  
best efforts to solicit subscriptions for Shares of the Company's Common Stock  
and to advise and assist the Company and the Bank with respect to the Company's  
sale of the Shares in the Offerings and in the areas of market making, research  
coverage and syndicate formation (if necessary).  
  
 On the basis of the representations, warranties, and agreements herein  
contained, but subject to the terms and conditions herein set forth, the Agent  
accepts such appointment and agrees to consult with and advise the Company, the  
MHC and the Bank as to the matters set forth in the letter agreement ("Letter  
Agreement"), dated June 25, 1997, between the Bank and the Agent (a copy of  
which is attached hereto as Exhibit A). It is acknowledged by the Company, the  
MHC and the Bank that the Agent shall not be required to purchase any Shares and  
shall not be obligated to take any action which is inconsistent with all  
applicable laws, regulations, decisions or orders. In the event of a Syndicated  
Community Offering, the Agent will assemble and manage a selling group of  
broker-dealers which are members of the National Association of Securities  
Dealers, Inc. (the "NASD") to participate in the solicitation of purchase orders  
for shares under a selected dealers' agreement ("Selected Dealers' Agreement"),  
the form of which is set forth as Exhibit B to this Agreement.  
  
 The obligations of the Agent pursuant to this Agreement shall terminate  
upon the completion or termination or abandonment of the Plan by the Company or  
upon termination of the Offerings, but in no event later than 45 days after the  
completion of the Subscription Offering (the "End Date"). All fees or expenses  
due to the Agent but unpaid will be payable to the Agent in next day funds at  
the earlier of the Closing Date (as hereinafter defined) or the End Date. In the  
event the Offerings are extended beyond the End Date, the Company, the MHC, the  
Bank and the Agent may agree to renew this Agreement under mutually acceptable  
terms.  
  
 In the event the Company is unable to sell a minimum of 2,805,000  
Shares within the period herein provided, this Agreement shall terminate and the  
Company shall refund to any persons who have subscribed for any of the Shares,  
the full amount which it may have received from them plus accrued interest as  
set forth in the Prospectus; and none of the parties to this Agreement shall  
have any obligation to the other parties hereunder, except as set forth in this  
Section 2 and in Sections 6, 8 and 9 hereof.  
  
 In the event the Offerings are terminated for any reason not  
attributable to the action or inaction of the Agent, the Agent shall be paid the  
fees due to the date of such termination pursuant to subparagraphs (a) and (b)  
below.  
  
 If all conditions precedent to the consummation of the Conversion,  
including, without limitation, the sale of all Shares required by the Plan to be  
sold, are satisfied, the Company agrees to issue, or have issued, the Shares  
sold in the Offering and to release for delivery certificates for such Shares on  
the Closing Date (as hereinafter defined) against payment to the Company by any  
means authorized by the Plan, provided, however, that no funds shall be released  
to the Company until the conditions specified in Section 7 hereof shall have  
been complied with to the reasonable satisfaction of the Agent and their  
counsel. The release of Shares against payment therefor shall  
  
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be made on a date and at a place acceptable to the Company, the MHC, the Bank  
and the Agent (it being understood that such date shall not be more than ten  
business days after termination of the Offering) or such other time or place as  
shall be agreed upon by the Company, the MHC, the Bank and the Agent.  
Certificates for shares shall be delivered directly to the purchasers in  
accordance with their directions. The date upon which the Company shall release  
or deliver the Shares sold in the Offering, in accordance with the terms herein,  
is called the "Closing Date."  
  
 The Agent shall receive the following compensation for its services  
hereunder:  
  
 (a) A financial advisory fee to the Agent in the amount of $20,000,  
 of which $10,000 has been paid and of which $10,000 will be paid  
 upon OTS approval of the Plan application. Such fees shall be  
 deemed to be earned when due. Should the Conversion be terminated  
 for any reason not attributable to the action or inaction of the  
 Agent, the Agent shall have earned and be entitled to be paid  
 fees accruing through the stage at which point the termination  
 occurred, including any accrued legal fees expanded by the Agent.  
  
 (b) A Marketing Fee of $150,000 (which includes the financial  
 advisory fee), payable to the Agent on the Closing Date.  
  
 (c) The decision to utilize other selected Broker-Dealers will be  
 made jointly by the Agent and the Bank. Selected broker-dealers  
 who assist in the subscription or purchase, excluding those  
 shares purchased by the Bank's officers, directors or employees  
 or by any ESOP, tax-qualified or stock based compensation plans  
 (except IRA's) or similar plan created by the Bank for some or  
 all of its directors or employees or by member depositors in the  
 original subscription phase of the offering, will be paid a fee  
 not to exceed 4% of the aggregate Actual Purchase Price of the  
 shares of common stock sold by them in the Subscription and/or  
 Community Offerings. The Agent's fee for such shares shall equal  
 1.5% of the aggregate Actual Purchase Price of the shares of  
 common stock sold by selected broker-dealers in the Subscription  
 and/or Community Offering. Fees with respect to subscriptions or  
 purchases effected with the assistance of Registered  
 Representatives employed by a Broker/Dealer other than the Agent  
 shall be paid to the Agent at Closing and then transmitted by the  
 Agent to such Broker/Dealer.  
  
 (d) The Bank and the Company hereby agree to reimburse the Agent,  
 from time to time upon the Agent's request, for its reasonable  
 out-of-pocket expenses, including without limitation, accounting,  
 communication, travel expenses, and legal fees and expenses, for  
 amounts not to exceed $50,000. Further, the Bank will reimburse  
 the Agent for (i) up to $35,000 of legal fees, and (ii) expenses  
 of such counsel. The Bank will bear the expenses of the Offerings  
 customarily borne by issuers including, without limitation, OTS,  
 SEC, "Blue Sky," and NASD filing and registration fees; the fees  
 of the Bank's accountants, conversion agent, data processor,  
 attorneys, appraiser, transfer agent and registrar, printing,  
 mailing and  
  
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 marketing expenses associated with the Conversion; and the fees  
 set forth under this Section 2.  
  
 Full payment of the Agent's actual and accountable expenses, advisory  
fees and compensation shall be made in next day funds on the earlier of the  
Closing Date or a determination by the Bank to terminate or abandon the Plan.  
  
 In the event of an oversubscription or other event, which causes the  
Offerings to continue beyond the original expiration date or a resolicitation of  
subscribers, the parties agree to renegotiate the expense cap on legal fees  
applicable to the Agent.  
  
 Section 3. Prospectus; Offering. The Shares are to be initially offered  
in the Offerings at the Purchase Price as defined and set forth on the cover  
page of the Prospectus.  
  
 Section 4. Representations and Warranties. The Company, the MHC and the  
Bank jointly and severally represent and warrant to the Agent on the date hereof  
as follows:  
  
 (a) The Registration Statement was declared effective by the  
 Commission on \_\_\_\_\_\_\_\_\_, 1997. At the time the Registration Statement,  
 including the Prospectus contained therein (including any amendment or  
 supplement thereto), became effective, the Registration Statement  
 complied in all material respects with the requirements of the 1933 Act  
 and the 1933 Act Regulations and the Registration Statement, including  
 the Prospectus contained therein (including any amendment or supplement  
 thereto), and any information regarding the Company or the Bank  
 contained in Sales Information (as such term is defined in Section 8  
 hereof) authorized by the Company or the Bank for use in connection  
 with the Offerings, did not contain an untrue statement of a material  
 fact or omit to state a material fact required to be stated therein or  
 necessary to make the statements therein, in light of the circumstances  
 under which they were made, not misleading, and at the time any Rule  
 424(b) or (c) Prospectus was filed with the Commission and at the  
 Closing Date referred to in Section 2, the Registration Statement,  
 including the Prospectus contained therein (including any amendment or  
 supplement thereto), any information regarding the Company or the Bank  
 contained in Sales Information (as such term is defined in Section 8  
 hereof) authorized by the Company or the Bank for use in connection  
 with the Offerings will not contain an untrue statement of a material  
 fact or omit to state a material fact necessary in order to make the  
 statements therein, in light of the circumstances under which they were  
 made, not misleading; provided, however, that the representations and  
 warranties in this Section 4(a) shall not apply to statements or  
 omissions made in reliance upon and in conformity with written  
 information furnished to the Company or the Bank by the Agent expressly  
 regarding the Agent for use in the Prospectus under the caption "The  
 Conversion-Marketing Arrangements" or statements in or omissions from  
 any Sales Information or information filed pursuant to state securities  
 or blue sky laws or regulations regarding the Agent.  
  
  
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 (b) The Conversion Application was approved by the OTS on  
 \_\_\_\_\_\_\_\_\_, 1997 and the related Prospectus has been authorized for use  
 by the OTS. At the time of the approval of the Conversion Application,  
 including the Prospectus (including any amendment or supplement  
 thereto), by the OTS and at all times subsequent thereto until the  
 Closing Date, the Conversion Application, including the Prospectus  
 (including any amendment or supplement thereto), will comply in all  
 material respects with the Conversion Regulations except to the extent  
 waived by the OTS. The Conversion Application, including the Prospectus  
 (including any amendment or supplement thereto), does not include any  
 untrue statement of a material fact or omit to state a material fact  
 required to be stated therein or necessary to make the statements  
 therein, in light of the circumstances under which they were made, not  
 misleading; provided, however, that the representations and warranties  
 in this Section 4(b) shall not apply to statements or omissions made in  
 reliance upon and in conformity with written information furnished to  
 the Company, the MHC or the Bank by the Agent expressly regarding the  
 Agent for use in the Prospectus contained in the Conversion Application  
 under the caption "The Conversion-Marketing Arrangements" or statements  
 in or omissions from any sales information or information filed  
 pursuant to state securities or blue sky laws or regulations regarding  
 the Agent.  
  
 (c) The Company filed with the OTS the Holding Company  
 Application H-(e)1 which has been approved as of the date hereof.  
  
 (d) No order has been issued by the OTS preventing or  
 suspending the use of the Prospectus and no action by or before any  
 such government entity to revoke any approval, authorization or order  
 of effectiveness related to the Conversion is, to the best knowledge of  
 the Company, the MHC or the Bank, pending or threatened.  
  
 (e) At the Closing Date referred to in Section 2, the Plan  
 will have been adopted by the Boards of Directors of the Company, the  
 MHC and the Bank and the offer and sale of the Shares will have been  
 conducted in all material respects in accordance with the Plan, the  
 Conversion Regulations, and all other applicable laws, regulations,  
 decisions and orders, including all terms, conditions, requirements and  
 provisions precedent to the Conversion imposed upon the Company, the  
 MHC or the Bank by the OTS, the Commission or any other regulatory  
 authority and in the manner described in the Prospectus. To the best  
 knowledge of the Company, no person has sought to obtain review of the  
 final action of the OTS in approving or taking no objection to the Plan  
 or in approving or taking no objection to the Conversion or the Holding  
 Company Application pursuant to the Conversion Regulations or any other  
 statute or regulation.  
  
 (f) The Bank has been organized and is a validly existing  
 federally chartered savings and loan association in stock form of  
 organization and upon the Conversion will continue as such, is duly  
 authorized to conduct its business and own its property as described in  
 the Registration Statement and the Prospectus; the Bank has obtained  
 all material licenses, permits and other governmental authorizations  
 currently required for the  
  
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 conduct of its business; all such licenses, permits and governmental  
 authorizations are in full force and effect, and the Bank is in all  
 material respects complying with all laws, rules, regulations and  
 orders applicable to the operation of its business; the Bank is  
 existing under the laws of the United States and is duly qualified as a  
 foreign corporation to transact business and is in good standing in  
 each jurisdiction in which its ownership of property or leasing or  
 property or the conduct of its business requires such qualification,  
 unless the failure to be so qualified in one or more of such  
 jurisdictions would not have a material adverse effect on the  
 condition, financial or otherwise, or the business, operations or  
 income of the Bank. The Bank does not own equity securities or any  
 equity interest in any other business enterprise except as described in  
 the Prospectus or as would not be material to the operations of the  
 Bank. Upon completion of the sale by the Company of the Shares  
 contemplated by the Prospectus, (i) the MHC will be succeeded by the  
 Company, a Delaware corporation, as the holding company of the Bank,  
 (ii) all of the authorized and outstanding capital stock of the Bank  
 will be owned by the Company, and (iii) the Company will have no direct  
 subsidiaries other than the Bank. The Conversion will have been  
 effected in all material respects in accordance with all applicable  
 statutes, regulations, decisions and orders; and, except with respect  
 to the filing of certain post-sale, post- Conversion reports, and  
 documents in compliance with the 1933 Act Regulations or the OTS's  
 resolutions or letters of approval or no objection taken, all terms,  
 conditions, requirements and provisions with respect to the Conversion  
 (except those that are conditions subsequent) imposed by the Commission  
 or the OTS, if any, will have been complied with by the Company, the  
 MHC and the Bank in all material respects or appropriate waivers will  
 have been obtained and all material notice and waiting periods will  
 have been satisfied, waived or elapsed.  
  
 (g) The Company has been duly incorporated and is validly  
 existing as a corporation in good standing under the laws of the State  
 of Delaware with corporate power and authority to own, lease and  
 operate its properties and to conduct its business as described in the  
 Registration Statement and the Prospectus, and the Company is qualified  
 to do business as a foreign corporation in each jurisdiction in which  
 the conduct of its business requires such qualification, except where  
 the failure to so qualify would not have a material adverse effect on  
 the condition, financial or otherwise, or the business, operations or  
 income of the Company. The Company has obtained all material licenses,  
 permits and other governmental authorizations currently required for  
 the conduct of its business; all such licenses, permits and  
 governmental authorizations are in full force and effect, and the  
 Company is in all material respects complying with all laws, rules,  
 regulations and orders applicable to the operation of its business.  
  
 (h) The MHC has been duly organized and is a validly existing  
 federally chartered mutual holding company, with corporate power and  
 authority to own, lease and operate its properties and to conduct its  
 business as described in the Registration Statement and the Prospectus,  
 and the MHC is qualified to do business as a foreign corporation in  
 each jurisdiction in which the conduct of its business requires such  
 qualification, except where the failure to so qualify would not have a  
 material adverse effect on the condition,  
  
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 financial or otherwise, or the business, operations or income of the  
 MHC. The MHC has obtained all material licenses, permits and other  
 governmental authorizations currently required for the conduct of its  
 business; all such licenses, permits and governmental authorizations  
 are in full force and effect, and the MHC is in all material respects  
 complying with all laws, rules, regulations and orders applicable to  
 the operation of its business.  
  
 (i) The Bank is a member of the Federal Home Loan Bank of Des  
 Moines ("FHLB-Des Moines"). The deposit accounts of the Bank are  
 insured by the FDIC up to the applicable limits; and no proceedings for  
 the termination or revocation of such insurance are pending or, to the  
 best knowledge of the Company, the MHC or the Bank, threatened. Upon  
 consummation of the Conversion, the liquidation account for the benefit  
 of Eligible Account Holders and Supplemental Eligible Account Holders  
 will be duly established in accordance with the requirements of the  
 Conversion Regulations.  
  
 (j) The Company, the MHC and the Bank have good and marketable  
 title to all real property and other assets material to the business of  
 the Company, the MHC and the Bank and to those properties and assets  
 described in the Registration Statement and Prospectus as owned by  
 them, free and clear of all liens, charges, encumbrances or  
 restrictions, except such as are described in the Registration  
 Statement and Prospectus or are not material to the business of the  
 Company, the MHC and the Bank taken as a whole; and all of the leases  
 and subleases material to the business of the Company, the MHC and the  
 Bank under which the Company, the MHC or the Bank hold properties,  
 including those described in the Registration Statement and Prospectus,  
 are in full force and effect.  
  
 (k) The Company, the MHC and the Bank have received an opinion  
 of their special counsel, Xxxxxxx, Spidi, Sloane & Xxxxx, P.C., with  
 respect to the federal income tax consequences of the conversion of the  
 MHC from mutual to stock form, the acquisition of the capital stock of  
 the Bank by the Company and the sale of the Shares as described in the  
 Registration Statement and the Prospectus, and an opinion from Xxxxx,  
 Xxxxx & Xxxxxx ("Xxxxx, Xxxxx") with respect to the Missouri state  
 income tax consequences of the proposed transaction; all material  
 aspects of the opinions of Xxxxxxx, Spidi, Sloane & Fish, P.C. and  
 Xxxxx, Xxxxx are accurately summarized in the Prospectus; and the facts  
 and representations upon which such opinions are based are truthful,  
 accurate and complete.  
  
 (l) The Company, the MHC and the Bank have all such power,  
 authority, authorizations, approvals and orders as may be required to  
 enter into this Agreement, to carry out the provisions and conditions  
 hereof and to issue and sell (i) the capital stock of the Bank to the  
 Company and (ii) the Shares to be sold by the Company as provided  
 herein and as described in the Prospectus.  
  
 (m) The Company, the MHC and the Bank are not in violation of  
 any directive received from the OTS, the FDIC, or any other agency to  
 make any material change in the method of conducting their businesses  
 so as to comply in all material respects with all  
  
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 applicable statutes and regulations (including, without limitation,  
 regulations, decisions, directives and orders of the OTS and the FDIC)  
 and, except as set forth in the Registration Statement and the  
 Prospectus, there is no suit or proceeding or charge or action before  
 or by any court, regulatory authority or governmental agency or body,  
 pending or, to the knowledge of the Company, the MHC and the Bank,  
 threatened, which might materially and adversely affect the Conversion,  
 the performance of this Agreement or the consummation of the  
 transactions contemplated in the Plan and as described in the  
 Registration Statement and the Prospectus or which might result in any  
 material adverse change in the condition (financial or otherwise),  
 earnings, capital or properties of the Company, or the Bank, or which  
 would materially affect their properties and assets.  
  
 (n) The financial statements which are included in the  
 Prospectus fairly present the financial condition, results of  
 operations, retained earnings and cash flows of the Bank at the  
 respective dates thereof and for the respective periods covered thereby  
 and comply as to form in all material respects with the applicable  
 accounting requirements of Title 12 of the Code of Federal Regulations  
 and generally accepted accounting principles (including those requiring  
 the recording of certain assets at their current market value). Such  
 financial statements have been prepared in accordance with generally  
 accepted accounting principles consistently applied through the periods  
 involved, present fairly in all material respects the information  
 required to be stated therein and are consistent with the most recent  
 financial statements and other reports filed by the Bank with the OTS,  
 and the FDIC, except that accounting principles employed in such  
 regulatory filings conform to the requirements of such authorities and  
 not necessarily to generally accepted accounting principles. The other  
 financial, statistical and pro forma information and related notes  
 included in the Prospectus present fairly the information shown therein  
 on a basis consistent with the audited and unaudited financial  
 statements of the Bank included in the Prospectus, and as to the pro  
 forma adjustments, the adjustments made therein have been properly  
 applied on the basis described therein.  
  
 (o) Since the respective dates as of which information is  
 given in the Registration Statement and the Prospectus; (i) there has  
 not been any material adverse change, financial or otherwise, in the  
 condition of the Company, the MHC, the Bank or in the earnings, capital  
 or properties of the Company, the MHC or the Bank, whether or not  
 arising in the ordinary course of business; (ii) there has not been any  
 material increase in the long-term debt of the Bank or in loans past  
 due 90 days or more or real estate acquired by foreclosure, by  
 deed-in-lieu of foreclosure or deemed in-substance foreclosure or any  
 material decrease in surplus and reserves or total assets of the Bank  
 nor has the Company or the Bank issued any securities or incurred any  
 liability or obligation for borrowing other than in the ordinary course  
 of business; (iii) there have not been any material transactions  
 entered into by the Company, the MHC or the Bank, except with respect  
 to those transactions entered into in the ordinary course of business;  
 (iv) the capitalization, liabilities, assets, properties and business  
 of the Company, the MHC and the Bank conform in all material respects  
 to the descriptions thereof contained in the  
  
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 Prospectus; and (v) neither the Company, the MHC nor the Bank has any  
 material contingent liabilities, except as set forth in the Prospectus.  
  
 (p) As of the date hereof and as of the Closing Date, neither  
 the Company, the MHC nor the Bank is in violation of its articles of  
 incorporation or bylaws or charter or bylaws, as applicable, or in  
 default in the performance or observance of any material obligation,  
 agreement, covenant, or condition contained in any material contract,  
 lease, loan agreement, indenture or other instrument to which it is a  
 party or by which it or any of its property may be bound; the  
 consummation of the Conversion, the execution, delivery and performance  
 of this Agreement and the consummation of the transactions herein  
 contemplated have been duly and validly authorized by all necessary  
 corporate action on the part of the Company and the Bank and this  
 Agreement has been validly executed and delivered by the Company, the  
 MHC and the Bank and is the valid, legal and binding Agreement of the  
 Company, the MHC and the Bank enforceable in accordance with its terms,  
 except as the enforceability thereof may be limited by (i) bankruptcy,  
 insolvency, reorganization, moratorium, conservatorship, receivership  
 or other similar laws now or hereafter in effect relating to or  
 affecting the enforcement of creditors' rights generally or the rights  
 of creditors of Federal savings institutions and their holding  
 companies, (ii) general equitable principles, (iii) laws relating to  
 the safety and soundness of insured depository institutions, and (iv)  
 applicable law or public policy with respect to the indemnification  
 and/or contribution provisions contained herein, and except that no  
 representation or warranty need be made as to the effect or  
 availability of equitable remedies or injunctive relief (regardless of  
 whether such enforceability is considered in a proceeding in equity or  
 at law). The consummation of the transactions herein contemplated will  
 not: (i) conflict with or constitute a breach of, or default under, the  
 articles of incorporation and bylaws of the Company or the charters and  
 bylaws of the Bank or the MHC (in either mutual or capital stock form),  
 or any material contract, lease or other instrument to which the  
 Company, the MHC or the Bank has a beneficial interest, or any  
 applicable law, rule, regulation or order; (ii) violate any  
 authorization, approval, judgment, decree, order, statute, rule or  
 regulation applicable to the Company, the MHC or the Bank, except for  
 such violations which would not have a material adverse effect on the  
 financial condition and results of operations of the Company, the MHC  
 and the Bank on a consolidated basis; or (iii) with the exception of  
 the liquidation account established in the Conversion, result in the  
 creation of any material lien, charge or encumbrance upon any property  
 of the Company, the MHC or the Bank.  
  
 (q) No default exists, and no event has occurred which with  
 notice or lapse of time, or both, would constitute a default on the  
 part of the Company, the MHC or the Bank, in the due performance and  
 observance of any term, covenant or condition of any indenture,  
 mortgage, deed of trust, note, bank loan or credit agreement or any  
 other instrument or agreement to which the Company, the MHC or the Bank  
 is a party or by which any of them or any of their property is bound or  
 affected except such defaults which would not have a material adverse  
 effect on the financial condition or results of operations of the  
 Company, the MHC and the Bank on a consolidated basis; such agreements  
 are in  
  
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 full force and effect; and no other party to any such agreements has  
 instituted or, to the best knowledge of the Company, the MHC or the  
 Bank, threatened any action or proceeding wherein the Company, the Bank  
 or the MHC would or might be alleged to be in default thereunder under  
 circumstances where such action or proceeding, if determined adversely  
 to the Company, the MHC or the Bank, would have a material adverse  
 effect on the Company, the MHC and the Bank, taken as a whole.  
  
 (r) Upon consummation of the Conversion, the authorized,  
 issued and outstanding equity capital of the Company will be within the  
 range set forth in the Prospectus under the caption "Capitalization,"  
 and, other than shares issued to the Bank which shall be canceled on  
 the Closing Date, no shares of Common Stock have been or will be issued  
 and outstanding prior to the Closing Date referred to in Section 2; the  
 Shares will have been duly and validly authorized for issuance and,  
 when issued and delivered by the Company pursuant to the Plan against  
 payment of the consideration calculated as set forth in the Plan and in  
 the Prospectus, will be duly and validly issued, fully paid and  
 non-assessable; no preemptive rights exist with respect to the Shares;  
 and the terms and provisions of the Shares will conform in all material  
 respects to the description thereof contained in the Registration  
 Statement and the Prospectus. To the best knowledge of the Company, the  
 MHC and the Bank, upon the issuance of the Shares, good title to the  
 Shares will be transferred from the Company to the purchasers thereof  
 against payment therefor, subject to such claims as may be asserted  
 against the purchasers thereof by third-party claimants.  
  
 (s) No approval of any regulatory or supervisory or other  
 public authority is required in connection with the execution and  
 delivery of this Agreement or the issuance of the Shares, except for  
 the approval or non-objection, as applicable, of the Commission, the  
 OTS, and any necessary qualification, notification, registration or  
 exemption under the securities or blue sky laws of the various states  
 in which the Shares are to be offered, and except as may be required  
 under the rules and regulations of the NASD and/or the Nasdaq National  
 Market.  
  
 (t) Baird, Kurtz, which has certified the financial statements  
 of the Bank included in the Prospectus as of June 30, 1997 and 1996 and  
 for each of the years in the three year period ended June 30, 1997, has  
 advised the Company, the MHC and the Bank in writing that they are,  
 with respect to the Company, the MHC and the Bank, independent public  
 accountants within the meaning of the Code of Professional Ethics of  
 the American Institute of Certified Public Accountants and Title 121 of  
 the Code of Federal Regulations and Section 571.2(c)(3).  
  
 (u) RP Financial, LC which has prepared the Bank's Conversion  
 Valuation Appraisal Report as of \_\_\_\_\_\_, 1997 (as amended or  
 supplemented, if so amended or supplemented) (the "Appraisal"), has  
 advised the Company in writing that it is independent of the Company,  
 the MHC and the Bank within the meaning of the Conversion Regulations.  
  
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 (v) The Company, the MHC and the Bank have timely filed all  
 required federal, state and local tax returns; the Company, the MHC and  
 the Bank have paid all taxes that have become due and payable in  
 respect of such returns, except where permitted to be extended, have  
 made adequate reserves for similar future tax liabilities and no  
 deficiency has been asserted with respect thereto by any taxing  
 authority.  
  
 (w) The Company, the MHC and the Bank are in compliance in all  
 material respects with the applicable financial recordkeeping and  
 reporting requirements of the Currency and Foreign Transactions  
 Reporting Act of 1970, as amended, and the regulations and rules  
 thereunder.  
  
 (x) To the knowledge of the Company, the MHC and the Bank,  
 neither the Company, the MHC, the Bank nor employees of the Company,  
 the MHC or the Bank have made any payment of funds of the Company, the  
 MHC or the Bank as a loan for the purchase of the Shares (other than a  
 loan by the Company to the ESOP) or made any other payment of funds  
 prohibited by law, and no funds have been set aside to be used for any  
 payment prohibited by law.  
  
 (y) Prior to the Conversion, the Bank had \_\_\_\_\_\_\_\_\_\_\_ shares  
 of authorized capital stock, of which \_\_\_\_\_\_\_\_\_ shares were issued and  
 outstanding, and the MHC was not authorized to issue shares. Neither  
 the Bank, the Company nor the MHC has: (i) other than as described in  
 the Prospectus issued any securities within the last 18 months (except  
 for notes to evidence other bank loans and reverse repurchase  
 agreements or other liabilities in the ordinary course of business or  
 as described in the Prospectus); (ii) had any material dealings within  
 the 12 months prior to the date hereof with any member of the NASD, or  
 any person related to or associated with such member, other than  
 discussions and meetings relating to the proposed offering and routine  
 purchases and sales of United States government and agency securities;  
 (iii) entered into a financial or management consulting agreement  
 except as contemplated hereunder and except for the Letter Agreement  
 set forth in Exhibit A; and (iv) engaged any intermediary between the  
 Agents and the Company, the MHC and the Bank in connection with the  
 offering of the Shares, and no person is being compensated in any  
 manner for such service.  
  
 (z) The Company, the MHC and the Bank have not relied upon the  
 Agent or the Agent's counsel for any legal, tax or accounting advice in  
 connection with the Conversion.  
  
 (aa) The Company is not required to be registered under the  
 Investment Company Act of 1940, as amended.  
  
 Any certificates signed by an officer of the Company, the MHC or the  
Bank pursuant to the conditions of this Agreement and delivered to the Agent or  
its counsel that refers to this Agreement shall be deemed to be a representation  
and warranty by the Company, the MHC or the  
  
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Bank to the Agent as to the matters covered thereby with the same effect as if  
such representation and warranty were set forth herein.  
  
 Section 5. Representations and Warranties of the Agent. The Agent  
represents and warrants to the Company, the MHC and the Bank that:  
  
 (a) The Agent is a corporation and is validly existing in good  
 standing under the laws of the State of Delaware with full  
 power and authority to provide the services to be furnished to  
 the Bank, the MHC and the Company hereunder.  
  
 (b) The execution and delivery of this Agreement and the  
 consummation of the transactions contemplated hereby have been  
 duly and validly authorized by all necessary action on the  
 part of the Agent, and this Agreement has been duly and  
 validly executed and delivered by the Agent and is the legal,  
 valid and binding agreement of the Agent, enforceable in  
 accordance with its terms.  
  
 (c) Each of the Agent and its employees, agents and  
 representatives who shall perform any of the services  
 hereunder shall be duly authorized and empowered, and shall  
 have all licenses, approvals and permits necessary to perform  
 such services.  
  
 (d) The execution and delivery of this Agreement by the Agent,  
 the consummation of the transactions contemplated hereby and  
 compliance with the terms and provisions hereof will not  
 conflict with, or result in a breach of, any of the terms,  
 provisions or conditions of, or constitute a default (or event  
 which with notice or lapse of time or both would constitute a  
 default) under, the articles of incorporation of the Agent or  
 any agreement, indenture or other instrument to which the  
 Agent is a party or by which it or its property is bound.  
  
 (e) No approval of any regulatory or supervisory or other  
 public authority is required in connection with the Agent's  
 execution and delivery of this Agreement, except as may have  
 been received.  
  
 (f) There is no suit or proceeding or charge of action before  
 or by any court, regulatory authority or government agency or  
 body or, to the knowledge of the Agent, pending or threatened,  
 which might materially adversely affect the Agent's  
 performance of this Agreement.  
  
 Section 5.1 Covenants of the Company, the MHC and the Bank. The  
Company, the MHC and the Bank hereby jointly and severally covenant with the  
Agent as follows:  
  
 (a) The Company has filed the Registration Statement with the  
 Commission. The Company will not, at any time after the date the  
 Registration Statement is declared effective, file any amendment or  
 supplement to the Registration Statement without  
  
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 providing the Agent and its counsel an opportunity to review such  
 amendment or supplement or file any amendment or supplement to which  
 amendment or supplement the Agent or its counsel shall reasonably  
 object.  
  
 (b) The MHC has filed the Conversion Application with the OTS.  
 The Bank will not, at any time after the Conversion Application is  
 approved by the OTS, file any amendment or supplement to such  
 Conversion Application without providing the Agent and its counsel an  
 opportunity to review such amendment or supplement or file any  
 amendment or supplement to which amendment or supplement the Agent or  
 its counsel shall reasonably object.  
  
 (c) The Company has filed the Holding Company Application with  
 the OTS. The Company will not, at any time before the Holding Company  
 Application is approved by the OTS, file any amendment or supplement to  
 such Holding Company Application without providing the Agent and its  
 counsel an opportunity to review the nonconfidential portions of such  
 amendment or supplement or file any amendment or supplement to which  
 amendment or supplement the Agent or its counsel shall reasonably  
 object.  
  
 (d) The Company and the Bank will use their best efforts to  
 cause any post-effective amendment to the Registration Statement to be  
 declared effective by the Commission and any post-effective amendment  
 to the Conversion Application to be approved by the OTS and will  
 immediately upon receipt of any information concerning the events  
 listed below notify the Agent: (i) when the Registration Statement, as  
 amended, has become effective; (ii) when the Conversion Application, as  
 amended, has been approved by the OTS; (iii) when the Holding Company  
 Application, as amended, has been approved by the OTS; (iv) of any  
 comments from the Commission, the OTS or any other governmental entity  
 with respect to the Conversion or the transactions contemplated by this  
 Agreement; (v) of the request by the Commission, the OTS or any other  
 governmental entity for any amendment or supplement to the Registration  
 Statement, the Conversion Application or the Holding Company  
 Application or for additional information; (vi) of the issuance by the  
 Commission, the OTS or any other governmental entity of any order or  
 other action suspending the Offering or the use of the Registration  
 Statement or the Prospectus or any other filing of the Company or the  
 Bank under the Conversion Regulations, or other applicable law, or the  
 threat of any such action; (vii) the issuance by the Commission, the  
 OTS or any state authority of any stop order suspending the  
 effectiveness of the Registration Statement or the approval of the  
 Conversion Application or Holding Company Application, or of the  
 initiation or threat of initiation or threat of any proceedings for any  
 such purpose; or (viii) of the occurrence of any event mentioned in  
 paragraph (h) below. The Company, the MHC and the Bank will make every  
 reasonable effort (i) to prevent the issuance by the Commission, the  
 OTS or any state authority of any such order and, if any such order  
 shall at any time be issued, (ii) to obtain the lifting thereof at the  
 earliest possible time.  
  
  
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 (e) The Company, the MHC and the Bank will deliver to the  
 Agent and to its counsel two conformed copies of the Registration  
 Statement, the Conversion Application and the Holding Company  
 Application, as originally filed and of each amendment or supplement  
 thereto, including all exhibits. Further, the Company, the MHC and the  
 Bank will deliver such additional copies of the foregoing documents to  
 counsel to the Agent as may be required for any NASD and blue sky  
 filings.  
  
 (f) The Company, the MHC and the Bank will furnish to the  
 Agent, from time to time during the period when the Prospectus (or any  
 later prospectus related to this offering) is required to be delivered  
 under the 1933 Act or the Securities Exchange Act of 1934 (the "1934  
 Act"), such number of copies of such Prospectus (as amended or  
 supplemented) as the Agent may reasonably request for the purposes  
 contemplated by the 1933 Act, the 1933 Act Regulations, the 1934 Act or  
 the rules and regulations promulgated under the 1934 Act (the "1934 Act  
 Regulations"). The Company authorizes the Agent to use the Prospectus  
 (as amended or supplemented, if amended or supplemented) in any lawful  
 manner contemplated by the Plan in connection with the sale of the  
 Shares by the Agent.  
  
 (g) The Company, the MHC and the Bank will comply with any and  
 all material terms, conditions, requirements and provisions with  
 respect to the Conversion and the transactions contemplated thereby  
 imposed by the Commission, the OTS, the Conversion Regulations or the  
 OTS, and by the 1933 Act, the 1933 Act Regulations, the 1934 Act and  
 the 1934 Act Regulations to be complied with prior to or subsequent to  
 the Closing Date and when the Prospectus is required to be delivered,  
 the Company, the MHC and the Bank will comply, at their own expense,  
 with all material requirements imposed upon them by the Commission, the  
 OTS, the Conversion Regulations or the OTS, and by the 1933 Act, the  
 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations,  
 including, without limitation, Rule 10b-5 under the 1934 Act, in each  
 case as from time to time in force, so far as necessary to permit the  
 continuance of sales or dealing in shares of Common Stock during such  
 period in accordance with the provisions hereof and the Prospectus.  
  
 (h) If, at any time during the period when the Prospectus  
 relating to the Shares is required to be delivered, any event relating  
 to or affecting the Company, the MHC or the Bank shall occur, as a  
 result of which it is necessary or appropriate, in the opinion of  
 counsel for the Company, the MHC and the Bank or in the reasonable  
 opinion of the Agent's counsel, to amend or supplement the Registration  
 Statement or Prospectus in order to make the Registration Statement or  
 Prospectus not misleading in light of the circumstances existing at the  
 time the Prospectus is delivered to a purchaser, the Company and the  
 Bank will at their expense, prepare and file with the Commission and  
 the OTS and furnish to the Agent a reasonable number of copies of an  
 amendment or amendments of, or a supplement or supplements to, the  
 Registration Statement or Prospectus (in form and substance  
 satisfactory to the Agent and its counsel after a reasonable time for  
 review) which will amend or supplement the Registration Statement or  
 Prospectus so that as amended or supplemented it will not contain an  
 untrue statement of a material fact or omit  
  
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 to state a material fact necessary in order to make the statements  
 therein, in light of the circumstances existing at the time the  
 Prospectus is delivered to a purchaser, not misleading. For the purpose  
 of this Agreement, the Company, the MHC and the Bank each will timely  
 furnish to the Agent such information with respect to itself as the  
 Agent may from time to time reasonably request.  
  
 (i) The Company, the MHC and the Bank will take all necessary  
 actions, in cooperating with the Agent, and furnish to whomever the  
 Agent may direct, such information as may be required to qualify or  
 register the Shares for offering and sale by the Company or to exempt  
 such Shares from registration, or to exempt the Company as a  
 broker-dealer and its officers, directors and employees as  
 broker-dealers or agents under the applicable securities or blue sky  
 laws of such jurisdictions in which the Shares are required under the  
 Conversion Regulations to be sold or as the Agent and the Company, the  
 MHC and the Bank may reasonably agree upon; provided, however, that the  
 Company shall not be obligated to file any general consent to service  
 of process or to qualify to do business in any jurisdiction in which it  
 is not so qualified. In each jurisdiction where any of the Shares shall  
 have been qualified or registered as above provided, the Company will  
 make and file such statements and reports in each fiscal period as are  
 or may be required by the laws of such jurisdiction.  
  
 (j) The liquidation account for the benefit of Eligible  
 Account Holders and Supplemental Eligible Account Holders will be duly  
 established and maintained in accordance with the requirements of the  
 OTS, and such Eligible Account Holders and Supplemental Eligible  
 Account Holders who continue to maintain their savings accounts in the  
 Bank will have an inchoate interest in their pro rata portion of the  
 liquidation account which shall have a priority superior to that of the  
 holders of shares of Common Stock in the event of a complete  
 liquidation of the Bank.  
  
 (k) The Company, the MHC and the Bank will not sell or issue,  
 contract to sell or otherwise dispose of, for a period of 90 days after  
 the Closing Date, without the Agent's prior written consent, any shares  
 of Common Stock other than the Shares or other than in connection with  
 any plan or arrangement described in the Prospectus.  
  
 (l) The Company shall register its Common Stock under Section  
 12(g) of the 1934 Act concurrent with the Offerings pursuant to the  
 Plan and shall request that such registration be effective upon  
 completion of the Conversion. The Company shall maintain the  
 effectiveness of such registration for not less than three (3) years or  
 such shorter period as may be required by the OTS.  
  
 (m) During the period during which the Company's Common Stock  
 is registered under the 1934 Act or for three years from the date  
 hereof, whichever period is greater, the Company will furnish to its  
 stockholders as soon as practicable after the end of each fiscal year  
 an annual report of the Company (including a consolidated balance sheet  
 and statements of consolidated income, stockholders' equity and cash  
 flows of the Company  
  
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 and its subsidiaries as at the end of and for such year, certified by  
 independent public accountants in accordance with Regulation S-X under  
 the 1933 Act and the 1934 Act).  
  
 (n) During the period of three years from the date hereof, the  
 Company will furnish to the Agent: (i) as soon as practicable after  
 such information is publicly available, a copy of each report of the  
 Company furnished to or filed with the Commission under the 1934 Act or  
 any national securities exchange or system on which any class of  
 securities of the Company is listed or quoted (including, but not  
 limited to, reports on Forms 10-K, 10- Q and 8-K and all proxy  
 statements and annual reports to stockholders), (ii) a copy of each  
 other non-confidential report of the Company mailed to its stockholders  
 or filed with the Commission, the OTS or any other supervisory or  
 regulatory authority or any national securities exchange or system on  
 which any class of securities of the Company is listed or quoted, each  
 press release and material news items and additional documents and  
 information with respect to the Company or the Bank as the Agent may  
 reasonably request; and (iii) from time to time, such other  
 nonconfidential information concerning the Company or the Bank as the  
 Agent may reasonably request.  
  
 (o) The Company and the Bank will use the net proceeds from  
 the sale of the Shares in the manner set forth in the Prospectus under  
 the caption "Use of Proceeds."  
  
 (p) Other than as permitted by the Conversion Regulations, the  
 HOLA, the 1933 Act, the 1933 Act Regulations, and the laws of any state  
 in which the Shares are registered or qualified for sale or exempt from  
 registration, neither the Company, the MHC nor the Bank will distribute  
 any prospectus, offering circular or other offering material in  
 connection with the offer and sale of the Shares.  
  
 (q) The Company will use its best efforts to (i) encourage and  
 assist two market makers to establish and maintain a market for the  
 Shares and (ii) list the Shares on a national or regional securities  
 exchange or on the Nasdaq National Market effective on or prior to the  
 Closing Date.  
  
 (r) The Bank will maintain appropriate arrangements for  
 depositing all funds received from persons mailing subscriptions for or  
 orders to purchase Shares in the Offerings on an interest bearing basis  
 at the rate described in the Prospectus until the Closing Date and  
 satisfaction of all conditions precedent to the release of the Bank's  
 obligation to refund payments received from persons subscribing for or  
 ordering Shares in the Offerings in accordance with the Plan and as  
 described in the Prospectus or until refunds of such funds have been  
 made to the persons entitled thereto or withdrawal authorizations  
 cancelled in accordance with the Plan and as described in the  
 Prospectus. The Bank will maintain such records of all funds received  
 to permit the funds of each subscriber to be separately insured by the  
 FDIC (to the maximum extent allowable) and to enable the Bank to make  
 the appropriate refunds of such funds in the event that such refunds  
 are required to be made in accordance with the Plan and as described in  
 the Prospectus.  
  
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 (s) The Company will promptly take all necessary action to  
 register as a savings and loan holding company under the HOLA within 90  
 days of the Closing Date.  
  
 (t) The Company and the Bank will take such actions and  
 furnish such information as are reasonably requested by the Agent in  
 order for the Agent to ensure compliance with the NASD's  
 "Interpretation Relating to Free Riding and Withholding."  
  
 (u) Neither the Bank nor the MHC will amend the Plan of  
 Conversion without notifying the Agent prior thereto.  
  
 (v) The Company shall assist the Agent, if necessary, in  
 connection with the allocation of the Shares in the event of an  
 oversubscription and shall provide the Agent with any information  
 necessary to assist the Company in allocating the Shares in such event  
 and such information shall be accurate and reliable.  
  
 (w) Prior to the Closing Date, the Company, the MHC and the  
 Bank will inform the Agent of any event or circumstances of which it is  
 aware as a result of which the Registration Statement, the Conversion  
 Application and/or Prospectus, as then amended or supplemented, would  
 contain an untrue statement of a material fact or omit to state a  
 material fact necessary in order to make the statements therein not  
 misleading.  
  
 (x) Prior to the Closing Date, the Company will have received  
 approval of the OTS to acquire the Bank.  
  
 Section 5.2 Covenants of the Agent. The Agent hereby covenants with the  
Company, the MHC and the Bank as follows:  
  
 (a) During the period when the Prospectus is used, the Agent  
 will comply, in all material respects and at its own expense, with all  
 requirements imposed upon it by the OTS and, to the extent applicable,  
 by the 1933 Act and the 1934 Act and the rules and regulations  
 promulgated thereunder.  
  
 (b) The Agent shall return unused prospectuses, if any, to the  
 Company promptly upon the completion of the Conversion.  
  
 (c) The Agent will distribute the Prospectuses or offering  
 materials in connection with the sales of the common stock only in  
 accordance with OTS regulations, the 1933 Act and the rules and  
 regulations promulgated thereunder.  
  
 (d) The Agent shall assist the Bank in maintaining  
 arrangements for the deposit of funds and the making of refunds, as  
 appropriate (as described in Section 5.1(r)), and shall perform the  
 allocation of shares in the event of an oversubscription, in  
 conformance with the Plan and applicable regulations and based upon  
 information furnished to the Agent by the Bank (as described in Section  
 5.1(v)).  
  
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 Section 6. Payment of Expenses. Whether or not the Conversion is  
completed or the sale of the Shares by the Company is consummated, the Company,  
the MHC and the Bank jointly and severally agree to pay or reimburse the Agent  
for: (a) all filing fees in connection with all filings with the NASD; (b) any  
stock issue or transfer taxes which may be payable with respect to the sale of  
the Shares; (c) all reasonable expenses of the Conversion including but not  
limited to the Company, the MHC and the Bank's attorneys' fees, transfer agent,  
registrar and other agent charges, fees relating to auditing and accounting or  
other advisors and costs of printing all documents necessary in connection with  
the Conversion; and (d) all reasonable out-of-pocket expenses incurred by the  
Agent not to exceed $50,000 (including legal fees and expenses). Such  
out-of-pocket expenses include, but are not limited to, travel, communications  
and postage. However, such out-of-pocket expenses do not include expenses  
incurred with respect to the matters set forth in (a) or (b) above. In the event  
the Company is unable to sell a minimum of 2,805,000 Shares or the Conversion is  
terminated or otherwise abandoned, the Company, the MHC and the Bank shall  
reimburse the Agent in accordance with Section 2 hereof.  
  
 Section 7. Conditions to the Agent's Obligations. The Agent's  
obligations hereunder, as to the Shares to be delivered at the Closing Date, are  
subject, to the extent not waived by the Agent, to the condition that all  
representations and warranties of the Company, the MHC and the Bank herein are,  
at and as of the commencement of the Offerings and at and as of the Closing  
Date, true and correct in all material respects, the condition that the Company,  
the MHC and the Bank shall have performed all of their obligations hereunder to  
be performed on or before such dates, and to the following further conditions:  
  
 (a) At the Closing Date, the Company, the MHC and the Bank  
 shall have conducted the Conversion in all material respects in  
 accordance with the Plan, the Conversion Regulations, and all other  
 applicable laws, regulations, decisions and orders, including all  
 terms, conditions, requirements and provisions precedent to the  
 Conversion imposed upon them by the OTS.  
  
 (b) The Registration Statement shall have been declared  
 effective by the Commission, the Conversion Application approved by the  
 OTS, and the Holding Company Application approved by the OTS not later  
 than 5:30 p.m. on the date of this Agreement, or with the Agent's  
 consent at a later time and date; and at the Closing Date, no stop  
 order suspending the effectiveness of the Registration Statement shall  
 have been issued under the 1933 Act or proceedings therefore initiated  
 or threatened by the Commission, or any state authority and no order or  
 other action suspending the authorization of the Prospectus or the  
 consummation of the Conversion shall have been issued or proceedings  
 therefore initiated or, to the Company's, the MHC's or the Bank's  
 knowledge, threatened by the Commission, the OTS or any state  
 authority.  
  
 (c) At the Closing Date, the Agent shall have received:  
  
 (1) The favorable opinion, dated as of the Closing  
 Date and addressed to the Agent and for its benefit, of  
 Xxxxxxx, Spidi, Sloane & Xxxxx, P.C., special  
  
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 counsel for the Company, the MHC and the Bank, in form and  
 substance to the effect that:  
  
 (i) The Company has been duly incorporated  
 and is validly existing as a corporation under the laws of the  
 State of Delaware and has corporate power and authority to  
 own, lease and operate its properties and to conduct its  
 business as described in the Registration Statement and the  
 Prospectus.  
  
 (ii) The Bank has been duly organized and is  
 a validly existing federal savings association in capital  
 stock form of organization, duly authorized to conduct its  
 business and own its property as described in the Registration  
 Statement and Prospectus. All of the outstanding capital stock  
 of the Bank will be duly authorized and, upon payment  
 therefor, will be validly issued, fully paid and  
 non-assessable and will be owned by the Company, free and  
 clear of any liens, encumbrances, claims or other  
 restrictions.  
  
 (iii) The MHC has been duly organized and is  
 a validly existing federal mutual holding company duly  
 authorized to conduct its business and own its property as  
 described in the Registration Statement and Prospectus.  
  
 (iv) The Bank is a member of the FHLB-Des  
 Moines. The deposit accounts of the Bank are insured by the  
 FDIC up to the maximum amount allowed under law and no  
 proceedings for the termination or revocation of such  
 insurance are pending or, to such counsel's Actual Knowledge,  
 threatened; the description of the liquidation account as set  
 forth in the Prospectus under the caption "The Conversion and  
 Reorganization-Liquidation Rights" to the extent that such  
 information constitutes matters of law and legal conclusions  
 has been reviewed by such counsel and is accurate in all  
 material respects.  
  
 (v) Upon consummation of the Conversion, the  
 authorized, issued and outstanding capital stock of the  
 Company will be within the range set forth in the Prospectus  
 under the caption "Capitalization," and except for shares  
 issued upon incorporation of the Company, no shares of Common  
 Stock have been issued prior to the Closing Date; at the time  
 of the Conversion, the Shares subscribed for pursuant to the  
 Offerings will have been duly and validly authorized for  
 issuance, and when issued and delivered by the Company  
 pursuant to the Plan against payment of the consideration  
 calculated as set forth in the Plan and the Prospectus, will  
 be duly and validly issued and fully paid and non-assessable;  
 the issuance of the Shares is not subject to preemptive rights  
 and the terms and provisions of the Shares conform in all  
 material respects to the description thereof contained in the  
 Prospectus. To such counsel's Actual Knowledge, upon the  
 issuance of the Shares, good title to the Shares will be  
 transferred from the Company to the purchasers thereof against  
 payment therefor, subject to such claims as may be asserted  
 against the purchasers thereof by third-party claimants.  
  
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 (vi) The execution and delivery of this  
 Agreement and the consummation of the transactions  
 contemplated hereby have been duly and validly authorized by  
 all necessary action on the part of the Company, the MHC, and  
 the Bank; and this Agreement is a valid and binding obligation  
 of the Company, the MHC and the Bank, enforceable in  
 accordance with its terms, except as the enforceability  
 thereof may be limited by (i) bankruptcy, insolvency,  
 moratorium, reorganization, conservatorship, receivership or  
 other similar laws now or hereafter in effect relating to or  
 affecting the enforcement of creditors' rights generally or  
 the rights of creditors of savings institutions and their  
 holding companies, (ii) general equitable principles, (iii)  
 laws relating to the safety and soundness of insured  
 depository institutions, and (iv) applicable law or public  
 policy with respect to the indemnification and/or contribution  
 provisions contained herein, including, without limitation,  
 the provisions of Section 23A and 23B of the Federal Reserve  
 Act, and except that no opinion need to be expressed as to the  
 effect or availability of equitable remedies or injunctive  
 relief (regardless of whether such enforceability is  
 considered in a proceeding in equity or at law).  
  
 (vii) The Conversion Application has been  
 approved by the OTS and the Prospectus has been authorized for  
 use by the OTS. The OTS has approved the Holding Company  
 Application, and the purchase by the Company of all of the  
 issued and outstanding capital stock of the Bank has been  
 authorized by the OTS and no action has been taken, and to  
 such counsel's Actual Knowledge, none is pending or  
 threatened, to revoke any such authorization or approval.  
  
 (viii) The Plan has been duly adopted by the  
 required vote of the directors of the Company, the MHC and the  
 Bank and, based upon the certificate of the inspector of  
 election, by the members of the MHC and the stockholders of  
 the Bank.  
  
 (ix) Subject to the satisfaction of the  
 conditions to the OTS's approval of to the Conversion, no  
 further approval, registration, authorization, consent or  
 other order of or notice to any federal or Delaware regulatory  
 agency is required in connection with the execution and  
 delivery of this Agreement, the issuance of the Shares and the  
 consummation of the Conversion, except as may be required  
 under the securities or blue sky laws of various jurisdictions  
 (as to which no opinion need be rendered) and except as may be  
 required under the rules and regulations of the NASD and/or  
 the Nasdaq National Market (as to which no opinion need be  
 rendered).  
  
 (x) The Registration Statement is effective  
 under the 1933 Act and no stop order suspending the  
 effectiveness has been issued under the 1933 Act or  
 proceedings therefor initiated or, to such counsel's Actual  
 Knowledge, threatened by the Commission.  
  
  
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 (xi) At the time the Conversion Application,  
 including the Prospectus contained therein, was approved by  
 the OTS, the Conversion Application, including the Prospectus  
 contained therein, complied as to form in all material  
 respects with the requirements of the Conversion Regulations,  
 federal law and all applicable rules and regulations  
 promulgated thereunder (other than the financial statements,  
 the notes thereto, and other tabular, financial, statistical  
 and appraisal data included therein, as to which no opinion  
 need be rendered).  
  
 (xii) At the time that the Registration  
 Statement became effective, (i) the Registration Statement (as  
 amended or supplemented, if so amended or supplemented) (other  
 than the financial statements, the notes thereto and other  
 tabular, financial, statistical and appraisal data included  
 therein, as to which no opinion need be rendered) complied as  
 to form in all material respects with the requirements of the  
 1933 Act and the 1933 Act Regulations, and (ii) the Prospectus  
 (other than the financial statements, the notes thereto and  
 other tabular, financial, statistical and appraisal data  
 included therein, as to which no opinion need be rendered)  
 complied as to form in all material respects with the  
 requirements of the 1933 Act, the 1933 Act Regulations, the  
 Conversion Regulations and federal law.  
  
 (xiii) The terms and provisions of the  
 Shares of the Company conform, in all material respects, to  
 the description thereof contained in the Registration  
 Statement and Prospectus, and the form of certificate used to  
 evidence the Shares is in due and proper form.  
  
 (xiv) There are no legal or governmental  
 proceedings pending or to such counsel's Actual Knowledge,  
 threatened which are required to be disclosed in the  
 Registration Statement and Prospectus, other than those  
 disclosed therein, and to such counsel's Actual Knowledge, all  
 pending legal and governmental proceedings to which the  
 Company, the MHC or the Bank is a party or of which any of  
 their property is the subject, which are not described in the  
 Registration Statement and the Prospectus, including ordinary  
 routine litigation incidental to the Company's, the MHC's or  
 the Bank's business, are, considered in the aggregate, not  
 material.  
  
 (xv) To such counsel's Actual Knowledge,  
 there are no material contracts, indentures, mortgages, loan  
 agreements, notes, leases or other instruments required to be  
 described or referred to in the Conversion Application, the  
 Registration Statement or the Prospectus or required to be  
 filed as exhibits thereto other than those described or  
 referred to therein or filed as exhibits thereto in the  
 Conversion Application, the Registration Statement or the  
 Prospectus. The description in the Conversion Application, the  
 Registration Statement and the Prospectus of such documents  
 and exhibits is accurate in all material respects and fairly  
 presents the information required to be shown.  
  
  
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 (xvi) To such counsel's Actual Knowledge,  
 the Company, the MHC and the Bank have conducted the  
 Conversion, in all material respects, in accordance with all  
 applicable requirements of the Plan and applicable federal  
 law, and the Plan complies in all material respects with all  
 applicable Delaware and federal laws, rules, regulations,  
 decisions and orders including, but not limited to, the  
 Conversion Regulations (except where a written waiver has been  
 received); no order has been issued by the OTS, the Commission  
 or any state authority to suspend the Offerings or the use of  
 the Prospectus, and no action for such purposes has been  
 instituted or, to such counsel's Actual Knowledge, threatened  
 by the OTS or the Commission or any state authority and, to  
 such counsel's Actual Knowledge, no person has sought to  
 obtain regulatory or judicial review of the final action of  
 the OTS approving the Plan, the Conversion Application, the  
 Holding Company Application or the Prospectus.  
  
 (xvii) To such counsel's Actual Knowledge,  
 the Company, the MHC and the Bank have obtained all material  
 federal and Delaware licenses, permits and other governmental  
 authorizations currently required for the conduct of their  
 businesses and all such licenses, permits and other  
 governmental authorizations are in full force and effect, and  
 the Company, the MHC and the Bank are in all material respects  
 complying therewith, except where the failure to have such  
 licenses, permits and other governmental authorizations or the  
 failure to be in compliance therewith would not have a  
 material adverse affect on the business or operations of the  
 Bank, the MHC and the Company, taken as a whole.  
  
 (xviii) To such counsel's Actual Knowledge,  
 neither the Company, the MHC nor the Bank is in violation of  
 its articles of incorporation, bylaws, or charter, as  
 applicable, or, to such counsel's Actual Knowledge, in default  
 or violation of any obligation, agreement, covenant or  
 condition contained in any contract, indenture, mortgage, loan  
 agreement, note, lease or other instrument to which it is a  
 party or by which it or its property may be bound except for  
 such defaults or violations which would not have a material  
 adverse impact on the financial condition or results of  
 operations of the Company, the MHC nor the Bank on a  
 consolidated basis; to such counsel's Actual Knowledge, the  
 execution and delivery of this Agreement, the occurrence of  
 the obligations herein set forth and the consummation of the  
 transactions contemplated herein will not conflict with or  
 constitute a breach of, or default under, or result in the  
 creation or imposition of any lien, charge or encumbrance upon  
 any property or assets of the Company, the MHC or the Bank  
 pursuant to any material contract, indenture, mortgage, loan  
 agreement, note, lease or other instrument to which the  
 Company, the MHC or the Bank is a party or by which any of  
 them may be bound, or to which any of the property or assets  
 of the Company, the MHC or the Bank is subject (other than the  
 establishment of a liquidation account), and such action will  
 not result in any violation of the provisions of the articles  
 of incorporation, bylaws or charter, as applicable, of the  
 Company, the MHC or the Bank, or any applicable federal or  
  
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 Delaware law, act, regulation (except that no opinion need be  
 rendered with respect to the securities or blue sky laws of  
 various jurisdictions or the rules and regulations of the NASD  
 and/or the Nasdaq National Market) or order or court order,  
 writ, injunction or decree.  
  
 (xix) The Company's articles of  
 incorporation and bylaws comply in all material respects with  
 the General Corporation Law ("GCL") of the State of Delaware.  
 The Bank's and the MHC's charter and bylaws comply in all  
 material respects with the HOLA and the rules and regulations  
 of the OTS.  
  
 (xx) To such counsel's Actual Knowledge,  
 neither the Company, the MHC nor the Bank is in violation of  
 any directive from the OTS or the FDIC to make any material  
 change in the method of conducting its respective business.  
  
 (xxi) The information in the Prospectus  
 under the captions "Regulation," "The Conversion and  
 Reorganization," "Restrictions on Acquisition of the Company"  
 and "Description of Capital Stock of the Company," to the  
 extent that such information constitutes matters of law,  
 summaries of legal matters, documents or proceedings, or legal  
 conclusions, has been reviewed by such counsel and is correct  
 in all material respects. The description of the Conversion  
 process under the caption "The Conversion and Reorganization"  
 in the Prospectus has been reviewed by such counsel and is in  
 all material respects correct. The discussion of statutes or  
 regulations described or referred to in the Prospectus are  
 accurate summaries and fairly present the information required  
 to be shown. The information under the caption "The Conversion  
 and Reorganization-Tax Aspects" has been reviewed by such  
 counsel and constitutes a correct summary of the opinions  
 rendered by Xxxxxxx, Spidi, Sloane & Xxxxx, P.C. and Xxxxx,  
 Xxxxx to the Company, the MHC and the Bank with respect to  
 such matters.  
  
 In giving such opinion, such counsel may rely as to  
 all matters of fact on certificates of officers or directors  
 of the Company, the MHC and the Bank and certificates of  
 public officials. Such counsel's opinion shall be limited to  
 matters governed by federal laws and by the State of Delaware  
 General Corporation Law. With respect to matters involving the  
 application of Delaware law, such counsel may rely, to the  
 extent it deems proper and as specified in its opinion, upon  
 the opinion of local counsel (providing that such counsel  
 states that it believes the Agent is justified in relying upon  
 such specified opinion or opinions). The opinion of Xxxxxxx,  
 Spidi, Sloane & Xxxxx, P.C. shall be governed by the Legal  
 Opinion Accord ("Accord") of the American Bar Association  
 Section of Business Law (1991). The term "Actual Knowledge" as  
 used herein shall have the meaning set forth in the Accord.  
 For purposes of such opinion, no proceedings shall be deemed  
 to be pending, no order or stop order shall be deemed to be  
 issued, and no action shall be deemed to be instituted unless,  
 in each case, a director or executive officer of the Company,  
 the MHC or the Bank shall have received a copy of such  
  
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 proceedings, order, stop order or action. In addition, such  
 opinion may be limited to present statutes, regulations and  
 judicial interpretations and to facts as they presently exist;  
 in rendering such opinion, such counsel need assume no  
 obligation to revise or supplement it should the present laws  
 be changed by legislative or regulatory action, judicial  
 decision or otherwise; and such counsel need express no view,  
 opinion or belief with respect to whether any proposed or  
 pending legislation, if enacted, or any proposed or pending  
 regulations or policy statements issued by any regulatory  
 agency, whether or not promulgated pursuant to any such  
 legislation, would affect the validity of the Conversion or  
 any aspect thereof. Such counsel may assume that any agreement  
 is the valid and binding obligation of any parties to such  
 agreement other than the Company, the MHC or the Bank.  
  
 In addition, such counsel shall provide a letter  
 stating that during the preparation of the Conversion  
 Application, the Registration Statement and the Prospectus,  
 they participated in conferences with certain officers of, the  
 independent public and internal accountants for, and other  
 representatives of the Company, the MHC and the Bank, at which  
 conferences the contents of the Conversion Application, the  
 Registration Statement and the Prospectus and related matters  
 were discussed and, while such counsel has not confirmed the  
 accuracy or completeness of or otherwise verified the  
 information contained in the Conversion Application, the  
 Registration Statement or the Prospectus, and does not assume  
 any responsibility for such information, based upon such  
 conferences and a review of documents deemed relevant for the  
 purpose of rendering their opinion (relying as to materiality  
 as to factual matters on certificates of officers and other  
 factual representations by the Company, the MHC and the Bank),  
 nothing has come to their attention that would lead them to  
 believe that the Conversion Application, the Registration  
 Statement, the Prospectus, or any amendment or supplement  
 thereto (other than the financial statements, the notes  
 thereto, and other tabular, financial, statistical and  
 appraisal data included therein as to which no opinion need be  
 rendered) contained an untrue statement of a material fact or  
 omitted to state a material fact required to be stated therein  
 or necessary to make the statements therein, in light of the  
 circumstances under which they were made, not misleading.  
  
 (2) The favorable opinion, dated as of the Closing  
 Date and addressed to the Agent and for its benefit, of the  
 Bank's local counsel, in form and substance to the effect  
 that, to the best of such counsel's knowledge, (i) the  
 Company, the MHC and the Bank have good and marketable title  
 to all properties and assets which are material to the  
 business of the Company, the MHC and the Bank and to those  
 properties and assets described in the Registration Statement  
 and Prospectus, as owned by them, free and clear of all liens,  
 charges, encumbrances or restrictions, except such as are  
 described in the Registration Statement and Prospectus, or are  
 not material in relation to the business of the Company, the  
 MHC and the Bank considered as one enterprise; (ii) all of the  
 leases and subleases material to the business of the Company,  
 the MHC and the Bank under which the  
  
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 Company, the MHC and the Bank hold properties, as described in  
 the Registration Statement and Prospectus, are in full force  
 and effect; (iii) the Bank is duly qualified as a foreign  
 corporation to transact business and is in good standing in  
 each jurisdiction in which its ownership of property or  
 leasing of property or the conduct of its business requires  
 such qualification, unless the failure to be so qualified in  
 one or more of such jurisdictions would not have a material  
 adverse effect on the condition, financial or otherwise, or  
 the business, operations or income of the Bank; and (iv) the  
 MHC is duly qualified as a foreign corporation to transact  
 business and is in good standing in each jurisdiction in which  
 its ownership of property or leasing of property or the  
 conduct of its business requires such qualification, unless  
 the failure to be so qualified in one or more of such  
 jurisdictions would not have a material adverse effect on the  
 condition, financial or otherwise, or the business, operations  
 or income of the MHC.  
  
 (3) The favorable opinion, dated as of the Closing  
 Date, of Xxxx Xxxxxx Xxxxxx Xxxxxxxx & Xxxxxx, P.C., the  
 Agent's counsel, with respect to such matters as the Agent may  
 reasonably require. Such opinion may rely upon the opinions of  
 counsel to the Company, the MHC and the Bank, and as to  
 matters of fact, upon certificates of officers and directors  
 of the Company, the MHC and the Bank delivered pursuant hereto  
 or as such counsel shall reasonably request.  
  
 (d) At the Closing Date, the Agents shall receive a  
 certificate of the Chief Executive Officer and the Chief Financial  
 Officer of the Company and a certificate of the Chief Executive Officer  
 and the Chief Financial Officer of the MHC and the Bank, both dated as  
 of such Closing Date, to the effect that: (i) they have reviewed the  
 Prospectus and, in their opinion, at the time the Prospectus became  
 authorized for final use, the Prospectus did not contain any untrue  
 statement of a material fact or omit to state a material fact necessary  
 in order to make the statements therein, in light of the circumstances  
 under which they were made, not misleading; (ii) since the date the  
 Prospectus became authorized for final use, no material adverse change  
 in the condition, financial or otherwise, or in the earnings, capital,  
 properties or business of the Company, the MHC and the Bank has  
 occurred and, to their knowledge, no other event has occurred, which  
 should have been set forth in an amendment or supplement to the  
 Prospectus which has not been so set forth, and the conditions set  
 forth in this Section 7 have been satisfied; (iii) since the respective  
 dates as of which information is given in the Registration Statement  
 and Prospectus, there has been no material adverse change in the  
 condition, financial or otherwise, or in the earnings, capital or  
 properties of the Company, the MHC or the Bank, independently, or of  
 the Company, the MHC and the Bank considered as one enterprise, whether  
 or not arising in the ordinary course of business; (iv) the  
 representations and warranties in Section 4 are true and correct with  
 the same force and effect although expressly made at and as of the  
 Closing Date; (v) the Company, the MHC and the Bank have complied in  
 all material respects with all agreements and satisfied all conditions  
 on their part to be performed or satisfied at or prior to the Closing  
 Date and will comply in all material respects with all obligations to  
 be satisfied by them after Conversion; (vi) no stop order suspending  
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 effectiveness of the Registration Statement has been initiated or, to  
 the best knowledge of the Company, the MHC or the Bank, threatened by  
 the Commission or any state authority; (vii) no order suspending the  
 Offerings, the Conversion, the acquisition of all of the shares of the  
 Bank by the Company or the effectiveness of the Prospectus has been  
 issued and no proceedings for that purpose are pending or, to the best  
 knowledge of the Company, the MHC or the Bank, threatened by the OTS,  
 the Commission or any state authority; and (viii) to the best knowledge  
 or the Company or the Bank, no person has sought to obtain review of  
 the final action of the OTS approving the Plan.  
  
 (e) Prior to and at the Closing Date: (i) in the reasonable  
 opinion of the Agent, there shall have been no material adverse change  
 in the condition, financial or otherwise (other than as a result of a  
 change in law or regulation and affecting the savings association  
 industry as a whole), or in the earnings or business of the Company,  
 the MHC or the Bank independently, or of the Company, the MHC and the  
 Bank considered as one enterprise, from that as of the latest dates as  
 of which such condition is set forth in the Prospectus other than  
 transactions referred to or contemplated therein; (iii) the Company,  
 the MHC or the Bank shall not have received from the OTS or the FDIC  
 any direction (oral or written) to make any material change in the  
 method of conducting their business with which it has not complied  
 (which direction, if any, shall have been disclosed to the Agents) or  
 which materially and adversely would affect the business, operations or  
 financial condition or income of the Company, the MHC and the Bank  
 considered as one enterprise; (iv) the Company, the MHC and the Bank  
 shall not have been in default (nor shall any event have occurred  
 which, with notice or lapse of time or both, would constitute a  
 default) under any provision of any agreement or instrument relating to  
 any outstanding indebtedness; (v) no action, suit or proceedings, at  
 law or in equity or before or by any federal or state commission, board  
 or other administrative agency, shall be pending or, to the knowledge  
 of the Company, the MHC or the Bank, threatened against the Company,  
 the MHC or the Bank or affecting any of their properties wherein an  
 unfavorable decision, ruling or finding would materially and adversely  
 affect the business operations, financial condition or income of the  
 Company, the MHC and the Bank considered as one enterprise; and (vi)  
 the Shares have been qualified or registered for offering and sale or  
 exempted therefrom under the securities or blue sky laws of the  
 jurisdictions as the Agents shall have requested and as agreed to by  
 the Company and the Bank.  
  
 (f) Concurrently with the execution of this Agreement, the  
 Agents shall receive a letter from Xxxxx, Xxxxx dated as of the date of  
 the Prospectus and addressed to the Agent: (i) confirming that Xxxxx,  
 Xxxxx is a firm of independent public accountants within the meaning of  
 Rule 101 of the Code of Professional Ethics of the American Institute  
 of Certified Public Accountants and applicable regulations of the OTS  
 and FDIC and stating in effect that in Xxxxx, Xxxxx'x opinion the  
 financial statements of the Bank as of June 30, 1997 and 1996 and for  
 each of the three years in the period ended June 30, 1997, as are  
 included in the Prospectus and covered by their opinion included  
 therein, comply as to form in all material respects with the applicable  
 accounting requirements and related published rules and regulations of  
 the OTS, the FDIC and the 1933 Act; (ii) a statement  
  
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 from Xxxxx, Xxxxx in effect that, on the basis of certain agreed upon  
 procedures (but not an audit in accordance with generally accepted  
 auditing standards) consisting of a reading of the latest available  
 unaudited interim consolidated financial statements of the Bank  
 prepared by the Bank, a reading of the minutes of the meetings of the  
 Board of Directors and members of the Bank and consultations with  
 officers of the Bank responsible for financial and accounting matters,  
 nothing came to their attention which caused them to believe that: (A)  
 the unaudited financial statements included in the Prospectus, are not  
 in conformity with the 1933 Act, applicable accounting requirements of  
 the OTS, the FDIC and generally accepted accounting principles applied  
 on a basis substantially consistent with that of the audited financial  
 statements included in the Prospectus; or (B) during the period from  
 the date of the latest unaudited consolidated financial statements  
 included in the Prospectus to a specified date not more than three  
 business days prior to the date of the Prospectus, except as has been  
 described in the Prospectus, there was any material increase in  
 borrowings, other than normal deposit fluctuations, by the Bank; or (C)  
 there was any decrease in consolidated net assets of the Bank at the  
 date of such letter as compared with amounts shown in the latest  
 unaudited consolidated statement of condition included in the  
 Prospectus; and (iii) a statement from Xxxxx, Xxxxx that, in addition  
 to the audit referred to in their opinion included in the Prospectus  
 and the performance of the procedures referred to in clause (ii) of  
 this subsection (f), they have compared with the general accounting  
 records of the Bank, which are subject to the internal controls of the  
 Bank, the accounting system and other data prepared by the Bank,  
 directly from such accounting records, to the extent specified in such  
 letter, such amounts and/or percentages set forth in the Prospectus as  
 the Agent may reasonably request; and they have reported on the results  
 of such comparisons.  
  
 (g) At the Closing Date, the Agent shall receive a letter from  
 Xxxxx, Xxxxx dated the Closing Date, addressed to the Agent, confirming  
 the statements made by them in the letter delivered by them pursuant to  
 subsection (f) of this Section 7, the "specified date" referred to in  
 clause (ii) of subsection (f) thereof to be a date specified in such  
 letter, which shall not be more than three business days prior to the  
 Closing Date.  
  
 (h) At the Closing Date, the Agent shall receive a letter from  
 RP Financial, LC, dated the date thereof and addressed to counsel for  
 the Agent (i) confirming that said firm is independent of the Company,  
 the MHC and the Bank and is experienced and expert in the area of  
 corporate appraisals within the meaning of Title 12 of the Code of  
 Federal Regulations, Part 303, (ii) stating in effect that the  
 Appraisal prepared by such firm complies in all material respects with  
 the applicable requirements of Title 12 of the Code of Federal  
 Regulations, and (iii) further stating that their opinion of the  
 aggregate pro forma market value of the Company, the MHC and the Bank  
 expressed in their Appraisal dated as of \_\_\_\_\_\_\_, 1997, and most  
 recently updated, remains in effect.  
  
 (i) The Company, the MHC and the Bank shall not have sustained  
 since the date of the latest audited financial statements included in  
 the Prospectus any material loss or interference with their businesses  
 from fire, explosion, flood or other calamity, whether  
  
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 or not covered by insurance, or from any labor dispute or court or  
 governmental action, order or decree, otherwise than as set forth or  
 contemplated in the Registration Statement and Prospectus.  
  
 (j) At or prior to the Closing Date, the Agent shall receive:  
 (i) a copy of the letter from the OTS approving the Conversion  
 Application and authorizing the use of the Prospectus; (ii) a copy of  
 the order from the Commission declaring the Registration Statement  
 effective; (iii) certificates from the OTS evidencing the existence of  
 the Bank and the MHC; (iv) certificates of good standing from the State  
 of Delaware evidencing the good standing of the Company; (v) a  
 certificate from the FDIC evidencing the Bank's insurance of accounts,  
 (vi) a certificate of the FHLB-Des Moines evidencing the Bank's  
 membership thereof; and (vii) a copy of the letter from the OTS  
 approving the Company's Holding Company Application.  
  
 (k) As soon as available after the Closing Date, the Agent  
 shall receive, upon request, a copy of the Company's Delaware  
 Certificate of Incorporation.  
  
 (l) Subsequent to the date hereof, there shall not have  
 occurred any of the following: (i) a suspension or limitation in  
 trading in securities generally on the New York Stock Exchange or in  
 the over-the-counter market, or quotations halted generally on the  
 Nasdaq National Market, or minimum or maximum prices for trading have  
 been fixed, or maximum ranges for prices for securities have been  
 required by either of such exchanges or the NASD or by order of the  
 Commission or any other governmental authority; (ii) a general  
 moratorium on the operations of commercial banks or federal savings  
 associations or a general moratorium on the withdrawal of deposits from  
 commercial banks or federal savings associations declared by federal or  
 state authorities; (iii) the engagement by the United States in  
 hostilities which have resulted in the declaration, on or after the  
 date hereof, of a national emergency or war; or (iv) a material decline  
 in the price of equity or debt securities if the effect of such a  
 declaration or decline, in the Agent's reasonable judgment, makes it  
 impracticable or inadvisable to proceed with the Offerings or the  
 delivery of the shares on the terms and in the manner contemplated in  
 the Registration Statement and Prospectus.  
  
 Section 8. Indemnification.  
  
 (a) The Company, the MHC and the Bank jointly and severally  
 agree to indemnify and hold harmless the Agent, its officers,  
 directors, agents, servants and employees and each person, if any, who  
 controls the Agent within the meaning of Section 15 of the 1933 Act or  
 Section 20(a) of the 1934 Act , against any and all loss, liability,  
 claim, damage or expense whatsoever (including but not limited to  
 settlement expenses), joint or several, that the Agent or any of them  
 may suffer or to which the Agent and any such persons may become  
 subject under all applicable federal or state laws or otherwise, and to  
 promptly reimburse the Agent and any such persons upon written demand  
 for any expense (including fees and disbursements of counsel) incurred  
 by the Agent or any of  
  
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 them in connection with investigating, preparing or defending any  
 actions, proceedings or claims (whether commenced or threatened) to the  
 extent such losses, claims, damages, liabilities or actions: (i) arise  
 out of or are based upon any untrue statement or alleged untrue  
 statement of a material fact contained in the Registration Statement  
 (or any amendment or supplement thereto), preliminary or final  
 Prospectus (or any amendment or supplement thereto), the Conversion  
 Application (or any amendment or supplement thereto), the Holding  
 Company Application or any blue sky application or other instrument or  
 document executed by the Company, the MHC or the Bank based upon  
 written information supplied by the Company, the MHC or the Bank filed  
 in any state or jurisdiction to register or qualify any or all of the  
 Shares or to claim an exemption therefrom, or provided to any state or  
 jurisdiction to exempt the Company as a broker-dealer or its officers,  
 directors and employees as broker-dealers or agents, under the  
 securities laws thereof (collectively, the "Blue Sky Application"), or  
 any application or other document, advertisement, oral statement or  
 communication ("Sales Information") prepared, made or executed by or on  
 behalf of the Company, the MHC or the Bank with their consent or based  
 upon written or oral information furnished by or on behalf of the  
 Company, the MHC or the Bank, whether or not filed in any jurisdiction,  
 in order to qualify or register the Shares or to claim an exemption  
 therefrom under the securities laws thereof; (ii) arise out of or based  
 upon the omission or alleged omission to state in any of the foregoing  
 documents or information, a material fact required to be stated therein  
 or necessary to make the statements therein, in light of the  
 circumstances under which they were made, not misleading; or (iii)  
 arise from any theory of liability whatsoever relating to or arising  
 from or based upon the Registration Statement (or any amendment or  
 supplement thereto), preliminary or final Prospectus (or any amendment  
 or supplement thereto), the Conversion Application (or any amendment or  
 supplement thereto), any Blue Sky Application or Sales Information or  
 other documentation distributed in connection with the Conversion;  
 provided, however, that no indemnification is required under this  
 paragraph (a) to the extent such losses, claims, damages, liabilities  
 or actions arise out of or are based upon any untrue material statement  
 or alleged untrue material statements in, or material omission or  
 alleged material omission from, the Registration Statement (or any  
 amendment or supplement thereto), preliminary or final Prospectus (or  
 any amendment or supplement thereto), the Conversion Application, any  
 Blue Sky Application or Sales Information made in reliance upon and in  
 conformity with information furnished in writing to the Company or the  
 Bank by the Agent regarding the Agent and provided further that such  
 indemnification shall be to the extent permitted by the OTS and the  
 FDIC.  
  
 (b) The Agent agrees to indemnify and hold harmless the  
 Company, the MHC and the Bank, their directors and officers and each  
 person, if any, who controls the Company, the MHC or the Bank within  
 the meaning of Section 15 of the 1933 Act or Section 20(a) of the 1934  
 Act against any and all loss, liability, claim, damage or expense  
 whatsoever (including but not limited to settlement expenses), joint or  
 several, which they, or any of them, may suffer or to which they, or  
 any of them may become subject under all applicable federal and state  
 laws or otherwise, and to promptly reimburse the Company, the MHC, the  
 Bank, and any such persons upon written demand for any expenses  
  
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 (including reasonable fees and disbursements of counsel) incurred by  
 them, or any of them, in connection with investigating, preparing or  
 defending any actions, proceedings or claims (whether commenced or  
 threatened) to the extent such losses, claims, damages, liabilities or  
 actions arise out of or are based upon any untrue statement or alleged  
 untrue statement of a material fact contained in the Registration  
 Statement (or any amendment or supplement thereto), the Conversion  
 Application (or any amendment or supplement thereto) or the preliminary  
 or final Prospectus (or any amendment or supplement thereto), or are  
 based upon the omission or alleged omission to state in any of the  
 foregoing documents a material fact required to be stated therein or  
 necessary to make the statements therein, in the light of the  
 circumstances under which they were made, not misleading; provided,  
 however, that the Agent's obligations under this Section 8(b) shall  
 exist only if and only to the extent (i) that such untrue statement or  
 alleged untrue statement was made in, or such material fact or alleged  
 material fact was omitted from, the Registration Statement (or any  
 amendment or supplement thereto), the preliminary or final Prospectus  
 (or any amendment or supplement thereto) or the Conversion Application  
 (or any amendment or supplement thereto), any Blue Sky Application or  
 Sales Information in reliance upon and in conformity with information  
 furnished in writing to the Company or the Bank by the Agent regarding  
 the Agent. In no case shall the Agent be liable or responsible for any  
 amount in excess of the fees received by the Agent pursuant to Section  
 2 of this Agreement.  
  
 (c) Each indemnified party shall given prompt written notice  
 to each indemnifying party of any action, proceeding, claim (whether  
 commenced or threatened), or suit instituted against it in respect of  
 which indemnity may be sought hereunder, but failure to so notify an  
 indemnifying party shall not relieve it from any liability which it may  
 have on account of this Section 8 or otherwise. An indemnifying party  
 may participate at its own expense in the defense of such action. In  
 addition, if it so elects within a reasonable time after receipt of  
 such notice, an indemnifying party, jointly with any other indemnifying  
 parties receiving such notice, may assume defense of such action with  
 counsel chosen by it and approved by the indemnified parties that are  
 defendants in such action, unless such indemnified parties reasonably  
 object to such assumption on the ground that there may be legal  
 defenses available to them that are different from or in addition to  
 those available to such indemnifying party. If an indemnifying party  
 assumes the defense of such action, the indemnifying parties shall not  
 be liable for any fees and expenses of counsel for the indemnified  
 parties incurred thereafter in connection with such action, proceeding  
 or claim, other than reasonable costs of investigation. In no event  
 shall the indemnifying parties be liable for the fees and expenses of  
 more than one separate firm of attorneys (and any special counsel that  
 said firm may retain) for each indemnified party in connection with any  
 one action, proceeding or claim or separate but similar or related  
 actions, proceedings or claims in the same jurisdiction arising out of  
 the same general allegations or circumstances.  
  
 (d) The agreements contained in this Section 8 and in Section  
 9 hereof and the representations and warranties of the Company, the MHC  
 and the Bank set forth in this Agreement shall remain operative and in  
 full force and effect regardless of: (i) any  
  
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 investigation made by or on behalf of the Agent or its officers,  
 directors or controlling persons, agents or employees or by or on  
 behalf of the Company, the MHC or the Bank or any officers, directors  
 or controlling persons, agents or employees of the Company, the MHC or  
 the Bank; (ii) deliver of and payment hereunder for the Shares; or  
 (iii) any termination of this Agreement.  
  
 Section 9. Contribution. In order to provide for just and equitable  
contribution in circumstances in which the indemnification provided for in  
Section 8 is due in accordance with its terms but is for any reason held by a  
court to be unavailable from the Company, the Bank or the Agent, the Company,  
the Bank and the Agent shall contribute to the aggregate losses, claims, damages  
and liabilities (including any investigation, legal and other expenses incurred  
in connection with, and any amount paid in settlement of, any action, suit or  
proceeding of any claims asserted, but after deducting any contribution received  
by the Company, the Bank or the Agent from persons other than the other party  
thereto, who may also be liable for contribution) in such proportion so that the  
Agent are responsible for that portion represented by the percentage that the  
fees paid to the Agent pursuant to Section 2 of this Agreement (not including  
expenses) bears to the gross proceeds received by the Company from the sale of  
the Shares in the Offerings and the Company and the Bank shall be responsible  
for the balance. If, however, the allocation provided above is not permitted by  
applicable law or if the indemnified party failed to give the notice required  
under Section 8 above, then each indemnifying party shall contribute to such  
amount paid or payable by such indemnified party in such proportion as is  
appropriate to reflect not only such relative fault of the Company and the Bank  
on the one hand and the Agent on the other in connection with the statements or  
omissions which resulted in such losses, claims, damages or liabilities (or  
actions, proceedings or claims in respect thereto), but also the relative  
benefits received by the Company and the Bank on the one hand and the Agent on  
the other from the Offerings (before deducting expenses). The relative fault  
shall be determined by reference to, among other things, whether the untrue or  
alleged untrue statement of a material fact or the omission or alleged omission  
to state a material fact relates to information supplied by the Company and/or  
the Bank on the one hand or the Agent on the other and the parties' relative  
intent, good faith, knowledge, access to information and opportunity to correct  
or prevent such statement or omission. The Company, the Bank and the Agent agree  
that it would not be just and equitable if contribution pursuant to this Section  
9 were determined by pro-rata allocation or by any other method of allocation  
which does not take into account the equitable considerations referred to above  
in this Section 9. The amount paid or payable by an indemnified party as a  
result of the losses, claims, damages or liabilities (or actions, proceedings or  
claims in respect thereof) referred to above in this Section 9 shall be deemed  
to include any legal or other expenses reasonably incurred by such indemnified  
party in connection with investigating or defending any such action, proceeding  
or claim. It is expressly agreed that the Agent shall not be liable for any  
loss, liability, claim, damage or expense or be required to contribute any  
amount which in the aggregate exceeds the amount paid (excluding reimbursable  
expenses) to the Agent under this Agreement. It is understood that the above  
stated limitation on the Agent's liability is essential to the Agent and that  
the Agent would not have entered into this Agreement if such limitation had not  
been agreed to by the parties to this Agreement. No person found guilty of any  
fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933  
Act) shall be entitled to  
  
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contribution from any person who was not found guilty of such fraudulent  
misrepresentation. The obligations of the Company and the Bank under this  
Section 9 and under Section 8 shall be in addition to any liability which the  
Company and the Bank may otherwise have. For purposes of this Section 9, each of  
the Agent's, the Company's or the Bank's officers and directors and each person,  
if any, who controls the Agent or the Company or the Bank within the meaning of  
the 1933 Act and the 1934 Act shall have the same rights to contribution as the  
Agent, the Company or the Bank. Any party entitled to contribution, promptly  
after receipt of notice of commencement of any action, suit, claim or proceeding  
against such party in respect of which a claim for contribution may be made  
against another party under this Section 9, will notify such party from whom  
contribution may be sought, but the omission to so notify such party shall not  
relieve the party from whom contribution may be sought from any other obligation  
it may have hereunder or otherwise than under this Section 9.  
  
 Section 10. Survival of Agreements, Representations and Indemnities.  
The respective indemnities of the Company, the Bank and the Agent and the  
representations and warranties and other statements of the Company and the Bank  
set forth in or made pursuant to this Agreement shall remain in full force and  
effect, regardless of any termination or cancellation of this Agreement or any  
investigation made by or on behalf of the Agent, the Company, the Bank or any  
controlling person referred to in Section 8 hereof, and shall survive the  
issuance of the Shares, and any legal representative, successor or assign of the  
Agent, the Company, the Bank, and any such controlling person shall be entitled  
to the benefit of the respective agreements, indemnities, warranties and  
representations.  
  
 Section 11. Termination. The Agent may terminate its obligations under  
this Agreement by giving the notice indicated below in this Section 11 at any  
time after this Agreement becomes effective as follows:  
  
 (a) In the event the Company fails to sell all of the Shares  
 by \_\_\_\_\_\_\_\_\_\_\_, 1997, and in accordance with the provisions of the Plan  
 or as required by the Conversion Regulations, and applicable law, this  
 Agreement shall terminate upon refund by the Bank to each person who  
 has subscribed for or ordered any of the Shares the full amount which  
 it may have received from such person, together with interest as  
 provided in the Prospectus, and no party to this Agreement shall have  
 any obligation to the other hereunder, except for payment by the  
 Company and/or the Bank as set forth in Sections 2(a) and (d), 6, 8 and  
 9 hereof.  
  
 (b) If any of the conditions specified in Section 7 shall not  
 have been fulfilled when and as required by this Agreement unless  
 waived in writing, or by the Closing Date, this Agreement and all of  
 the Agent's obligations hereunder may be canceled by the Agent by  
 notifying the Company, the MHC and the Bank of such cancellation in  
 writing or by telegram at any time at or prior to the Closing Date, and  
 any such cancellation shall be without liability of any party to any  
 other party except as otherwise provided in Sections 2, 6, 8 and 9  
 hereof.  
  
  
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 (c) If the Agent elects to terminate this Agreement as  
 provided in this Section, the Company, the MHC and the Bank shall be  
 notified promptly by the Agent by telephone or telegram, confirmed by  
 letter.  
  
 The Company, the MHC and the Bank may terminate this Agreement in the  
event the Agent is in material breach of the representations and warranties or  
covenants contained in Section 5 and such breach has not been cured after the  
Company and the Bank have provided the Agent with notice of such breach.  
  
 This Agreement may also be terminated by mutual written consent of the  
parties hereto.  
  
 Section 12. Notices. All communications hereunder, except as herein  
otherwise specifically provided, shall be mailed in writing and if sent to the  
Agent shall be mailed, delivered or telegraphed and confirmed to Friedman,  
Billings, Xxxxxx & Co., Inc., 0000 00xx Xxxxxx Xxxxx, Xxxxxxxxx, Xxxxxxxx  
00000-0000, Attention: Xxxxxxx X. Xxxxxxx (with a copy to Xxxx Xxxxxx Xxxxxx  
Xxxxxxxx & Xxxxxx, P.C., Attention: Xxxxxx X. Xxxxxxxx, Esq.) and, if sent to  
the Company, the MHC and the Bank, shall be mailed, delivered or telegraphed and  
confirmed to the Company, the MHC and the Bank at 0000 Xxxx Xxxxxxxxxxx,  
Xxxxxxxxxxx, Xxxxxxxx 00000, Attention: Xxxxx X. Xxxxxxxxx, President and Chief  
Executive Officer (with a copy to Xxxxxxx, Spidi, Sloane & Xxxxx, P.C.,  
Attention: Xxxxxxx Xxxxxx, Esq.)  
  
 Section 13. Parties. The Company, the MHC and the Bank shall be  
entitled to act and rely on any request, notice, consent, waiver or agreement  
purportedly given on behalf of the Agent, when the same shall have been given by  
the undersigned. The Agent shall be entitled to act and rely on any request,  
notice, consent, waiver or agreement purportedly given on behalf of the Company,  
the MHC or the Bank, when the same shall have been given by the undersigned or  
any other officer of the Company, the MHC or the Bank. This Agreement shall  
inure solely to the benefit of, and shall be binding upon, the Agent, the  
Company, the MHC, the Bank, and their respective successors, legal  
representatives and assigns, and no other person shall have or be construed to  
have any legal or equitable right, remedy or claim under or in respect of or by  
virtue of this Agreement or any provision herein contained. It is understood and  
agreed that this Agreement is the exclusive agreement among the parties hereto,  
and supersedes any prior agreement among the parties and may not be varied  
except in writing signed by all the parties.  
  
 Section 14. Closing. The closing for the sale of the Shares shall take  
place on the Closing Date at such location as mutually agreed upon by the Agent  
and the Company, the MHC and the Bank. At the closing, the Company, the MHC and  
the Bank shall deliver to the Agent in next day funds the commissions, fees and  
expenses due and owing to the Agent as set forth in Sections 2 and 6 hereof and  
the opinions and certificates required hereby and other documents deemed  
reasonably necessary by the Agent shall be executed and delivered to effect the  
sale of the Shares as contemplated hereby and pursuant to the terms of the  
Prospectus.  
  
 Section 15. Partial Invalidity. In the event that any term, provision  
or covenant herein or the application thereof to any circumstance or situation  
shall be invalid or unenforceable, in  
  
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whole or in part, the remainder hereof and the application of said term,  
provision or covenant to any other circumstances or situation shall not be  
affected thereby, and each term, provision or covenant herein shall be valid and  
enforceable to the full extent permitted by law.  
  
 Section 16. Construction. This Agreement shall be construed in  
accordance with the laws of the State of Delaware.  
  
 Section 17. Counterparts. This Agreement may be executed in separate  
counterparts, each of which so executed and delivered shall be an original, but  
all of which together shall constitute but one and the same instrument.  
  
  
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 EXHIBIT B  
  
 GUARANTY FEDERAL BANCSHARES, INC.  
  
 Up to 3,795,000 Shares (Anticipated Maximum)  
 (Par Value $.10 Per Share)  
  
 Selected Dealers' Agreement  
 ---------------------------  
  
 \_\_\_\_\_\_\_\_\_\_\_\_\_\_, 1997  
  
  
Gentlemen:  
  
 We have agreed to assist Guaranty Federal Savings Bank (the "Bank"), a  
federally chartered stock savings bank, and the Bank's federal mutual holding  
company, Guaranty Federal Bancshares, M.H.C. (the "MHC"), in connection with the  
offer and sale of up to 3,795,000 shares of the conversion common stock, par  
value $.10 per share (the "Common Stock") of Guaranty Federal Bancshares, Inc.  
(the "Company"), a Delaware corporation, to be issued in connection with the  
conversion of the MHC. The total number of shares of Common Stock to be offered  
may be decreased to a minimum of 25 shares. The price per share has been fixed  
at $10.00. The Common Stock, the number of shares to be issued, and certain of  
the terms on which they are being offered, are more fully described in the  
enclosed Prospectus dated \_\_\_\_\_\_\_\_\_, 1997 (the "Prospectus"). In connection with  
the Conversion, the Company, on a best-efforts basis is offering for sale  
between 2,805,000 and 3,795,000 shares (the "Shares") of the Common Stock, in a  
Subscription Offering, as defined, as contemplated by Office of Thrift  
Supervision (the "OTS") Regulation. Any Shares not sold in the Subscription  
Offering will be offered to the general public in a community offering (the  
"Community Offering") giving preference to residents of the Bank's Local  
Community, as defined in the Prospectus.  
  
 The Subscription and Community Offerings are being conducted under a  
Plan of Conversion (the "Plan") adopted by the Bank and the MHC pursuant to  
which the MHC intends to convert from a federal mutual holding company to a  
Delaware stock corporation (the "Company") (the "Conversion"). As part of the  
Conversion, the Bank will sell all its to-be-issued common stock to the Company  
which, in turn, will sell the Common Stock to the public as provided for in the  
Plan. The Subscription and Community Offerings are further being conducted in  
accordance with the regulations of the OTS subject to the restrictions contained  
in the Plan.  
  
 The Common Stock is also being offered in accordance with the Plan by  
broker/dealers licensed by the National Association of Securities Dealers, Inc.  
("NASD"), which have been approved by the Bank ("Approved Brokers").  
  
 We are offering the selected dealers (of which you are one) the  
opportunity to participate in the solicitation of offers to buy the Common Stock  
and we will pay you a fee in the amount of four percent (4%) of the dollar  
amount of the Common Stock sold on behalf of the Company by  
  
   
  
  
  
  
  
you, as evidenced by the authorized designation of your firm on the order form  
or forms for payment therefor to the special account established by the Bank for  
the purpose of holding such funds. It is understood, of course, that payment of  
your fee will be made only out of compensation received by us for the Common  
Stock sold on behalf of the Company by you, as evidenced in accordance with the  
preceding sentence. As soon as practicable after the closing date of the  
offering, we will remit to you, only out of our compensation as provided above,  
the fees to which you are entitled hereunder.  
  
 Each order form for the purchase of Common Stock must set forth the  
identity and address of each person to whom the certificates for such Common  
Stock should be issued and delivered. Such order form also must clearly identify  
your firm in order for you to receive compensation. You shall instruct any  
subscriber who elects to send his order form to you to make any accompanying  
check payable to "Guaranty Federal Bancshares, Inc."  
  
 This offer is made subject to the terms and conditions herein set forth  
and is made only to selected dealers who are members in good standing of the  
NASD who are to comply with all applicable rules of the NASD, including, without  
limitation, the NASD's Interpretation With Respect to Free-Riding and  
Withholding and Section 24 of Article III of the NASD's Rules of Fair Practice.  
  
 Orders for Common Stock will be subject to confirmation and we, acting  
on behalf of the Company, the MHC and the Bank, reserve the right in our  
unfettered discretion to reject any order in whole or in part, to accept or  
reject orders in the order of their receipt or otherwise, and to allot. Neither  
you nor any other person is authorized by the Company, the MHC and the Bank, or  
by us to give any information or make any representations other than those  
contained in the Prospectus in connection with the sale of any of the Common  
Stock. No selected dealer is authorized to act as agent for us when soliciting  
offers to buy the Common Stock from the public or otherwise. No selected dealer  
shall engage in any stabilizing (as defined in Rule 10b-7 promulgated under the  
Securities Exchange Act of 1934) with respect to the Company's Common Stock  
during the offering.  
  
 We and each selected dealer assisting in selling Common Stock pursuant  
hereto agree to comply with the applicable requirements of the Securities  
Exchange Act of 1934 and applicable state rules and regulations. Each  
customer-carrying selected dealer that is not a $250,000 net capital reporting  
broker/dealer agrees that it will not use a sweep arrangement and that it will  
transmit all customer checks by noon of the next business day after receipt  
thereof. In addition, we and each selected dealer confirm that the Securities  
and Exchange Commission interprets Rule 15c2-8 promulgated under the Securities  
Exchange Act of 1934 as requiring that a Prospectus be supplied to each person  
who is expected to receive a confirmation of sale 48 hours prior to delivery of  
such person's order form.  
  
 We and each selected dealer further agree that to the extent that your  
customers desire to pay for shares with funds held by or to be deposited with  
us, in accordance with the interpretations of the Securities and Exchange  
Commission of Rule 15c2-4 promulgated under the Securities and  
  
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Exchange Act of 1934, either (a) upon receipt of an executed order form or  
direction to execute an order form on behalf of a customer to forward the  
offering price of the Common Stock ordered on or before twelve noon Delaware  
time of the next business day following receipt or execution of an order form by  
us to the Company for deposit in a segregated account or (b) to solicit  
indications of interest in which event (i) we will subsequently contact any  
customer indicating interest to confirm the interest and give instructions to  
execute and return an order form or to receive authorization to execute the  
order form on the customer's behalf, (ii) we will mail acknowledgments of  
receipt of orders to each customer confirming interest on the business day  
following such confirmation, (iii) we will debit accounts of such customers on  
the third business day (the "Debit Date") following receipt of the confirmation  
referred to in (i), and (iv) we will forward complete order forms together with  
such funds to the Company on or before twelve noon on the next business day and  
each selected dealer acknowledges that if the procedure in (b) is adopted, our  
customers' funds are not required to be in their accounts until the Debit Date.  
  
 Unless earlier terminated by us, this Agreement shall terminate upon  
the closing date of the Conversion. We may terminate this Agreement or any  
provisions hereof any time by written or telegraphic notice to you. Of course,  
our obligations hereunder are subject to the successful completion of the  
Conversion.  
  
 You agree that at any time or times prior to the termination of this  
Agreement you will, upon our request, report to us the number of shares of  
Common Stock sold on behalf of the Company by you under this Agreement.  
  
 We shall have full authority to take such actions as we may deem  
advisable in respect of all matters pertaining to the offering. We shall be  
under no liability to you except for lack of good faith and for obligations  
expressly assumed by us in this Agreement.  
  
 Upon application to us, we will inform you as to the states in which we  
believe the Common Stock has been qualified for sale under, or are exempt from  
the requirements of, the respective blue sky laws of such states, but we assume  
no responsibility or obligation as to your rights to sell Common Stock in any  
state.  
  
 Additional copies of the Prospectus and any supplements thereto will be  
supplied in reasonable quantities upon request.  
  
 Any notice from us to you shall be deemed to have been duly given if  
mailed, telephoned, or telegraphed to you at the address to which this Agreement  
is mailed.  
  
 This Agreement shall be construed in accordance with the laws of the  
State of Delaware.  
  
  
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 Please confirm your agreement hereto by signing and returning the  
confirmations accompanying this letter at once to us at Friedman, Billings,  
Xxxxxx & Co., Inc., Potomac Tower, 0000 Xxxxxxxxxx Xxxxxx Xxxxx, Xxxxxxxxx,  
Xxxxxxxx 00000. The enclosed duplicate copy will evidence the agreement between  
us.  
  
FRIEDMAN, BILLINGS, XXXXXX & CO., INC.  
  
  
  
By:  
 ---------------------------------  
 Xxxxxxx X. Xxxxxxx  
 Senior Vice President  
  
  
CONFIRMED AS OF:  
  
  
 , 1997  
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--------------------------------------  
(Name of Dealer)  
  
  
By:  
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Its:  
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